

APPENDIX 4D – HALF YEAR REPORT

PERIOD ENDED 31 DECEMBER 2021

**CI RESOURCES LIMITED
AND ITS CONTROLLED ENTITIES
ACN 006 788 754**

Reporting Period

This information should be read in conjunction with the 30 June 2021 annual financial report.

Current reporting period: 31 December 2021
Previous corresponding period: 31 December 2020

Results for announcement to the market

	31 Dec 2021 \$'000's	31 Dec 2020 \$'000's	% Change
Revenue from continuing operations	214,798	76,738	179.9%
Net profit for the period	6,800	6,146	10.6%
Profit from ordinary activities after tax attributable to members	6,603	6,146	7.4%
Total comprehensive income for the period attributable to members	8,752	4,791	82.7%

Earnings Per Share

	31 Dec 2021	31 Dec 2020
Basic and Diluted	5.88 cents	5.31 cents

Dividends

Dividends totalling 1 cents per share have been paid during the half year ended 31 December 2021. The Directors recommend the payment of an interim dividend of 2.0 cents per share.

Date the interim dividend is payable	22 April 2022
Record date to determine entitlements to the dividend	25 March 2022
Date interim dividend was declared	24 February 2022

APPENDIX 4D – HALF YEAR REPORT (Continued)

PERIOD ENDED 31 DECEMBER 2021

**CI RESOURCES LIMITED
AND ITS CONTROLLED ENTITIES
ACN 006 788 754**

Net Tangible Asset Backing Per Security

	31 Dec 2021	31 Dec 2020
Fully paid ordinary shares on issue at balance date	115,581,107	115,581,107
Net tangible asset backing per issued ordinary share as at balance date	174.5 cents	168.7 cents

Additional Appendix 4D disclosure requirements can be found in the directors' report and the 31 December 2021 Half Year Report and accompanying notes.

Significant changes in the state of affairs of the Company

During the period the Group acquired a controlling stake in Kemoil SA, Geneve (Kemoil). Kemoil is a non-listed company based in Switzerland and operates a supply chain logistics business, enabling the efficient flow of commodities – particularly refined oils – between major producers and large customers throughout West Africa. The Group acquired Kemoil to diversify our revenue mix and bolster our supply chain logistics capability beyond our existing shipping logistics business servicing Asia Pacific. Additional information can be found in Note 11 of the accompanying 31 December half year report.

Compliance Statement

The report is based on financial statements reviewed by the auditor, a copy of which is attached.

For and on behalf of the directors:



David Somerville
Director

Dated: 24 February 2022

CI Resources Limited

ACN 006 788 754

Half Year Report

For the half-year ended 31 December 2021

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CI RESOURCES LIMITED

Directors' report

Your directors present their half year report on the consolidated entity ("Group") consisting of CI Resources Limited ("CII" or "Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

Directors

The following persons were directors of CI Resources Limited for the whole of the half-year and up to the date of this report, unless otherwise stated:

Mr David Somerville

Mr Lai Ah Hong

Dato' Sri Tee Lip Sin

Mr Tee Lip Jen

Mr Adrian Gurgone

Dato' Sri Kamaruddin bin Mohammed

Dividends

The Directors propose paying a fully franked interim dividend of 2.0 cents per share issued with the record date being set at 25 March 2022 with payment to be made on the 22 April 2022.

Review of operations

The Consolidated Entity is reporting a net profit for the period of \$6.800M for the half-year ended 31 December 2021 (31 December 2020: \$6.146M).

Financial Results

The Company continues to see improving market conditions in the 2022 financial year, with phosphate and fertiliser sales volumes of approximately 325,000 tonnes for the half year, compared with 290,000 tonnes for the same period last year. This has been a result of improved Crude Palm Oil prices – from historical lows during the COVID lockdowns, to recent historical highs, which has generated greater demand for fertilisers across the market. Shipping costs continue to present a significant challenge and have had a negative impact on our margins in the period.

Consistent with the Group's strategic plan, the Company has acquired a Swiss based supply chain logistics business to take advantage of trading opportunities in West Africa. This has contributed almost \$130 million of Revenue to the Group in the period.

The Group continues to pursue further diversification opportunities on Christmas Island and in Malaysia and Singapore.

