

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 (“CI” 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.

A handwritten signature in black ink, appearing to be 'D Somerville', written over a horizontal line.

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

A handwritten signature in black ink, appearing to read 'R J Curtin', with a stylized flourish at the end.

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 | - |
| | | 6,800 | 6,146 |
| Total comprehensive (loss)/income for the year is attributable to: | | | |
| 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

| 2021 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 attributable to equity holder of the Parent \$'000s | Non- controlling Interest \$'000s | Total \$'000s |
|---|----------------------------------|--|----------------------------------|--|---------------------------------|--|--|------------------|
| 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 |
|--------------------------------|--------------------------------|
|--------------------------------|--------------------------------|

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 |
|--|-------|-------|

Depreciation:

| | | |
|---------------------|-------|-------|
| Plant and equipment | 4,554 | 4,121 |
|---------------------|-------|-------|

Total cost of sales

| | | |
|--|----------------|---------------|
| | 197,648 | 61,123 |
|--|----------------|---------------|

(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) | - |
| | (2,312) | (2,311) |
| | <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 | 1 July 2020 to 31 December 2020 |
|-------------|--|--|
| | \$'000s | \$'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>1,485</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>31,039</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.

CI RESOURCES LIMITED

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.

A handwritten signature in black ink, appearing to be 'D Somerville', written over a horizontal line.

D Somerville
Chairman

Perth
24 February 2022



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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

A handwritten signature in black ink, appearing to be 'R J Curtin', written in a cursive style.

R J Curtin
Partner
Perth
24 February 2022