FŌS CAPITAL

ANNUAL REPORT 2021

FOS Capital Limited

ACN 637 156 275

Corporate Directory

Company's registered address

FOS Capital Ltd

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

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

ASX Code FOS

Legal Advisors

Nicholson Ryan Lawyers

Level 7, 420 Collins Street
Melbourne VIC 3000
PH: 03 9640 0400

Share Registry

Boardroom Pty Ltd

Level 12, 225 George Street
Sydney NSW 2000
PH: 1300 737 760

Auditor

William Buck Audit (Vic) Pty Ltd

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

FOS Capital Limited

ACN 637 156 275

Appendix 4E

1. Reporting period

Report for the financial year ended 30 June 2021
Previous corresponding period from date of incorporation (31 October 2019) to 30 June 2020.

2. Results for announcement to the market

Revenue from ordinary activities	Up	NM	to	$8,156,915
Profit from ordinary activities after tax attributable to members	Up	NM	to	$742,111
Net profit for the year attributable to members	Up	NM	to	$742,111

* NM – Not Meaning considering prior period is not a full year

Dividends	Amount per security	Franked amount per security
Interim dividend	¢ -	¢ -
Final dividend	¢ -	¢ -
Record date for determining entitlements to the dividend		N/A

The commentary on the results of the period is contained in the 2021 Annual Report for the year ended 30 June 2021.

3. Net tangible assets per security

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	13.1 cents	9.6 cents

The net assets include both right-of-use assets and corresponding lease liabilities.

The number of FOS Capital shares on issue as at 30 June 2021 was 45 million (2020: 30 milion).

4. Details of Subsidiaries and Associates

During the current period (on 1 February 2021), control was gained over Baker & McAuliffe Holdings Pty Ltd and its subsidiaries JSB Lighting (NZ) Limited. Control was not gained or lost over any other subsidiaries (or group of entities) during the period ended 30 June 2020.

Details of Subsidiaries	Current period	Previous corresponding period
Baker & McAuliffe Holdings Pty Ltd	100%	-
JSB Lighting (NZ) Limited	100%	-

This report is based upon consolidated financial statements contained within the 2021 Annual Report, which have been audited by William Buck.

This report should be read in conjunction with the 30 June 2021 Annual Report of FOS Capital Limited dated 27August 2021.

Chairman & Managing Directors Report

Dear shareholder,

2021 marked FOS Capital's second year of operations which has been both exciting and productive with the acquisition of JSB Lighting and our listing on the Australian Securities Exchange (ASX) in June 2021. FOS has now created a national business, with 47 staff and 14 product ranges, three of which are Australian manufactured in our Brisbane facility. Sales for the year reached $8.1M a 47% increase compared to sales revenue of FOS Lighting Group for the previous year. The Company reported a net profit after tax of $742,228 which included the costs of the IPO and restructuring of the JSB Lighting business from 1 February 20121, when FOS took full ownership. Our order book at 30 June was at a record high of $3.8 million, which represents a 164% increase from the same time last year.

Over the course of the year the company won a number of major contracts and has a strong pipeline of upcoming projects that will underpin the company's growth over the next 12 months. We continued to develop new products and expanded our design and production capabilities at our Brisbane manufacturing facility. We have also secured the exclusive distribution of the Pixon Technology LED display screens.

IPO

The company undertook an IPO to list on the ASX, that raised $3 million at 25 cents per share. The offer was well-supported resulting in early closure and the scale-back of oversubscriptions. We welcomed more than 400 new shareholders, who have joined us on this exciting growth journey. Given the demand shown through the capital raising we were surprised and disappointed to see the share price trade below the 25c issue price. We can assure shareholders that business outlook is positive and we will be fighting to build value over the coming period. The funds raised will be used to grow both organically and by acquisition.

JSB Lighting

Our absolute priority over the second half of the 2021 financial year has been the completion of the restructuring and integration of JSB Lighting into FOS.

JSB Lighting operations merged with FOS, resulting in substantial efficiency gains. We have removed more than $2.2 million worth of total fixed costs from our business as a result of integrating JSB. We have been able to fund the cash cost of the restructuring and integration of JSB from existing cash resources; as a result, we have not needed to touch the $620,000 that had been budgeted for this purpose in the use of funds, as detailed in the prospectus. These funds can now be directed to further expand the business.

The restructuring has included relocating the JSB Brisbane factory into the FOS manufacturing facility in Brisbane, the relocation and exiting of another six sales offices and warehouses, the merging and upgrading of IT systems, internalising the previously outsourced marketing functions, rationalising product ranges from 10 down to five, and reducing staff numbers from 27 down to 19.

Pixon Technology

We are very pleased to announce FOS has been appointed the exclusive distributor of Pixon Technology's Premium X series LED display screens. Pixon is well-known for its broad range of high-quality LED screens for use in both indoor and outdoor signage applications. The addition of this product range adds a new vertical and expands FOS's product offering beyond LED lighting.

Business positioning

FOS Lighting was established to be a full-service commercial lighting company able to provide customers with a complete 'concept to completion' lighting solution and manufacturing service, supported by an integrated team of lighting designers and expert engineers. Our full-service lighting solutions include design, development, engineering, manufacture and distribution of lighting products.

We work closely with key account customers and their lighting design brief for very high-end commercial projects, such as hotels, hospitals, offices, and education facilities; we take that brief and from it we provide a complete solution tailored to that job.

FOS is one of the very few suppliers in the local marketplace that has a fully integrated local manufacturing facility – this allows us shorter lead-times to completion, and the ability to customise solutions more fully. This has proven extremely valuable through this covid period.