Earnings per share

	December 2021 Cents	December 2020 Cents
Basic earnings per share	5.88	5.31

CI RESOURCES LIMITED

Directors' report

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under the *ASIC Corporation (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The Company is an entity to which the Class Order applies.

Auditor

Ernst & Young continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of the directors.



D Somerville
Chairman
Perth, Western Australia

24 February 2022



Building a better
working world

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Auditor's independence declaration to the directors of CI Resources Limited

As lead auditor for the review of the half-year financial report of CI Resources Limited for the half-year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b) No contraventions of any applicable code of professional conduct in relation to the review; and
- c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of CI Resources Limited and the entities it controlled during the financial period.

Ernst & Young

R J Curtin
Partner
24 February 2022

CI RESOURCES LIMITED

Consolidated Statement of Comprehensive Income For the half-year ended 31 December 2021

	Notes	Consolidated	
		31 December 2021 \$'000s	31 December 2020 \$'000s
Revenue	3a	214,798	76,738
Cost of sales	3b	(197,648)	(61,123)
Gross Profit		17,150	15,615
Other income	3c	2,332	1,005
Finance costs	3d	(671)	(845)
Other expenses	3e	(9,218)	(6,726)
Change in fair value of biological assets		22	(20)
Share of (loss) / profit in joint ventures		(108)	(70)
Profit before income tax		9,507	8,959
Income tax expense		(2,707)	(2,813)
Net profit for the period		6,800	6,146
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		1,809	(3,346)
Total other comprehensive income that may be reclassified subsequently to profit or loss		1,809	(3,346)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income		340	1,991
Total other comprehensive income that will not be reclassified subsequently to profit or loss		340	1,991
Total comprehensive income for the period		8,949	4,791
Profit is attributable to:			
Members of CI Resources Limited		6,603	6,146
Non-controlling interest		197	-
Total comprehensive (loss)/income for the year is attributable to:		6,800	6,146
Members of CI Resources Limited		8,752	4,791
Non-controlling interest		197	-
		8,949	4,791
		Cents	Cents
Basic and diluted earnings/(loss) per share		5.88	5.31

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CI RESOURCES LIMITED

Consolidated Statement of Financial Position As at 31 December 2021

	Notes	Consolidated 31 December 2021 \$'000s	30 June 2021 \$'000s
Current assets			
Cash and cash equivalents		45,984	33,804
Trade and other receivables		106,189	36,631
Inventories		40,184	27,850
Biological assets		276	246
Other financial assets		7,062	15,249
Derivatives-forward exchange contracts	7	3,013	3,795
Prepayment		975	775
Income tax receivable		-	1,401
Total current assets		203,683	119,751
Non-current assets			
Other financial assets		28,762	28,144
Property, plant & equipment		89,001	85,343
Goodwill		4,057	4,057
Bearer plants		3,607	4,025
Investment in joint ventures		1,224	1,332
Deferred tax assets		10,882	9,165
Total non-current assets		137,533	132,066
Total assets		341,216	251,817
Current liabilities			
Trade and other payables		74,388	14,096
Interest bearing loans and borrowings		18,866	6,753
Income tax payable		232	-
Provisions		5,279	4,683
Total current liabilities		98,765	25,532
Non-current liabilities			
Interest bearing loans and borrowings		12,645	8,580
Deferred tax liabilities		6,769	5,758
Provisions		21,303	19,491
Total non-current liabilities		40,717	33,829
Total liabilities		139,482	59,361
Net assets		201,734	192,456
Equity			
Contributed equity		72,160	72,160
Reserves		5,520	3,371
Accumulated profits		122,372	116,925
Equity attributable to equity holders of the parent		200,052	192,456
Non-controlling interest		1,682	-
Total equity		201,734	192,456

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

CI RESOURCES LIMITED

Consolidated Statements of Changes in Equity For the half-year ended 31 December 2021

