

**APPENDIX 4E**

**PRELIMINARY FINAL REPORT**

**GIVEN TO THE ASX UNDER LISTING RULE 4.3A**

**CI RESOURCES LIMITED**

**ABN – 70 006 788 754**  
**ACN – 006 788 754**

**FOR THE YEAR ENDED 30 JUNE 2022**

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

---

This Preliminary Final Report is provided to the Australian Securities Exchange (ASX) under Listing Rule 4.3A

Current reporting period: 30 June 2022

Previous corresponding period: 30 June 2021

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue and net profit		2022 \$'000's	2021 \$'000's	% Change
Revenue from ordinary activities		538,687	146,424	Up 267.9%
Net Profit from ordinary activities after tax attributable to members of CI Resources Limited		7,580	6,796	Up 11.5%
Total Comprehensive Income for the period attributable to members		12,804	4,558	Up 180.9%
Dividends	Amount per security 2022	Franked Amount per security 2022	Amount per security 2021	Franked Amount per security 2021
Interim Dividend	2.0c	2.0c	2.0c	2.0c
Final Dividend	1.0c	1.0c	1.0c	1.0c

### Dividends

Dividends totaling 3.0 cents per share have been paid during the year ended 30 June 2022. The Directors recommend that a final dividend of 1.0 cent be paid in respect of the year ended 30 June 2022.

Date the final dividend is payable	28 October 2022
Record date to determine entitlements to the dividend	30 September 2022
Date final dividend was declared	25 August 2022

### Results

The reported Net Profit attributable to members of the Company is \$7,580k (2021: \$6,796k). This equates to an Earnings Per Share of 6.56 cents (2021: 5.88 cents).

Below is information on the Consolidated Entity's performance for the previous five financial years and for the current year ended 30 June 2022.

	2018	2019	2020	2021	2022
Basic earnings per share (cents)	18.30	7.50	0.03	5.88	6.56
Dividends per share (cents)	10.0	6.5	1.5	2.0	3.0
Share price (cents)	175	144	95	120	132

### Entities over which control has been gained or lost during the period

During the current year, the Company acquired a controlling interest in Kemoil SA and incorporated a new wholly owned subsidiary, PRL Shipping Pte Ltd.

### Net tangible assets

	30 June 2022	30 June 2021
	<i>\$'000s</i>	<i>\$'000s</i>
Net assets	203,278	192,456
<i>Less</i> intangible assets	(4,057)	(4,057)
<b>Net tangible assets of the company</b>	<b>199,221</b>	<b>188,399</b>
<b>Fully paid ordinary shares on issue at balance date</b>	<b>115,581,107</b>	<b>115,581,107</b>
<b>Net tangible asset per issued ordinary share as at balance date</b>	<b>\$1.72</b>	<b>\$1.63</b>

### Earnings per share (attributable to the members of the parent)

Basic earnings per share (cents)	6.56	5.88
----------------------------------	------	------

Additional Appendix 4E disclosure requirements can be found in the appended 30 June 2022 financial statements and accompanying notes.

### Annual General Meeting

The Annual General Meeting will be held at:

Date: 29 November 2022

Time: 10.00 am

Place of meeting:

One World Hotel

First Avenue, Bandar Utama City Centre

47800 Petaling Jaya, Selangor

Malaysia

### Audit details

This report is based on accounts which are in the process of being audited.

For and on behalf of the directors



**David Somerville**  
**Chairman**

Dated: 31 August 2022



**Lai Ah Hong**  
**Managing Director**

# CI Resources Limited

## Preliminary Final Report – For the financial year ended 30 June 2022

### Contents

### Page

#### Financial report

Consolidated Statement of Comprehensive Income	2
Consolidated Statement of Financial Position	3
Consolidated Statement of Changes in Equity	4
Consolidated Statement of Cash Flows	5
Notes to the financial statements	6

CI Resources Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

6 Thorogood Street  
Burswood, Western Australia 6100

Through the use of the internet, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the consolidated entity. All press releases, financial reports and other information are available on our website. ([www.ciresources.com.au](http://www.ciresources.com.au))

For queries in relation to our reporting please call +61 8 6250 4900 or e-mail [info@ciresources.com.au](mailto:info@ciresources.com.au).