Outlook

With our ASX listing bedded-down, JSB fully integrated, an experienced management team in place, an increasing pipeline of projects and a strong debt-free balance sheet the building blocks are now in place to scale the business to the next level.

Our intention from here is to significantly grow shareholder value by continuing the path of smart acquisitions such as the two already completed.

We take this opportunity to thank all stakeholders in the business and look forward to the year ahead.

Yours faithfully

Sandy Beard
Chairman

Con Scrinis
Managing Director

Highlights FY21

Sales
+47%
to $8.1M

IPO completed raising
$3M

Order Book
+164%
to $3.8M

Acquired
JSB Lighting
and fully integrated into FOS

Reduced JSB cost base by
$2.2M pa

Appointed
the exclusive distributor of Pixon Technology X series LED display screens

Company debt free
$3M
available to be deployed for expansion

P&L ($m)	FY21	FY20
Sales	8.1	5.5
PBT (excl ipo costs)	.96	.4
IPO costs	.17	.19
PBT	.90	.21
PAT	.78	.12

* FOS Lighting Group FY20

Contents

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 30 June 2021 and auditor's report thereon. Comparative financial information shown in this financial statement is for the period from date of incorporation (31 October 2019) to 30 June 2020.

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.

Con Scrinis, Managing Director since 31 October 2019

Con has been involved in the electrical and lighting industry for over 35 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 11,250,000 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 28 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 11,250,000 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 7,500,000 fully paid ordinary shares

Mr Alexander (Sandy) Beard, Non-Executive Director since 23 November 2020

Sandy was initially appointed as director on 31 October 2019, he resigned on 17 April 2020 and he was appointed again as director of the Company on 23 November 2020.

Sandy was CEO and MD of CVC Limited since 2001, having started in 1991 initially as Financial Controller following 3 years with Ernst & Young. 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.

Mr Alexander (Sandy) Beard (cont'd)

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

Sandy Beard is currently Executive Chairman of HGL Limited (ASX:HNG), Chairman of Probiotec Limited (ASX:PBP), Director of Centrepoint Alliance (ASX:CAF), Director of Purefoods Tasmania (ASX:PFT).

Interests in shares: Sandy indirectly holds 80,000 fully paid ordinary shares

Company Secretary

Hemant Amin

Hemant is a certified practicing accountant with over 30 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 Company Secretary of ASX Listed Oakdale Resources Limited since 2010 and prior to this he was CFO-Company Secretary of Stokes Limited (now Enevis 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

The Directors of FOS Capital Ltd take great pleasure in reporting to you the substantial work and progress that has been achieved during the period ended 30 June 2021.

The financial result for the year ended 30 June 2021 was a profit after tax of $742,111 compared to profit of $76,517 for the period from date of incorporation (31 October 2019) to 30 June 2020.

Revenue for the year ended 30 June 2021 increased to $8.2 million, orders in hand at June 2021 increased to $3.8 million compared to $1.45 million at June 2020 and active quotes at June 2021 was $42 million compared to $17.6 million at June 2020.

FOS Capital Ltd was established on 31 October 2019 and it acquired 100% equity interest in FOS Lighting Group Pty Ltd (FLG) and it's controlled subsidiary FOS Lighting Pty Ltd on 30 December 2019.

The Company was listed on ASX on 7 June 2021 and raised fresh capital of $3 million by issuing 12 million shares at $0.25 per share in the initial public offer (IPO) and received $2,688,570 in cash net of cost of capital raising.

In November 2020 the Company acquired a 50% shareholding in Baker & McAuliffe Holdings Pty Ltd (**JSB Lighting**) from ASX listed HGL limited and in February 2021 moved to 100% ownership. JSB Lighting was established over 28 years ago and has offices in all States of Australia and New Zealand.

The Company completed its turnaround strategy (Restructure) of JSB Lighting by implementing a cost rationalisation program and leveraging JSB Lighting's existing supply and distribution channels to increase revenue for the whole FOS group.

JSB Lighting was consolidated effective from 1 February 2021 and JSB Lighting operation is now merged into the FOS Group and operating as one entity.

Review of Operations (cont'd)

The combined FOS and JSB business has much further reach geographically with operations in all major cities in Australia and New Zealand and an expanded product range and larger sales team. This has enabled the ability to offer both FOS and JSB products through this expanded distribution network.

Initial acquisition of 50% equity in JSB Lighting was treated as an investment and applied the equity method of accounting. Under this method of accounting the initial investment is recognised at cost.

Subsequent to initial recognition, an amount is recognised in the profit or loss for the Group's share of the profit or loss and other comprehensive income of JSB Lighting i.e. 50% share of profit and other comprehensive income of JSB Lighting from the date of acquisition (23 November 2020) to 31 January 2021.

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

Significant Changes in the State of Affairs

With the exception of the listing of the Company on ASX and acquisition of JSB Lighting, 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 periods.

Dividends

No dividends have been paid, declared or recommended but not paid by the company in respect of the year ended 30 June 2021 or the period ended 30 June 2020.

Options

For the period ended 30 June 2021 and up to the date of this report, no options or any other contingent equity instruments have been granted or issued by the company or any of its Group entities.

Environmental Regulation 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.

Proceedings on Behalf of the company

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

Outlook

The company has announced it is embarking on an acquisition strategy to complement its already proven organic growth story with a medium term target of achieving $50M in revenues helping us achieve critical mass.

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.

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 periods.

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:

Director	Directors Meetings Eligible to attend	Directors Meetings Attended
Con Scrinis	5	5
Michael Koutsakis	5	5
Michael Monsonego	5	5
Mr Alexander (Sandy) Beard *	3	3

* Sandy was appointed as director of the Company on 23 November 2020.