	Contributed Equity \$'000s	Foreign Currency Translation Reserve \$'000s	Fair Value Reserve \$'000s	Discount on Acquisition of Non- controlling interest Reserve \$'000s	Retained Earnings \$'000s	Total attributable to equity holder of the Parent \$'000s	Non- controlling Interest \$'000s	Total \$'000s
2021 Consolidated								
1 July 2021	72,160	(743)	(4,385)	8,499	116,925	192,456	-	192,456
Profit for the period	-	-	-	-	6,603	6,603	197	6,800
Other comprehensive income	-	1,809	340	-	-	2,149	-	2,149
Total comprehensive income for the period	-	1,809	340	-	6,603	8,752	197	8,949
Non-controlling interest arising on business combination	-	-	-	-	-	-	1,485	1,485
Transactions with owners in their capacity as owners								
Dividends paid	-	-	-	-	(1,156)	(1,156)	-	(1,156)
31 December 2021	72,160	1,066	(4,045)	8,499	122,372	200,052	1,682	201,734

CI RESOURCES LIMITED

Consolidated Statements of Changes in Equity For the half-year ended 31 December 2021

2020 Consolidated

	Contributed Equity \$'000s	Foreign Currency Translation Reserve \$'000s	Fair Value Reserve \$'000s	Discount on Acquisition of Non- controlling interest Reserve \$'000s	Retained Earnings \$'000s	Total \$'000s
1 July 2020	72,160	3,321	(6,211)	8,499	112,441	190,210
Profit for the period	-	-	-	-	6,146	6,146
Other comprehensive income	-	(3,346)	1,991	-	-	(1,355)
Total comprehensive income for the period	-	(3,346)	1,991	-	6,146	4,791
Transactions with owners in their capacity as owners						
Dividends paid	-	-	-	-	-	-
31 December 2020	72,160	(25)	(4,220)	8,499	118,587	195,001

CI RESOURCES LIMITED

Consolidated Statement of Cash Flows For the half-year ended 31 December 2021

	Consolidated	
	31 December 2021 \$'000s	31 December 2020 \$'000s
Cash flows from operating activities		
Receipts from customers	204,829	69,443
Payments to suppliers and employees	(223,827)	(69,794)
Interest received	120	215
Borrowing costs	(290)	(300)
Interest paid on lease liability	(12)	(6)
Income taxes paid	(1,200)	(2,606)
Net cash inflow/(outflow) from operating activities	(20,380)	(3,048)
Cash flows from investing activities		
Decrease in financial assets	232	54
Acquisition of a subsidiary, net of cash	31,039	-
Proceeds from sale of property, plant and equipment	2,677	75
Purchase of property and equipment	(8,020)	(1,515)
Net cash inflow/(outflow) from investing activities	25,928	(1,386)
Cash flows from financing activities		
Repayment of lease liabilities	(277)	(157)
Repayments of borrowings	(5,852)	(11,230)
Proceeds of borrowings	9,946	10,135
Dividends paid	(1,156)	-
Net cash inflow/(outflow) from financing activities	2,661	(1,252)
Net increase/(decrease) in cash and cash equivalents	8,209	(5,686)
Cash and cash equivalents at the beginning of the financial year	33,804	44,149
Impact of foreign exchange	3,971	2,334
Cash and cash equivalents at the end of the period	45,984	40,797

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

CI RESOURCES LIMITED

Notes to the financial statements For the half-year ended 31 December 2021

1 Corporate Information

The half-year financial statements of CI Resources Limited (referred to as 'CI Resources or 'the Company') and its subsidiaries (referred to as 'the Group') for the six months ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 24 February 2022.

CI Resources Limited is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

2 Basis of Preparation and Accounting Policies

Basis of preparation

This half-year financial statements for the half-year ended 31 December 2021 are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial statements does not include all notes of the type normally included within the Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial statements should be read in conjunction with the Annual Financial Report of CI Resources Limited as at 30 June 2021 and considered with any public announcements made by the Company during the half-year ended 31 December 2021 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The half-year financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the class order applies.

Apart from the adoption of new or revised standards noted below, and those included in note 11 relating to the business combination, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Changes in accounting policy

All new and amended Australian Accounting Standards and Interpretations mandatory as at 1 July 2021 to the Group have been adopted and include:

- *Conceptual Framework for Financial Reporting*;
- *AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform Phase 2*
- *AASB 2021-3 Amendments to Australian Accounting Standards – Covid 19-Related Rent Concession*;

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period and were relevant to the Group. The adoption of the new and amended accounting standards and interpretations had no material impact on the Group. Any new, revised or amending Accounting Standards of Interpretations that are not yet mandatory have not been adopted early.