# CI RESOURCES LIMITED

## Consolidated Statement of Comprehensive Income For the financial year ended 30 June 2022

	Notes	2022 \$'000s	2021 \$'000s
<b>Revenue</b>	4(a)	538,687	146,424
Cost of sales	4(b)	(516,005)	(124,485)
<b>Gross profit</b>		<b>22,682</b>	<b>21,939</b>
Other income	4(c)	5,920	1,014
Other expenses	4(d)	(16,641)	(12,027)
Finance costs	4(e)	(1,036)	(1,491)
Change in fair value of biological assets	14(a)	3	29
Share of profit/(loss) in joint ventures	15	(347)	7
<b>Profit before income tax</b>		<b>10,581</b>	<b>9,471</b>
Income tax expense	5	(2,078)	(2,675)
<b>Profit for the period after income tax</b>		<b>8,503</b>	<b>6,796</b>
<b>Other comprehensive income/(loss):</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net currency translation differences		1,586	(4,064)
Total other comprehensive income/(loss) that may be reclassified subsequently to profit or loss		1,586	(4,064)
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Remeasurement of defined benefit plan obligation		910	-
Net gain on equity instruments designated at fair value through other comprehensive income		1,805	1,826
Total other comprehensive income that cannot be reclassified subsequently to profit or loss		2,715	1,826
Total other comprehensive income		4,301	(2,238)
<b>Total comprehensive income for the year</b>		<b>12,804</b>	<b>4,558</b>
<b>Profit is attributable to:</b>			
Members of CI Resources Limited		7,580	6,796
Non-controlling interest		923	-
		<b>8,503</b>	<b>6,796</b>
<b>Total comprehensive income for the year is attributable to:</b>			
Members of CI Resources Limited		11,881	4,558
Non-controlling interest		923	-
		<b>12,804</b>	<b>4,558</b>
Earnings per share for profit attributable to the ordinary equity holders of the parent:			
Basic earnings per share	6	6.56 cents	5.88 cents
Diluted earnings per share	6	6.56 cents	5.88 cents

# CI RESOURCES LIMITED

## Consolidated Statement of Financial Position As at 30 June 2022

		2022	2021
	Notes	\$'000s	\$'000s
<b>Current assets</b>			
Cash and cash equivalents	7	37,338	33,804
Trade and other receivables	8	162,195	36,631
Inventories	9	52,066	27,850
Biological assets	14(a)	257	246
Other financial assets	10	5,692	15,249
Derivatives-forward exchange contracts	27	22	3,795
Prepayments		834	775
Income tax receivable		565	1,401
Total current assets		<b>258,969</b>	<b>119,751</b>
<b>Non-current assets</b>			
Other financial assets	10	30,411	28,144
Property, plant & equipment	11	92,720	85,343
Goodwill	12	4,057	4,057
Bearer plants	14(b)	3,061	4,025
Investment in joint ventures	15	788	1,332
Deferred tax assets	5	11,050	9,165
Total non-current assets		<b>142,087</b>	<b>132,066</b>
<b>Total assets</b>		<b>401,056</b>	<b>251,817</b>
<b>Current liabilities</b>			
Trade and other payables	17	106,394	14,096
Interest bearing loans and borrowings	18	43,158	6,753
Income tax payable		160	-
Provisions	19	5,357	4,683
Total current liabilities		<b>155,069</b>	<b>25,532</b>
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	18	17,454	8,580
Deferred tax liabilities	5	7,684	5,758
Provisions	19	17,571	19,491
Total non-current liabilities		<b>42,709</b>	<b>33,829</b>
<b>Total liabilities</b>		<b>197,778</b>	<b>59,361</b>
<b>Net assets</b>		<b>203,278</b>	<b>192,456</b>
<b>Equity</b>			
Contributed equity	20	72,160	72,160
Reserves	21	7,672	3,371
Retained earnings	22	121,038	116,925
Equity attributable to equity holders of the parent		200,870	192,456
Non-controlling interest		2,408	-
<b>Total equity</b>		<b>203,278</b>	<b>192,456</b>