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 entities in the consolidated group during the year, namely William Buck Melbourne, 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.

	2021 $	2020 $
Amounts paid and payable to William Buck *(Melbourne)* for non-audit services:		
Taxation and other assurance services	43,708	-

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 transition period.

Remuneration Report

Rounding of amounts

In accordance with ASIC Corporations (Rounding in the Financial/Directors' Reports) Instrument 2020/191, 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 Limited.

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. This amount has been fixed initially at $200,000.

There are formal contracts of employment for the executives and non-executive directors of the Company.

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

* Mr Alexander (Sandy) Beard was appointed on 31 October 2019, he resigned on 17 April 2020 and he was appointed again on 23 November 2020

Directors' and other officers' emoluments

	Short Term Salary and fees	
	2021	**2020 ***
Name of Director	**$**	**$**
Con Scrinis	240,000	120,000
Michael Koutsakis	240,000	120,000
Michael Monsonego	-	-
Mr Alexander (Sandy) Beard	20,833	-
Marketing executive		
Pauline Koutsakis	66,000	30,000
	566,833	**270,000**

* Comparative remuneration information for 2020 is for the period 31 October 2019 to 30 June 2020.

Consequences of Company's performance on shareholder wealth

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

	2021	2020 *
Revenue	$8,156,915	$2,795,466
% increase in revenue	191%	n/a
Profit before tax	$789,280	$133,962
% increase in profit before tax	489%	n/a
Change in share price (%) (The Company was listed on ASX on 7 June 2021)	n/a	n/a
Dividend paid to shareholders	-	-
Total remuneration of KMP	$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.

Directors' equity holdings

As at 30 June 2021 key management personnel had relevant interests in ordinary shares in FOS Capital Limited as follows:

Director	Shares held Directly	Shares held indirectly	Total
Con Scrinis	-	11,250,000	11,250,000
Michael Koutsakis	-	11,250,000	11,250,000
Michael Monsonego	-	7,500,000	7,500,000
Mr Alexander (Sandy) Beard *	-	80,000	80,000

* Sandy was appointed as director of the company on 23 November 2020

There was no change in director shareholding interests for the year, with the exception of an on-market purchase of 80,000 shares by Mr Beard.

As at 30 June 2020, the key management personnel had relevant interests in the following number of ordinary shares in FOS Capital Limited:

Director	Shares held Directly	Shares held indirectly	Total
Con Scrinis	-	11,250,000	11,250,000
Michael Koutsakis	-	11,250,000	11,250,000
Michael Monsonego	-	7,500,000	7,500,000
Mr Alexander (Sandy) Beard *	-	-	-

* Sandy was appointed as director on 31 October 2019 and he resigned on 17 April 2020.

Directors did not hold any options as at 30 June 2021.

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

Transactions with Key Management Personnel

KMS Property's Pty Ltd, an entity related to directors leased the premises to the Company, on an arm's length commercial premises leasing terms starting from 30 November 2019 for an initial term of 5 years. During the year ended 30 June 2021, the Consolidated entity paid $72,000 (2020 - $18,000).

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 27 August 2021 in accordance with a resolution of the Directors made pursuant to section 298(2) of the *Corporations Act 2001*.

Con Scrinis

Director
27 August 2021

Consolidated Statement of Profit and Loss and Other Comprehensive Income
for the year ended 30 June 2021

	Notes	1 July 2020 to 30 June 2021 $	31 October 2019 to 30 June 2020 $
Revenue and other income			
Revenue from contracts with customers	5(a)	8,156,915	2,795,466
Cost of sales		(4,872,299)	(1,675,498)
Gross profit		**3,284,616**	**1,119,968**
Other Income	5(b)	1,383,988	260,000
Share of profit from JSB lighting		14,949	-
Expenses			
Admin and corporate expenses		(1,675,668)	(603,533)
Marketing, selling and distribution expenses		(975,213)	(285,771)
Depreciation of right of use assets	5(d)	(516,037)	(198,208)
Depreciation & amortisation	5(c)	(113,714)	(21,832)
Finance costs		(38,702)	(15,657)
IPO costs		(172,491)	(121,005)
Impairment of right of use assets	11(a)	(402,448)	-
Total expenses		**(3,894,273)**	**(1,246,006)**
Profit before income tax		**789,280**	**133,962**
Income tax expense	7	(47,169)	(57,445)
Profit after income tax		**742,111**	**76,517**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
- Foreign currency translation gain		117	-
Total comprehensive income attributable to: members of the parent entity		**742,228**	**76,517**
Earnings per share for profit attributable to the equity holders of the entity:			
Basic and diluted earnings per share (cents per share)	16	2.27	0.51

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

Consolidated Statement of Financial Position
as at 30 June 2021

	Notes	30 June 2021 $	30 June 2020 $
Current Assets			
Cash and cash equivalents	19(a)	2,965,249	648,608
Trade and other receivables	8	2,302,275	1,362,331
Inventories	9	2,451,465	1,784,712
Prepayments		112,680	27,936
Total Current Assets		**7,831,669**	**3,823,587**
Non-Current Assets			
Plant and equipment	10	397,464	230,498
Deposits		45,000	45,000
Right of use assets	11(a)	938,863	697,949
Intangible assets	12	1,025,603	-
Deferred tax assets		745,978	85,735
Total Non-Current Assets		**3,152,908**	**1,059,182**
Total Assets		**10,984,577**	**4,882,769**
Current Liabilities			
Trade and other payables	13	1,603,197	803,288
Lease liabilities	11(b)	630,625	462,058
Provision for employee entitlements	14	440,017	262,450
Provision for current income tax expense		366,398	93,559
Provision for warranty		42,252	42,278
Total Current Liabilities		**3,082,489**	**1,663,633**
Non-Current Liabilities			
Lease liabilities	11(b)	675,746	320,018
Deferred tax liabilities		282,041	-
Provisions – employee entitlements	14	21,419	7,034
Total Non-Current Liabilities		**979,206**	**327,052**
Total Liabilities		**4,061,695**	**1,990,685**
Net Assets		**6,922,882**	**2,892,084**
Equity			
Contributed equity	15	3,688,670	400,100
Foreign currency translation reserve		117	-
Reserves		-	2,415,467
Retained earnings		3,234,095	76,517
Total Equity		**6,922,882**	**2,892,084**