CI RESOURCES LIMITED

Notes to the financial statements For the half-year ended 31 December 2021

Consolidated

31 December 2021 \$'000s	31 December 2020 \$'000s
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3 Revenue and Expenses

(a) Revenue

Revenue from contracts with customers

Phosphate sales	50,062	41,302
Palm oil sales	16,149	16,655
Rendering of services	7,197	8,289
Fuel sales	6,921	6,963
Trading and logistics sales	129,875	-
Other sales	4,152	3,054
Total revenue from contracts with customers	214,356	76,263

Other revenue

Dividend income from equity instruments at fair value through OCI	297	260
Interest on cash and term deposits	145	215
Total other revenue	442	475
	214,798	76,738

(b) Cost of sales

Production and purchase costs	177,371	46,114
Royalties	646	614
Environment levy	693	624
Insurance	926	970
	179,636	48,322

Shipping costs:

Shipping charges	11,084	6,569
Port charges	1,198	973
	12,282	7,542

Handling and warehousing costs

	1,176	1,138
<i>Depreciation:</i>		
Plant and equipment	4,554	4,121

Total cost of sales

	197,648	61,123
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(c) Other income

Foreign exchange gain	936	-
Government grants	-	992
Gain on disposal of asset	1,396	-
Unrealised gain on capital notes	-	13
	2,332	1,005

CI RESOURCES LIMITED

Notes to the financial statements For the half-year ended 31 December 2021

3 Revenue and Expenses (continued)

	Consolidated	
	31 December 2021 \$'000s	31 December 2020 \$'000s
(d) Finance costs		
Accretion in provisions	228	514
Interest expense	443	331
	<u>671</u>	<u>845</u>
(e) Other expenses		
Redundancy expense	206	273
Loss on disposal of asset	-	45
Foreign exchange loss	-	527
Unrealised loss on capital notes	7	-
Depreciation	304	234
Administration and other ¹	8,701	5,647
	<u>9,218</u>	<u>6,726</u>

1. Administration costs of \$2.026 million (December 2020: \$Nil) relates to the Kemoil acquisition during the year.

4 Dividends Paid and Proposed

Franked dividends declared and paid during the half-year on ordinary shares to the owners of the parent: **\$0.01** (December 2020: **\$Nil**)

Dividends proposed and not yet recognised as a liability: **\$0.02**

(1,156)	-
<u>(2,312)</u>	<u>(2,311)</u>
<u>(3,468)</u>	<u>(2,311)</u>

5 Commitments and Contingencies

As at the reporting date, the consolidated entity had no expenditure commitments.

Since the last annual reporting date, there has been no material change to any contingent liabilities or contingent assets.

6 Events after the Balance Sheet Date

No matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect, the operations of CI Resources Limited and its controlled entities, or the state of affairs of CI Resources Limited and its controlled entities in subsequent periods.

Notes to the financial statements
For the half-year ended 31 December 2021

7 Financial Instruments

The Directors have concluded that the fair value of financial assets and financial liabilities are not materially different to book values. The methods and assumptions used to estimate the fair value of financial instruments were:

- Receivables/payables - Due to the short term nature of these financial rights and obligations, and/or market interest received/paid, their carrying values are estimated to represent their fair values.
- Derivatives - The fair values of forward currency contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles.
- Finance lease liability - The fair value is the present value of minimum lease payments.
- Bank loan - All the bank loans of the Group are interest bearing with floating interest rates which move in accordance with the market interest rates. Therefore the fair value of the bank loans approximates their carrying value.
- Term deposits - The carrying values of term deposits represent the fair values.
- Capital notes - These investments are fair valued by reference to published bid prices.

(a) Forward currency contracts – Financial asset at fair value through profit or loss

The Group has entered into forward exchange contracts which are economic hedges but do not satisfy the requirements for hedge accounting.