# CI RESOURCES LIMITED

## Consolidated Statements of Changes in Equity For the financial year ended 30 June 2022

		Contributed Equity \$'000s	Foreign Currency Translation Reserve \$'000s	Fair Value Reserve \$'000s	Discount on Acquisition of NCI \$'000s	Retained Earnings \$'000s	Total Attributable to Equity Holder of the Parent \$'000s	Non- controlling Interest \$'000s	Total \$'000s
	Notes								
<b>1 July 2021</b>		<b>72,160</b>	<b>(743)</b>	<b>(4,385)</b>	<b>8,499</b>	<b>116,925</b>	<b>192,456</b>	<b>-</b>	<b>192,456</b>
Profit for the year		-	-	-	-	7,580	7,580	923	8,503
Other comprehensive income/(loss) for the year	21	-	1,586	2,715	-	-	4,301	-	4,301
<b>Total comprehensive income/(loss) for the year</b>		<b>-</b>	<b>1,586</b>	<b>2,715</b>	<b>-</b>	<b>7,580</b>	<b>11,881</b>	<b>923</b>	<b>12,804</b>
Non-controlling interest arising on business combination		-	-	-	-	-	-	1,485	1,485
<i>Transactions with owners in their capacity as owners:</i>									
Dividends paid	22	-	-	-	-	(3,467)	(3,467)	-	(3,467)
<b>30 June 2022</b>		<b>72,160</b>	<b>843</b>	<b>(1,670)</b>	<b>8,499</b>	<b>121,038</b>	<b>200,870</b>	<b>2,408</b>	<b>203,278</b>
<b>1 July 2020</b>		<b>72,160</b>	<b>3,321</b>	<b>(6,211)</b>	<b>8,499</b>	<b>112,441</b>	<b>190,210</b>	<b>-</b>	<b>190,210</b>
Profit for the year		-	-	-	-	6,796	6,796	-	6,796
Other comprehensive income/(loss) for the year	21	-	(4,064)	1,826	-	-	(2,238)	-	(2,238)
<b>Total comprehensive income/(loss) for the year</b>		<b>-</b>	<b>(4,064)</b>	<b>1,826</b>	<b>-</b>	<b>6,796</b>	<b>4,558</b>	<b>-</b>	<b>4,558</b>
<i>Transactions with owners in their capacity as owners:</i>									
Dividends paid	22	-	-	-	-	(2,312)	(2,312)	-	(2,312)
<b>30 June 2021</b>		<b>72,160</b>	<b>(743)</b>	<b>(4,385)</b>	<b>8,499</b>	<b>116,925</b>	<b>192,456</b>	<b>-</b>	<b>192,456</b>

# CI RESOURCES LIMITED

## Consolidated Statement of Cash Flows For the financial year ended 30 June 2022

	Note	2022 \$'000s	2021 \$'000s
<b>Cash flows from operating activities</b>			
Receipts from customers		472,594	137,884
Payments to suppliers and employees (inclusive of goods and services tax)		(529,972)	(125,795)
Interest received		238	327
Interest paid on lease liability		(24)	(30)
Borrowing costs		(1,102)	(597)
Income taxes paid		(2,505)	(3,831)
<b>Net cash flows from operating activities</b>	26	<b>(60,771)</b>	<b>7,958</b>
<b>Cash flows from investing activities</b>			
Acquisition of a subsidiary, net of cash		31,039	-
Movement in term deposits		1,885	399
Increase in financial assets		(329)	(8,266)
Proceeds from sale of property, plant and equipment		2,750	79
Purchase of property, plant and equipment		(16,601)	(7,050)
<b>Net cash flows used in investing activities</b>		<b>18,744</b>	<b>(14,838)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(20,515)	(20,750)
Proceeds of borrowings		64,264	17,773
Payment of principal portion of lease liability		(606)	(542)
Dividends paid		(3,467)	(2,312)
<b>Net cash flows from financing activities</b>		<b>39,676</b>	<b>(5,831)</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>		<b>(2,351)</b>	<b>(12,711)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>33,804</b>	<b>44,149</b>
Impact of foreign exchange		5,885	2,366
<b>Cash and cash equivalents at the end of the financial year</b>	7	<b>37,338</b>	<b>33,804</b>



# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2022

### 1. About this report

This preliminary final report (“financial report”) of CI Resources Limited (“Company”) for the year ended 30 June 2022 comprises the Company and its subsidiaries (“Group”). The preliminary financial report has been prepared to satisfy the ASX listing rule 4.3A and does not constitute the Group's full statutory financial report for the year ended 30 June 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. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to the financial year ended 30 June 2022, unless otherwise stated.