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

Consolidated Statement of Changes in Equity
for the year ended 30 June 2021

	Contributed Equity $	Common control reserve $	Foreign currency translation reserve $	Retained earnings $	Total $
Issue of shares on incorporation	100	-	-	-	100
Total comprehensive income for the period	-	-	-	76,517	76,517
Transactions with owners in their capacity as owners:					
Acquisition of FOS Lighting Group	400,000	2,415,467	-	-	2,815,467
As at 30 June 2020	**400,100**	**2,415,467**	**-**	**76,517**	**2,892,084**

	Contributed Equity $	Common control reserve $	Foreign currency translation reserve $	Retained earnings $	Total $
As at 1 July 2020	**400,100**	**2,415,467**	**-**	**76,517**	**2,892,084**
Change in foreign currency translation reserve	-	-	117	-	117
Total comprehensive income for the year	-	-	-	742,111	742,111
Transactions with owners in their capacity as owners:					
Transfer of common control reserves to retained earnings		(2,415,467)		2,415,467	-
Issue of shares – JSB Lighting acquisition (note 20)	600,000	-	-	-	600,000
Issue of share – Initial public offering (IPO)	2,688,570	-	-	-	2,688,570
As at 30 June 2021	**3,688,670**	**-**	**117**	**3,234,095**	**6,922,882**

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

Consolidated Statement of Cash Flows
for the year ended 30 June 2021

	Notes	1 July 2020 to 30 June 2021 $	31 October 2019 to 30 June 2020 $
Cash flows from operating activities			
Receipts from customers		8,891,220	2,413,685
Proceeds from grant income (COVID support)		578,100	260,000
Payments to suppliers and employees		(10,329,390)	(2,788,302)
Interest received		17	-
Payment of interest		(38,702)	(15,657)
Payment of income tax		(3,622)	-
Net cash used in operating activities	19 (b)	**(902,377)**	**(130,274)**
Cash flows from investing activities			
Payment for property, plant and equipment		-	(56,787)
Cash balance on acquisition of business	20	1,197,934	949,650
Net cash used in /(provided by) investing activities		**1,197,934**	**892,863**
Cash flows from financing activities			
Proceeds from issue of shares, net of costs		2,688,570	100
Payment of lease liabilities		(667,486)	(114,081)
Net cash provided by / (used in) financing activities		**2,021,084**	**(113,981)**
Net increase in cash held		**2,316,641**	**648,608**
Cash and cash equivalents at the beginning of the financial year		648,608	-
Cash and cash equivalents at the end of the financial year	19(a)	**2,965,249**	**648,608**

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

Notes to Consolidated Financial Statements for the period ended 30 June 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant 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).

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 period from date of incorporation (31 October 2019) to 30 June 2020.

The financial report of FOS Capital Limited for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the directors on 27 August 2021.

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 group 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.

Notes to Consolidated Financial Statements for the period ended 30 June 2021

Summary of significant accounting policies (cont'd)

(c) Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals to or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(d) Going concern

The financial report has been prepared on a going concern basis which contemplates the continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

(e) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs. Thereafter, all financial instruments are measured at amortised cost, less any impairment charges.

(f) Plant and equipment

Plant and equipment is 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 period ended 30 June 2021

Summary of significant accounting policies (cont'd)

(g) Intangible assets

Brand name

The Consolidated entity acquired the JSB Lighting brand name, 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.

Value of brand name and their benefit will be tested for impairment if there are indicators of impairment.

(h) Borrowing costs

Borrowing costs can include interest expense calculated using the effective interest method, finance charges in respect of finance leases, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset which are capitalised until the asset is ready for its intended use or sale.

(i) 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 Group, for inventory quantities in excess of normal requirements or at prices in excess of prevailing market prices.

(j) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(l) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the annual reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave and accumulated sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statement of financial position.

Notes to Consolidated Financial Statements for the period ended 30 June 2021

Summary of significant accounting policies (cont'd)

Employee benefits (cont'd)

(ii) Other long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the statement of financial position.

(iii) Termination benefits

The group recognises an obligation and expense for termination benefits at the earlier of: (a) the date when the group can no longer withdraw the offer for termination benefits; and (b) when the group recognises costs for restructuring and the costs include termination benefits. In either case, the obligation and expense for termination benefits is measured on the basis of the best estimate of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before twelve months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits

(iv) Retirement benefit obligations

Defined contribution superannuation plan

The consolidated entity makes superannuation contributions (currently 10% of the employee's average ordinary salary) to the employee's defined contribution superannuation plan of choice in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the related employee services are received. The group's obligation with respect to employee's defined contributions entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the statement of financial position.

(m) Provisions

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an out flow of economic benefits will result and that outflow can be reliably measured.

Notes to Consolidated Financial Statements for the period ended 30 June 2021

Summary of significant accounting policies (cont'd)

(n) 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.

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 group 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).