	Notional amounts \$AUD		Average exchange rate	
	31 Dec 2021 \$'000s	30 June 2021 \$'000s	31 Dec 2021	30 June 2021
Sell US\$/buy Australian \$				
Consolidated				
Sell US\$ maturity 0 to 12 months	32,278	30,726	0.6893	0.6705
Sell US\$ maturity 12 to 24 months	-	3,306	-	0.6049

These contracts are fair valued by comparing the contracted rate to the forward market rates for contracts with the same remaining term, discounted at a market interest rate. All movements in fair value are recognised in profit or loss in the period they occur. The net fair value loss on foreign currency derivatives during the half-year were \$0.882 million (2020: gain \$4.403 million) for the Group.

(b) Capital notes – Financial asset at fair value through profit or loss

The Group has invested in capital notes with various institutions which are designated as available-for-sale financial assets.

	Fair Value \$AUD	
	31 Dec 2021 \$'000s	30 June 2021 \$'000s
Capital notes \$		
Australian capital notes	785	976

Initial measurement of these financial assets comprise fair value plus transaction costs and subsequent measurement at fair value. The movement in fair value in each period is recognised in other comprehensive income. The net fair value loss on capital notes during the half-year were \$7,000 (2020: gain \$13,000) for the Group.

The group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1: the fair value is calculated using quoted price in active markets;

Level 2: the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (as price) or indirectly (derived from prices); and

Level 3: the fair value is estimated using inputs for the assets or liability that are not based on observable market data.

	Level 1 \$'000s	Level 2 \$'000s	Level 3 \$'000s	Total \$'000s
Forward currency contract - classified as financial asset at fair value through profit or loss	-	3,013	-	3,013
Capital notes - classified as financial asset at fair value through profit or loss	785	-	-	785
	785	3,013	-	3,798

CI RESOURCES LIMITED

Notes to the financial statements For the half-year ended 31 December 2021

Transfer between categories:

There were no transfers between levels during the half-year.

8 Segment Reporting

Segment Reporting for the half-year ended 31 December 2021

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operation decision makers) in assessing performance and in determining the allocation of resources.

The Group has identified its operating segments to be Fertiliser, Farming and Logistics based on the different operating businesses within the Group. Discrete financial information about each of these operating segments is reported to the chief operation decision makers on a monthly basis.

The Fertiliser operating segment primarily involves mining, processing and sale of phosphate rock, phosphate dust and other fertiliser products.

The Farming operating segment primarily involves oil palm cultivation and palm oil processing.

The Logistics operating segment primarily involves trading, importing and exporting of commodities.

Accounting policies and inter-segment transactions

The accounting policy used by the Group in reporting segments internally are the same as those contained in Note 2 to the 30 June 2020 accounts.

	Half-Year ended 31 December 2021				
	Fertiliser	Farming	Logistics	Unallocated/ Elimination	Total
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Revenue					
Phosphate sales	50,062	-	-	-	50,062
Palm oil sales	-	16,149	-	-	16,149
Other sales	4,152	-	-	-	4,152
Interest income	35	57	25	28	145
Dividend income	-	297	-	-	297
Rendering of services	353	-	-	6,844	7,197
Fuel sales	-	-	-	6,921	6,921
Trading and logistics sales	-	-	129,875	-	129,875
Total segment revenue	54,602	16,503	129,900	13,793	214,798
Result					
Segment net operating profit/(loss) after tax (attributable to parent)	5,727	(172)	395	850	6,800
Depreciation and amortisation	2,930	1,314	-	614	4,858
Income tax expense	1,980	376	52	299	2,707

As at 31 December 2021

Assets and Liabilities

Segment assets	172,923	57,926	76,056	34,311	341,216
Segment liabilities	49,285	14,159	72,973	3,065	139,482

CI RESOURCES LIMITED

Notes to the financial statements For the half-year ended 31 December 2021

8 Segment reporting (continued)

	Half-Year ended 31 December 2020			
	Fertiliser	Farming	Unallocated/ Elimination	Total
	\$'000s	\$'000s	\$'000s	\$'000s
Revenue				
Phosphate sales	41,302	-	-	41,302
Palm oil sales	-	16,655	-	16,655
Other sales	3,054	-	-	3,054
Interest income	88	81	46	215
Rendering of services	203	-	8,086	8,289
Dividend income	-	260	-	260
Fuel sales	-	-	6,963	6,963
Total segment revenue	44,647	16,996	15,095	76,738
Result				
Segment net operating profit after tax (attributable to parent)	3,914	(13)	2,245	6,146
Depreciation and amortisation	2,639	1,060	656	4,355
Income tax expense	1,635	216	962	2,813
	As at 31 December 2020			
Assets and Liabilities				
Segment assets	163,920	57,459	31,049	252,428
Segment liabilities	40,223	14,652	2,552	57,427