#### Basis of preparation

The financial report is a general-purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (“AASB”). The financial report has been prepared on a historical cost basis except for biological assets and certain financial instruments, which have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000), unless otherwise stated under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the legislative instrument applies.

The financial report covers the Consolidated Entity of CI Resources Limited and its controlled entities and has been prepared on an accruals basis.

#### (a) Compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board.

#### (b) New accounting standards and interpretations

##### (i) Changes in accounting policy

The accounting policies adopted in the preparation of the year-end report are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2021.

Several new and amended Accounting Standards and interpretations apply for the first time in 2022, but do not have an impact on the consolidated financial statements of the Group and hence have not been disclosed.

##### ii) New and amended Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ended 30 June 2022 and are outlined below:

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2022

### **AASB 2014-10 Amendments to AASs – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

Effective for annual reporting periods beginning on or after 1 January 2025

The amendments to AASB 10 Consolidated Financial Statements and AASB 128 clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in AASB 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

The amendment is not expected to have a material impact on the Group.

### **AASB 2020-1 Amendments to AASs – Classification of Liabilities as Current or Non-current**

Effective for annual reporting periods beginning on or after 1 January 2023

A liability is classified as current if the entity has no right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. The AASB recently issued amendments to AASB 101 to clarify the requirements for classifying liabilities as current or non-current. Specifically:

- The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists.
- Management intention or expectation does not affect classification of liabilities.
- In cases where an instrument with a conversion option is classified as a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current.

A consequence of the first amendment is that a liability would be classified as current if its repayment conditions failed their test at reporting date, despite those conditions only becoming effective in the 12 months after the end of the reporting period. In response to this possible outcome, the AASB has proposed further amendments:

- Specifying that conditions with which an entity must comply after the reporting period do not affect the classification at the reporting date.
- Adding presentation and disclosure requirements for non-current liabilities subject to conditions in the next 12 months.
- Clarifying specific situations in which an entity does not have a right to defer settlement for at least 12 months after the reporting date.
- Deferring the effective date of the original amendments to no earlier than 1 January 2024.

The amendment is not expected to have a material impact on the Group.

### **AASB 2021-2 Amendments to AASB 7, AASB 101, AASB 134 Interim Financial Reporting and AASB Practice Statement 2 Making Materiality Judgements<sup>9</sup> – Disclosure of Accounting Policies**

Effective for annual reporting periods beginning on or after 1 January 2023

The amendments to AASB 101 require disclosure of material accounting policy information, instead of significant accounting policies. Unlike 'material', 'significant' was not defined in Australian Accounting Standards. Leveraging the existing definition of material with additional guidance is expected to help preparers make more effective accounting policy disclosures. The guidance illustrates circumstances where an entity is likely to consider accounting policy information to be material. Entity-specific accounting policy information is emphasised as being more useful than generic information or summaries of the requirements of Australian Accounting Standards.

The amendments to AASB Practice Statement 2 supplement the amendments to AASB 101 by illustrating how the four-step materiality process can identify material accounting policy information.

The amendment is not expected to have a material impact on the Group.

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2022

### AASB 2021-2 Amendments to AASB 108 – Definition of Accounting Estimates

Effective for annual reporting periods beginning on or after 1 January 2023

An accounting policy may require items in the financial statements to be measured using information that is either directly observable or estimated. Accounting estimates use inputs and measurement techniques that require judgements and assumptions based on the latest available, reliable information.

The amendments to AASB 108 clarify the definition of an accounting estimate, making it easier to differentiate it from an accounting policy. The distinction is necessary as their treatment and disclosure requirements are different. Critically, a change in an accounting estimate is applied prospectively whereas a change in an accounting policy is generally applied retrospectively.

The new definition provides that ‘Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty.’ The amendments explain that a change in an input or a measurement technique used to develop an accounting estimate is considered a change in an accounting estimate unless it is correcting a prior period error.

- For example, a change in a valuation technique used to measure the fair value of an investment property from market approach to income approach would be treated as a change in estimate rather than a change in accounting policy.
- In contrast, a change in an underlying measurement objective, such as changing the measurement basis of investment property from cost to fair value, would be treated as a change in accounting policy.

The amendments did not change the existing treatment for a situation where it is difficult to distinguish a change in an accounting policy from a change in an accounting estimate. In such a case, the change is accounted for as a change in an accounting estimate.

The amendment is not expected to have a material impact on the Group.