(o) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable

Deferred tax balances

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Notes to Consolidated Financial Statements for the period ended 30 June 2021

Summary of significant accounting policies (cont'd)

(p) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(q) 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 period ended 30 June 2021

Summary of significant accounting policies (cont'd)

(r) Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

(s) 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 Group applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 1(i) 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 Group 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 Group'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 Group's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Group 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).

Notes to Consolidated Financial Statements for the period ended 30 June 2021

Summary of significant accounting policies (cont'd)

(t) 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.

(u) Issued Capital

Fully paid Ordinary shares issued are classified as equity.

(v) Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Pinnacle Listed Comprehensive Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(w) Comparatives

The financial report includes the Consolidated results of FOS Capital Ltd from 31 October 2019, (date of incorporation) and its controlled entities FOS Lighting Group Pty Ltd and FOS Lighting Pty Ltd from 30 December 2019 (date acquisition by FOS Capital Ltd).

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(x) 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.

(y) New or amended Accounting Standards and Interpretations adopted

The Consolidated entity has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2020:

- AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business [AASB 3]*

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Notes to Consolidated Financial Statements for the period ended 30 June 2021

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In applying the Group'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 Group. 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.

Capitalisation of transaction costs

Judgement is exercised in estimating the split of transaction costs arising on future share issues between profit or loss and equity and whether the expenditure would have been incurred regardless of the capital raise. Refer to note 16.

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.

Recognition of lease receivable and cancellation of prior leases

Judgement is exercised on whether the cost of the right-of-use assets can be recovered through operation or disposal. On acquisition of JSB Lighting, the right-of-use assets were recognised at the same amount of the lease liability, being the present value of remaining lease payments as if the acquired lease were a new lease at acquisition date. The directors subsequently impaired the leases acquired as part of their decision to scale-back their leasehold needs across Australia. Post acquisition, a sub-lease arrangement was entered into on one of the leases.

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.

Notes to Consolidated Financial Statements for the period ended 30 June 2021

3. RELATED PARTY DISCLOSURES

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 Property's Pty Ltd, an entity related to directors leased the premises to the Company, on an arm's length commercial premises leasing terms starting from 30 November 2019 for an initial term of 5 years. During the year ended 30 June 2021, the Consolidated entity paid $72,000 (FY2020 - $18,000).

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 Chief Operating Decision Maker has determined that the Group's sole business segment is 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.

The Group operates a branch in New Zealand which records less than 3% of operating revenue of the Group. Control of the branch is maintained from the Company's office in Richmond, Australia.

The Company maintain a sole geographic segment is Australia and New Zealand. There were no individual customers with revenues greater than 10% of trading revenues in the Group.

5. REVENUE

	Notes	2021 $	2020 $
(a) Revenue from contract with customers		**8,156,915**	**2,795,466**
(b) Other revenue			
Income from government grants (COVID Support)		578,100	260,000
Interest received		17	-
JSB Lighting acquisition gain (note 20)		759,382	-
Other income		46,489	-
		1,383,988	**260,000**
Total revenue and other income		**9,540,903**	**3,055,466**
(c) Depreciation and amortisation			
Depreciation charges		(91,893)	(21,832)
Amortisation of brand		(21,821)	-
		(113,714)	**(21,832)**
(d) Depreciation of right of use assets			
Depreciation – right of use assets		(516,037)	(198,208)

Notes to Consolidated Financial Statements for the period ended 30 June 2021

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

* Mr Alexander (Sandy) Beard was appointed on 31 October 2019, he resigned on 17 April 2020 and he was appointed again 0n 23 November 2020

(b) Remuneration by Category: Directors and Executives

	2021	2020
Summary as per remuneration report	**$**	**$**
Short-term employee benefits	566,833	270,000
Long-term employee benefits	-	-
Post-employment Employee benefits	-	-
Total	**566,833**	**270,000**

Comparative remuneration information for 2020 is for the period 30 December 2019 to 30 June 2020.

7. INCOME TAX

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

Profit before income tax	789,280	133,962
Prima facie income tax payable / (benefit) on profit/loss before		
Income tax at 27.5% (2020: 27.5%)	217,052	36,840
Tax effect of amount which are not assessable or not deductible in calculating taxable income		
Cash flow boost payment receipts	(41,250)	(13,750)
JSB Lighting acquisition gain	(208,830)	-
Impairment of right of use assets	110,673	-
Other (not assessable)/not deductible expenses	(30,476)	34,355
Income tax expense	47,169	57,445

Notes to Consolidated Financial Statements for the period ended 30 June 2021

8. TRADE AND OTHER RECEIVABLES

	2021	2020
	$	$
Trade debtors	2,279,114	1,362,331
Provision for expected credit loss	(12,500)	-
Other receivables	35,661	-
	2,302,275	**1,362,331**

Trade receivables ageing analysis at 30 June is

Current Debtors	1,119,844	930,821
Due in 30 Days	821,194	276,660
Due in 60 Days	324,165	154,850
Due in 90 Days plus *	13,911	-
	2,279,114	**1,362,331**

* There are no debtors past agreed due date and not impaired.