Revenue from external customers by geographical locations is detailed below. Revenue is attributed to geographic location based on the location of the customers. The Company does not have external revenues from external customers that are attributable to any geographical location other than as shown:

	1 July 2021 to 31 December 2021 \$'000s	1 July 2020 to 31 December 2020 \$'000s
Australasia	15,308	18,344
Indonesia	22,404	18,968
Malaysia	41,092	38,287
Singapore	5,677	664
West Africa	129,875	-
	214,356	76,263

Major customers

The Group has a number of customers to which it provides the products. There are 3 (2020: 3) customer of the Group who each account for more than 10% of total external revenue for the half years ended.

CI RESOURCES LIMITED

Notes to the financial statements For the half-year ended 31 December 2021

8 Segment reporting (continued)

Non-Current Assets by geographical regions:

	Consolidated	
	31 December 2021 \$'000s	30 June 2021 \$'000s
Australia	59,911	56,209
Malaysia	69,900	68,328
Singapore	6,729	7,529
Switzerland	993	-
	137,533	132,066

9 Related parties

The Group has a policy that all transactions with related parties are conducted on commercial terms and conditions.

No material related party transactions occurred other than the remuneration of Directors and Key Management Personnel.

10 Changes in composition of the entity

There has been material change in the composition and nature of the Group during the interim period with the acquisition of a non-listed subsidiary based in Switzerland as disclosed in Note 11.

11 Business combination

Acquisition of Subsidiary

On 1 July 2021, CII's wholly owned subsidiary, PRL Global Pty Ltd, acquired a 50% equity interest in Kemoil SA, Geneve (Kemoil) totalling 5,000 ordinary shares (representing 50% voting rights) for approximately AU\$8.1M funded out of cash reserves and comprising of:

- The payment to Mekatrade of CHF 1,033,574
 - The provision of a loan of US\$5,000,000 to Kemoil for working capital and security for its banking lines of credit
- Kemoil is a non-listed company based in Switzerland and operates a supply chain logistics business, enabling the efficient flow of commodities – particularly refined oils – between major producers and large customers throughout West Africa. The Group acquired Kemoil to diversify our revenue mix and bolster our supply chain logistics capability beyond our existing shipping logistics business servicing Asia Pacific.

Completion of this acquisition occurred on 1 July 2021 in Geneva, Switzerland, which immediately preceded the appointment by CII of a majority of directors to the Kemoil Board, including the Chair, giving CI Resources control of the entity for accounting purposes.

CI RESOURCES LIMITED

Notes to the financial statements For the half-year ended 31 December 2021

11 Business combination (continued)

Assets acquired and liabilities assumed

The provisional fair values of the identifiable assets and liabilities of Kemoil as at the date of acquisition were:

	\$'000s
Assets	
Property, plant and equipment	823
Deferred tax asset	214
Cash and cash equivalents	39,295
Financial assets at FVTPL	1,028
Trade and other receivables	59,709
	<u>101,069</u>
Liabilities	
Trade payables	79,775
Lease liabilities	821
Shareholder loans	15,920
Derivative financial liabilities	65
Provision for employee benefits	1,518
	<u>98,099</u>
Total identifiable net assets at fair value	2,970
50% non-controlling interest measured at proportionate share of net assets	1,485
Goodwill arising on acquisition	-
Purchase consideration transferred	<u>1,485</u>
Purchase consideration	
Cash	<u><u>1,485</u></u>
Cash flow on acquisition	
Cash acquired with the subsidiary	39,295
Cash consideration paid	(1,366)
Provision of loan	(6,890)
Net cash acquired with the subsidiary	<u><u>31,039</u></u>

Financial performance since acquisition date

Since acquisition on 1 July 2021, Kemoil has contributed revenue totalling \$129.88M and profit after tax of \$0.40M to the Group. As at 31 December 2021, the consolidated entity's revenue and net profit after tax amounted to \$214.80M and \$6.8M respectively.