### (c) Basis of consolidation

The consolidated financial statements comprise the financial statements of CI Resources Limited (“company” or “parent entity”) as at 30 June 2022 and the results of its subsidiaries for the financial year then ended.

CI Resources Limited and its subsidiaries together are referred to in this financial report as the Group or Consolidated Entity. Subsidiaries are all those entities over which CI Resources Limited has control.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns. Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
  - o The contractual arrangement(s) with the other vote holders of the investee
  - o Rights arising from other contractual arrangements
  - o The Group’s voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

# CI RESOURCES LIMITED

## Notes to the financial statements

### For the year ended 30 June 2022

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Investments in subsidiaries held by CI Resources Limited are accounted for at cost in the separate financial statements of the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate income statement of the parent entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

#### **(d) Income tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax is recognised on the recognition of goodwill, except for transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences such as recognition of an ROU asset and a lease liability.

Deferred tax assets or liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is recognised in the income statement except where it relates to items that may be recognised directly in equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### **(e) Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventory includes direct materials, direct labour, transportation costs and variable and fixed overhead costs relating to mining activities. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs for mining inventory and on a First-In First-Out (FIFO) basis for fuel inventory.

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2022

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### (f) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

#### Property

Freehold land and buildings are measured at cost less accumulated depreciation on buildings.

#### Plant and equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and any impairment losses. Included under plant and equipment is fixed and mobile plant and equipment, machinery, vehicles, office equipment and furniture which are used in the business operations.

The cost of property, plant and equipment constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Construction in progress is stated at cost, net of accumulated impairment losses, if any.

#### Depreciation

The depreciable amount of all fixed assets including buildings, but excluding freehold land are depreciated on a straight line or diminishing balance basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciation assets are:

<i>Class of Property, Plant and Equipment</i>	<i>Depreciation Rate</i>
Strata title properties	2%
Buildings	5%-8%
Plant and equipment	5% – 40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

### (g) Mining tenements and exploration expenditure

Costs incurred during exploration and evaluation activities related to an area of interest are accumulated at cost.

Such costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area of interest, or alternatively its sale, or where activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations are continuing.

Accumulated costs in relation to abandoned areas of interest are written off in full in the year in which the decision to abandon the area is made.

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2022

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

### (h) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The nature of the Group's leasing activities includes leasehold land and buildings, rental properties, office premises and plant and equipment to support the operations of the Group.

#### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

<i>Class</i>	<i>Depreciation Rate</i>
Leasehold land and buildings	Shorter of the lease and 2%
Rental properties and office premises	Period of the lease
Plant and equipment under lease:	
- the shorter of the lease term and life span	20 – 30%

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

#### Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in Interest-bearing loans and borrowings (Note 18).

#### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2022

### (i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### *Financial Assets*

##### **Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

##### **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss.

##### **Financial assets at amortised cost (debt instruments)**

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, term deposits and cash and cash equivalents.

##### **Financial assets designated at fair value through OCI (equity instruments)**

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

## Notes to the financial statements For the year ended 30 June 2022

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed equity investments under this category.

### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes forward currency contracts and capital notes which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
- The Group has transferred substantially all the risks and rewards of the asset, or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

### **Impairment of financial assets**

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions
- Trade receivables

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).



## **CI RESOURCES LIMITED**

### **Notes to the financial statements**

#### **For the year ended 30 June 2022**

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### **Financial liabilities**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or financial liabilities at amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings.

#### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

##### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by AASB 9. Separated embedded derivatives are also classified as held for trading.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The Group has no financial liabilities held for trading.

##### **Financial liabilities at amortised cost**

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

#### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### **(j) Impairment of non-financial assets**

At each reporting date, the company assesses whether there is any indication that an asset may be impaired.

Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

## Notes to the financial statements For the year ended 30 June 2022

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows based on management's forecasts are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

For non-financial assets other than goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If any such indications exist, the Group estimates the asset's or cash generating unit's ("CGU's") recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

### **(k) Intangibles and goodwill**

#### **Goodwill**

Goodwill is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to the identifiable net assets at the date of acquisition. The Group's goodwill, which is classified as technical goodwill, arose on 1 May 2011 on the acquisition of the 100% interest in Cheekah-Kemayan Plantations Sdn. Bhd. Technical goodwill describes a category of goodwill arising as an offsetting account to deferred tax recognized in business combinations.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group has applied the general guidelines for allocating goodwill for the purpose of impairment testing. When performing the annual impairment test for goodwill, the deferred tax liability which gave rise to the technical goodwill in a business combination reduces the net carrying value prior to the eventual impairment charges. This is done in order to avoid an immediate impairment of all technical goodwill. When deferred tax from the initial recognition decreases, more core goodwill is exposed for impairment.