9. INVENTORIES

Stock on hand – at cost	2,551,465	1,939,712
Less – provision for obsolescence	(100,000)	(155,000)
	2,451,465	**1,784,712**

10. PLANT & EQUIPMENT

Plant and equipment - at cost	1,079,207	867,524
Accumulated depreciation	(745,578)	(724,266)
	333,629	143,258
IT Equipment – at cost	128,830	128,830
Accumulated depreciation	(114,047)	(106,613)
	14,783	22,217
Leasehold Improvement - at cost	77,533	77,533
Accumulated depreciation	(32,263)	(17,212)
	45,270	60,321
Motor Vehicles - at cost	107,520	107,520
Accumulated depreciation	(103,738)	(102,818)
	3,782	4,702
	397,464	**230,498**

Notes to the financial statements for the year ended 30 June 2021

Plant & Equipment (cont'd)

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

Details	**Plant and Equipment**	**IT Equipment**	**Leasehold Improvements**	**Motor Vehicles**	**Total**
	$	**$**	**$**	**$**	**$**
Balance on acquisition of FOS Lighting Group	128,308	22,862	39,069	5,304	195,543
Purchase of new assets	26,560	2,535	27,692	-	56,787
Depreciation charge	(11,610)	(3,180)	(6,440)	(602)	(21,832)
Balance at 30 June 2020	**143,258**	**22,217**	**60,321**	**4,702**	**230,498**
Balance at 1 Jul 2020	143,258	22,217	60,321	4,702	230,498
Acquisition of JSB Lighting	258,859	-	-	-	258,859
Depreciation charge	(68,488)	(7,434)	(15,051)	(920)	(91,893)
Balance at 30 June 2021	**333,629**	**14,783**	**45,270**	**3,782**	**397,464**

11. LEASES

(a) Right of use assets

	2021	**2020**
	$	**$**
Balance of right of use assets at 1 Jul	697,949	1,059,111
Addition of right of use assets (note 20)	1,159,399	-
Impairment of right of use assets	(402,448)	-
Less: Accumulated depreciation	(516,037)	(361,162)
Balance of right of use assets at 30 Jun	**938,163**	**697,949**

(b) Corresponding lease liabilities

Lease liabilities – current	630,625	462,058
Lease liabilities – non current	675,746	320,018
	1,306,371	**782,076**

Capitalised value for right of use assets includes value of new leased properties acquired on acquisition of JSB lighting (refer to note 20) and impairment charges were booked as at 30 June 2021 for leased properties not utilised by the consolidated entity.

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.

Right of use-assets are tested for impairment when impairment indicators exist. During the year, the entity assessed the assets on a stand- alone basis and determined that an impairment of $402,448 existed. As these assets were acquired as part of a business combination, the entity made some key assumptions regarding the future use of these right of use assets (*note 1r*).

Notes to the financial statements for the year ended 30 June 2021

12. INTANGIBLE ASSETS

	2021 $	2020 $
Brand name – JSB Lighting	1,025,603	-

(a) Reconciliation of carrying amounts at the beginning and end of the period

	2021 $	2020 $
Carrying value as at 1 Jul	-	-
Acquisition of JSB Lighting Brand (note 20)	1,047,424	-
Amortisation charge for the year	(21,821)	-
Carrying value as at 30 June	**1,025,603**	**-**

13. TRADE AND OTHER PAYABLES

	2021 $	2020 $
Trade payables and accruals	1,563,197	803,288
Rental bond received	40,000	-
	1,603,197	**803,288**

14. PROVISION – EMPLOYEE BENEFITS

	2021 $	2020 $
Annual leave provision	218,645	96,581
Long service leave provision	242,791	172,903
	461,436	**269,484**
Annual leave provision	218,645	96,581
Long service leave provision - current	221,372	165,869
Employee entitlements – current	440,017	262,450
Long service leave provision – non-current	21,419	7,034

Notes to the financial statements for the year ended 30 June 2021

15. ISSUED CAPITAL

	2021 $	2020 $
Balance as at 1 July	400,100	-
Share issued on incorporation	-	100
Share issued - acquisition of FOS Group	-	400,000
Share issued - acquisition 50% equity in JSB lighting	600,000	-
Share issued – initial public offering	3,000,000	-
Cost of capital raising	(311,430)	-
Balance as at 30 June	**3,688,670**	**400,100**

Number of shares issued	**2021 Number**	**2020 Number**
Balance as at 1 Jul	30,000,000	-
Share issued on incorporation	-	100
Share issued - acquisition of FOS Group	-	29,999,900
Share issued - acquisition 50% equity in JSB lighting	3,000,000	-
Share issued – initial public offering	12,000,000	-
Balance as at 30 June	**45,000,000**	**30,000,000**

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.

16. EARNINGS PER SHARE

Reconciliation of earnings used in calculating earnings per share:

	2021 $	2020 $
Earnings used in calculating diluted earnings per share	**742,111**	**76,517**

	2021 Number of Shares	2020 Number of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share	32,761,644	14,918,049
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)	2.27	0.51

Notes to the financial statements for the year ended 30 June 2021

17. CONTROLLED ENTITIES

Name of the Company	Country of Incorporation	% Owned 30 June 2021	% Owned 30 June 2020
Parent Entity			
FOS Capital Ltd	Australia		
Controlled Entity			
FOSCAP Investments Pty Ltd (formerly known as FOS Lighting Group Pty Ltd) *	Australia	100%	100%
FOS Lighting Pty Ltd *	Australia	100%	100%
Baker & McAuliffe Holdings Pty Ltd **	Australia	100%	-
JSB Lighting (NZ) Limited **	Australia	100%	-

* Both FOS Lighting Group Pty Ltd and FOS Lighting Pty Ltd were acquired on 30 Dec 2019

** 50% equity interest in Baker & McAuliffe Holdings Pty Ltd (JSB Lighting) was acquired on 23 November 2020 and remaining 50% of equity were acquired on 1 February 2021. JSB Lighting (NZ) Limited is wholly owned subsidiary of Baker & McAuliffe Holdings Pty Ltd.

18. PARENT ENTITY DISCLOSURE

The following information has been extracted from the books and records of the parent entity and has been prepared in accordance with the Australian Accounting Standards

Statement of Financial Position	2021 $	2020 $
Current assets	2,630,000	100
Non current assets	1,074,473	400,000
Total assets	**3,704,473**	**400,100**
Liabilities	15,655	-
Total liabilities	**3,688,818**	**400,100**
Shareholder's equity		
i) Issued capital	3,688,670	400,100
ii) Retained earnings	148	-
Total shareholder's equity	**3,688,818**	**400,100**

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 2021 and 30 June 2020.