Accounting policies and notes

The accounting policies of Kemoil are consistent with the Group accounting policies with the addition of the following accounting policies.

(i) Revenue recognition - Trading income

The principal activities of the Company consist of the business of traders, importers, exporters and commission agents of all kinds of petroleum commodities and other related products.

Trading income represents amounts invoiced for goods and services supplied during the financial year reported on, net of discounts, direct selling costs and value added taxes. Revenue is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer, which generally coincides with the bill of lading date of the vessel.

Notes to the financial statements
For the half-year ended 31 December 2021

11 Business combination (continued)

(ii) Employee benefits - Defined Benefit Plans

The company provides defined benefit pension plans for employees based in Geneva, Switzerland complying with the Swiss legal requirements in which the assets are held in a separate insurance Group. The pension plans are funded by payments according to legal and contractual requirements.

Defined Benefit Pension Plan

	31 December 2021 \$'000s
Projected defined benefit obligations	4,941
Fair value of defined benefit plan assets	(3,289)
Liability recognised in the statement of financial position	<u>1,652</u>
Reconciliation of defined benefit pension plan	
Liability/(Assets) at the beginning of the period	1,518
Company's service cost	166
Net Interest	3
Employer contributions	(107)
Foreign exchange	72
Liability/(Asset) at the end of the period	<u>1,652</u>

Reconciliation of the present value of the defined benefit obligation are as follow:

Balance at the beginning of the period	4,578
Company's service cost	166
Net Interest	9
Employee contribution	107
Benefit paid/received	(107)
Net insurance premium and expenses	(29)
Loss/(Gain) due to assumption changes	-
Actuarial loss (gain) due to experience adjustments	-
Exchange difference	217
Balance at the end of the period	<u>4,941</u>

Reconciliation of the fair value of plan assets/(liabilities) are as follow:

Balance at the beginning of the period	3,060
Employer contributions	107
Interest on assets	6
Employee contributions	107
Benefit paid/received	(107)
Net insurance premium and expenses	(29)
Loss/(gain) due to assumption changes	-
Loss/(gain) on return on assets	-
Exchange difference	145
Balance at the end of the period	<u>3,289</u>

CI RESOURCES LIMITED

Notes to the financial statements For the half-year ended 31 December 2021

11 Business combination (continued)

The amount recognised in the statement of comprehensive income are as follow:

	31 December 2021 \$'000s
Company's service cost	266
Administration costs of the plan	7
Past service cost	-
Settlements	-
Net Interest	3
Employer contributions	(107)
	<u>169</u>

The significant actuarial assumptions were as follow:

Discount rate	0.35%
Expect rate on salary increase	1.00%
Expect rate on pension increase	0.00%
Termination rate	LPP 2020
Mortality and disability rate	LPP 2020

Receivables

	31 December 2021 \$'000s
Trade receivables	71,431
Less: Allowance for doubtful receivables	-
Net trade receivables	<u>71,431</u>

Trade receivables are non-interest bearing and are generally due within 60-90 days. Trade receivables are denominated in USD and EUR. The carrying value of receivables approximates its fair value due to the short-term nature.

Trade and other payables

	\$'000s
Trade and other payables	58,856

Trade and other payables are non-interest bearing and are generally settled within 46 days. The carrying amounts of trade and other payables approximate their fair values due to their short-term maturities.

Interest bearing loans and borrowings

	\$'000s
Shareholder Loan	6,890
Bank overdraft	4,052

Bank overdraft is interest-bearing and is secured by the pledge of trade receivables with the financial institutions. The carrying amount of the bank overdraft approximates its fair value due to its short-term nature.

Directors' Declaration

In the directors' opinion:

- (a) The financial statements comprising the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and accompanying notes are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the company and the consolidated entity's financial position as at 31 December 2021 and of their performance, for the half-year ended on that date; and
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



D Somerville
Chairman

Perth
24 February 2022

Independent auditor's review report to the members of CI Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of CI Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a description of accounting policies and other explanatory information, and the directors' declaration.

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

- a) Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance for the half-year ended on that date; and
- b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

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

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Ernst & Young



R J Curtin
Partner
Perth
24 February 2022