Capital commitments

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

Notes to the financial statements for the year ended 30 June 2021

19. STATEMENT OF CASH FLOWS

(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:

	2021	2020
	$	$
Cash at bank	2,965,249	648,608

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

Net profit/(loss) after income tax	742,111	76,517
Share of profit JSB lighting	(14,949)	-
JSB Lighting acquisition gain	(759,382)	-
Impairment of right of use assets	402,448	-
Depreciation & amortisation	113,714	21,832
Reduction in bad debt provision	(22,500)	-
Amortisation of leased assets in use	516,037	198,208
Change in net assets and liabilities		
(Increase)/decrease in assets:		
Current receivables	(59,251)	(667,919)
Current inventories	(532,017)	(167,013)
Other current assets	54,111	96,707
Deferred tax assets	(198,544)	23,662
Increase/(decrease) in liabilities:		
Current trade payables	(1,392,254)	194,996
Provisions	6,131	58,953
Current tax liabilities	241,968	33,783
Net cash (used in) operating activities	**(902,377)**	**(130,274)**

Notes to the financial statements for the year ended 30 June 2021

20. ACQUISITION OF BUSINESS

Acquisition of Baker & McAuliffe Holdings Pty Ltd (JSB Lighting) – 1 February 2021

On 23 November 2020 the Company acquired a 50% shareholding in Baker & McAuliffe (**JSB Lighting**) from ASX listed HGL limited and on 1 February 2021 moved to 100% ownership. JSB Lighting was established over 28 years ago and has offices in all States of Australia and New Zealand.

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

Details	**2021** **$**
Cash	1,197,934
Receivables	880,693
Inventory	134,736
Prepayments & other current assets	138,855
Plant and equipment	258,860
JSB brand value	1,047,424
Lease assets in use	1,159,399
Deferred tax assets	461,699
Payables	(2,247,163)
Lease liabilities	(1,159,399)
Employee entitlement	(185,795)
Deferred tax liability	(288,042)
Provision for tax	(24,870)
Net assets acquired	**1,374,331**
Less: Consideration paid	
Issue of 3,000,000 shares at $0.20 per share	(600,000)
Capitalised share of profit prior to acquisition of business	(14,949)
Fair value of consideration	**(614,949)**
Gain on bargain purchase of JSB Lighting	**759,382**

As part of the acquisition of JSB, the directors commissioned the services of an independent expert to appraise the value of the Brand asset. The valuation made use of historical and projected financial performance of the JSB brand to determine its fair value, on a discounted cash flow basis. The key inputs in this Level 3 valuation was weighted average cost of capital, determined to be at 7.2%

The fair value of the consideration transferred at the acquisition date of the business combination consists of the fair value of the previously held equity investment (acquired in November 2020). The Group has made an assessment that there were no changes in the fair value of the previously held equity investment in JSB Lighting since the initial acquisition in November 2020.

Contribution since acquisition

Initial acquisition of 50% equity in JSB Lighting was treated as an investment and applied the equity method of accounting. Under this method of accounting the initial investment is recognised at cost.

Subsequent to initial recognition, an amount is recognised in the profit or loss for the Group's share of the profit or loss and other comprehensive income of JSB Lighting i.e. 50% share of profit and other comprehensive income of JSB Lighting from the date of acquisition (23 November 2020) to 31 January 2021.

JSB Lighting was consolidated in full effective from 1 February 2021 and JSB Lighting operation is now merged into the FOS Group and operating as one entity. Since the acquisition date JSB Lighting has contributed revenue of $1,486,481 and a profit after tax of $211,749 which is included within the consolidated profit for the financial year ended 30 June 2021.

Notes to the financial statements for the year ended 30 June 2021

21. FINANCIAL INSTRUMENTS

Financial risk management objectives

The Consolidated entity's activities expose it to a variety of financial risks: 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.

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

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.

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 available borrowing facilities 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, the Group's financial liabilities 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.

Fair value of financial instruments

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

Notes to the financial statements for the year ended 30 June 2021

22. REMUNERATION OF AUDITORS

Auditors of the Parent Entity and Group entities
Amounts received or due and receivable by auditors for:

	2021 $	2020 $
Audit or review of the financial report of the entity	56,360	34,860
Other services	43,708	-
	100,068	**34,860**

23. CONTINGENT ASSETS AND LIABILITIES

At balance date of this report the Consolidated entity has contingent liabilities of $45,000 of deposits paid for lease rentals (2020 - $45,000)

Apart from the above, the directors are not aware of any contingent assets or any contingent liabilities as at 30 June 2021 (2020: nil).

24. EVENTS AFTER THE BALANCE SHEET DATE

There were no matters or circumstances that have arisen since 30 June 2021 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.

Directors' Declaration

DIRECTORS' DECLARATION

FOR THE FINANCIAL YEAR ENDED 30 June 2021

In the directors' opinion:

- 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 2021 and of its performance for the financial period 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
27 August 2021

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

I declare that, to the best of my knowledge and belief during the year ended 30 June 2021 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.

William Buck

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

N. S. Benbow
Director

Dated this 27th day of August, 2021

ACCOUNTANTS & ADVISORS
Level 20, 181 William Street
Melbourne VIC 3000
Telephone: +61 3 9824 8555
williambuck.com

William Buck

FOS Capital Ltd

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of FOS Capital Ltd (the Company) and its controlled entities (together, the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the 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.

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.

ACCOUNTANTS & ADVISORS
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KEY AUDIT MATTER	
Acquisition of JSB Lighting	**How our audit addressed it**
On 23 November 2020, the Group acquired a 50% shareholding in Baker & McAuliffe Holdings Pty Ltd (“JSB Lighting”) for a consideration of 3 million ordinary shares. On 1 February 2021, the remaining 50% of shares were acquired and full control over JSB Lighting was obtained. The acquisition was achieved in stages and accounted for as a stepped acquisition. Acquisition accounting requires a degree of estimates and judgements exercised over the fair value measurement of identifiable assets acquired and liabilities assumed. The most significant elements to the acquisition included the following: *The Intralux inventory provision* JSB Lighting entered (pre-acquisition) into an agreement with Intralux Australia Pty Ltd (“Intralux”) to acquire specific assets, trademarks and patents. Intralux retained the right to reacquire these assets at fair value if sales of Intralux products were less than $4m annually. Accordingly, as at acquisition date, the JSB Lighting stock was fair valued at $224,000, on expectation that the Group would receive a notice of buyback for this stock by Intralux. *Valuation of the Brand asset* As part of the acquisition of JSB, the directors commissioned the services of an independent expert to appraise the value of its brand asset. The valuation made use of historical and projected financial performance of the JSB brand to determine its fair value, on a discounted cash flow basis.	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 JSB as a business in order to meet business combination accounting rules; — Assessing the fair values of the identifiable assets acquired and liabilities assumed, including appraising the appropriateness of the independence and skill of the expert used to assess the value of the brand asset; — Reviewing a copy of the signed agreement between JSB Lighting and Intralux to gain an understanding of the key terms and conditions on the vendor’s right to buyback inventory and the appropriateness of the fair valuation of that inventory; — Assessing the fair value of the consideration paid for the acquisition; and — Assessing the appropriateness of the deferred tax impacts arising from the acquisition. We also assessed the appropriateness of disclosures relating to these items in the financial statements.

KEY AUDIT MATTER	
Accounting for IPO	**How our audit addressed it**
In June 2021, the Group completed an IPO and was admitted to the Australian Securities Exchange. The Group successfully raised $3m from the issue of 12m ordinary shares. A total of $311,430 was treated as a cost of raising equity and a further $172,491 was expensed to the profit or loss.	Our audit procedures included: — Agreeing total capital raised to the bank statement; — Cross-checking total shares issued to the share register; and

The allocation of these costs between equity and the profit or loss requires judgement, particularly in determining a) which costs relate to the issue of new shares, which are treated as costs of equity; and b) which costs relate to the quotation of existing shares, which are taken to the profit or loss.	— Reviewing transaction costs incurred in relation to the IPO and on a sample basis tracing to supporting documentation to determine whether those costs were appropriately treated alternatively as either equity or charged to the profit or loss. 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 in the Group's annual report for the year ended 30 June 2021 but does not include the financial report and the auditor's report thereon.

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

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 that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material 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 has 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 these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of FOS Capital Ltd, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

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, 27 August 2021

Shareholder Analysis

Shareholder Analysis and Other Stock Exchange Requirements

Statement of security holders as at 24 August 2021

(a) Distribution of shareholders by sizes of holdings

1 - 1,000	13
1,001 - 5,000	22
5,001 - 10,000	100
10,001 - 100,000	188
100,001 and over	25
Total	348

Holding less than a marketable parcel 14

Voting rights – Each ordinary share carries one vote.

Twenty Largest Shareholders

Shareholder	**Number of shares held**	**Percentage**
SKM Investment Group Pty Ltd	30,000,000	66.67
HGL Limited	3,000,000	6.67
Mrs Luye Li	1,387,700	3.08
Mr Matthew Regos & Mrs Silvia Lisa Regos <Regos Family A/C>	434,550	0.97
Magnetic Capital Pty Ltd	270,000	0.60
Vanhop Pty Ltd <Vanhop Super Fund A/C>	260,000	0.56
Mr Gabriel Govinda	250,000	0.51
In Lumin Stellas Investment Pty Ltd <Lumen Investments Fund A/C>	208,000	0.46
Yarra River Capital Management Pty Ltd	200,000	0.44
Knight61 Investments Pty Ltd <Knight61 Investments A/C>	200,000	0.44
Fortune66 Investments Pty Ltd <Fortune66 Investments A/C>	200,000	0.44
Mr Joel David Webb	200,000	0.44
924 Pty Ltd <Zoloto S/F A/C>	154,000	0.34
Starchaser Pty Ltd <Pearson Family S/Fund A/C>	150,000	0.33
Pax Aureum Pty Ltd <Drow Hoard Superfund A/C>	139,832	0.31
Benken Capital Group Pty Ltd <Benken Super Fund A/C>	135,000	0.30
Mr Matthew Regos & Mrs Silvia Lisa Regos <Regos Family Super Fund A/C>	124,600	0.28
RMMK Investment Holdings No1 Pty Ltd	121,367	0.27
Mr Kenneth Yu	120,000	0.27
Super Secret Pty Limited <Tkocz Sf A/C>	120,000	0.27
Ruib Pty Ltd	120,000	0.27
Coola Nassiokas & Lambros Nassiokas <L&C Nassiokas>	120,000	0.27
Ms Fang Wu	120,000	0.27
Total for top 20	**38,035,049**	**84.46**
Total Other investor	6,964,951	15.54
Grand Total	**45,000,000**	**100.00**

Substantial shareholders as per substantial shareholder advices held at 24 August 2021

Name		
SKM Investment Group Pty Ltd	30,000,000	66.67%
HGL Limited	3,000,000	6.67%