Impairment losses recognised for goodwill are not subsequently reversed.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

#### **Research and Development**

Expenditure during the research phase of a project is recognised as an expense when incurred.

Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

# CI RESOURCES LIMITED

## Notes to the financial statements

### For the year ended 30 June 2022

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

#### **(l) Foreign currency transactions and balances**

##### **Functional and presentation currency**

The functional currency of each entity in the Group is determined by reference to the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

##### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

##### **Group companies**

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

#### **(m) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet. The carrying values of term deposits represent the fair values.

#### **(n) Segment reporting**

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision makers — being the executive management team. There is no aggregation of operating segments.

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2022

### (o) Business Combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Any goodwill arising from the business combination is accounted for under Intangibles and Goodwill accounting policy.

### (p) Revenue

#### Revenue from contract with customers

The Group is in the business of:

- Mining, processing and sale of phosphate rock, phosphate dust and chalk;
- Supply of fuel and oil products to other non-related Christmas Island entities;
- Providing maintenance, fuel pilotage and stevedoring services to other non-related Christmas Island entities;
- Operating a palm oil estate, processing and sale of palm oil products in Malaysia; and
- Operating a supply chain logistics business, enabling the efficient flow of refined oils products between major producers and large customers throughout West Africa.

#### *Revenue from phosphate sales*

Each phosphate shipment is governed by a sales contract with a customer, including spot sales and medium term supply agreements with the transaction price on a per tonne basis. Revenue from the sale of phosphate is recognised at a point in time when the control of the asset is transferred to the customer which is typically upon completion of the loading of the product.

For the Group's phosphate sales made on a Cost and Freight basis, the Group is responsible for providing freight/shipping services after the date the Group transfers control of the phosphate to its customer. This is considered as a separate performance obligation which is satisfied at a different point in time from the phosphate sales. The Group, therefore has a separate performance obligation for freight/shipping services which are provided solely to facilitate the sale of the phosphate it produces. Revenue for freight/shipping is recognised over the same time as the shipping occurs.

#### *Revenue from fuel and oil products*

Each fuel oil sale is governed by a sales contract with a customer, including long term supply arrangements and point of sale bowser sales. Revenue from the sale of fuel products is recognised at a point in time when the control of the asset is transferred to the customer which is typically upon completion of the loading of the product.

# CI RESOURCES LIMITED

## Notes to the financial statements

### For the year ended 30 June 2022

#### *Revenue from service contracts*

Revenue from services contracts is governed by a long term contract with a customer. These activities tend to be substantially the same with the same pattern of transfer to the customer. Where this is the case, which is the majority of the services contracts, these services are taken to be one performance obligation and the total transaction price is allocated to the performance obligation identified. Revenue for services performed is recognised at a point in time based on the invoiced value to the customer based on the entity's performance each month.

#### *Revenue from sale of palm oil products*

Each palm oil sale is governed by a sales contract with a customer. Revenue from the sale of palm oil products is recognised at a point in time when the control of the asset is transferred to the customer which is typically upon completion of the loading of the product.

#### *Revenue from trading and logistics sales*

Revenue from contracts with customers is derived principally from the sale of goods (commodities) in which the Group acts as a principal in the delivery of the commodity to end customers. Revenue related to the sale of goods is recognised when the product is delivered to the destination specified by the customer, which is typically the vessel on which it is shipped, the destination port or the customer's premises and the buyer has gained control through their ability to direct the use of and obtain substantially all the benefits from the asset. Based on the terms of the contracts, in some circumstances the Group is responsible for providing services (shipping and insurance) to the customer.

Revenue from contracts with customers is measured based on consideration specified in the contract with the customer. For certain contracts, the price is determined on a provisional basis at the date of sale as the final selling price is subject to movements in market prices up to the date of final pricing, normally ranging from 30 to 120 days after initial booking (provisionally priced sales). Revenue from contracts with customers on provisionally priced sales is recognised based on the amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The revenue adjustment mechanism embedded within provisionally priced sales arrangements has the character of a commodity derivative. Accordingly, the fair value of the final sales price adjustment is re-estimated continuously and changes in fair value are recognised as an adjustment to other revenue. In all cases, fair value is estimated by reference to forward market prices.

Contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale, or usage requirements falls within the exception from AASB 9, which is known as the 'normal purchase or sale exemption' or the 'own use' scope exception. For these contracts and the host part of the contracts containing embedded derivatives, they are accounted for as executory contracts. These contracts are not derivatives and are treated as executory contracts, which are recognised and measured at cost when the transactions occur. For committed sales contracts that are entered into for own-use, the contracts are not recognised in the financial statements until physical delivery takes place, unless the Group elects to apply, at initial recognition, an irrevocable election to designate the contracts as a financial instrument measured at fair value through profit or loss under AASB 9 to significantly reduce a measurement or recognition inconsistency relating to an accounting mismatch that would otherwise arise in relation to the contracts.

#### **Interest income**

Revenue is recognised as the interest accrues using the effective interest rate method (which was the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset).

#### **Dividends**

Revenue is recognised when the right to receive a dividend has been established.

#### **(q) Government grants**

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

## CI RESOURCES LIMITED

### Notes to the financial statements For the year ended 30 June 2022

When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual installments.

#### **(r) Employee benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees up until balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Long term employee benefits have been measured using the projected unit credit method taking into account the relevant assumptions.

The defined benefit plan is covered by a fund from a separate legal entity for employees based in Geneva, Switzerland complying with the Swiss legal requirements in which the assets and liabilities are held in a separate insurance Group. The pension plans are funded by payments according to legal and contractual requirements.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Remeasurements, comprising of actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

#### **(s) Provisions**

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate relative to the expected life of the provision is used as a discount rate. The increase in the provision resulting from the passage of time is recognised in finance costs. The amortisation or 'unwinding' of the discount applied in establishing the net present value of provision is charged to the income statement in each accounting period and is disclosed as a financing costs.

Other changes in the measurement of an existing obligation that result from changes in the estimated timing or amount of future costs, or a change in the discount rate, are recognised as an adjustment to the related asset or if not related to a specific asset expensed.

#### **(t) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are expensed during the period in which they are incurred.

#### **(u) Bearer plants**

Bearer plants are measured at cost, less any subsequent accumulated depreciation and impairment.

Prior to maturity, the costs of bearer plants include the cost of direct materials, direct labour and other costs directly attributable to the bearer plants reaching maturity. Post maturity, maintenance costs on bearer plants are expensed as incurred.

#### *Depreciation*

Mature bearer plants are subject to depreciation on a straight line basis over their estimated useful lives. The useful life of a bearer plant is estimated at 25 to 30 years.

## **CI RESOURCES LIMITED**

### **Notes to the financial statements For the year ended 30 June 2022**

The carrying amount of bearer plants is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount from these assets.

#### **(v) Biological assets**

Biological assets consist of agricultural produce growing on bearer plants at reporting date.

Biological assets are measured at their fair value less estimated point of sale costs at the point of harvest. The movement in fair value less estimated point of sale costs of biological assets are included in the statement of comprehensive income in the year they arise.

#### **(w) Term deposit**

Term deposits which have a maturity of less than twelve months are shown in current assets. Term deposits which are held to fund employee benefits stated and demolition costs are shown in non-current assets.

#### **(x) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the Australian Taxation Office, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australia Taxation Office.

#### **(y) Provision for dividend**

The Group recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per corporate laws in Australia, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

#### **(z) Investments in joint ventures**

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its joint ventures are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of comprehensive income reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting

# CI RESOURCES LIMITED

## Notes to the financial statements

### For the year ended 30 June 2022

from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of comprehensive income.

#### **(aa) Contributed equity**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **(ab) Comparative figures**

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

#### **(ac) Earnings per share**

##### *(i) Basic earnings per share*

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

##### *(ii) 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.



## CI RESOURCES LIMITED

### Notes to the financial statements For the year ended 30 June 2022

#### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

(a) In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

##### Assessment of mine life on Christmas Island

The financial statements have been prepared on the basis that the resource supports continued operations based on the current market parameters and expectations.

##### Determination of mine life

The Group's estimation of its mineral resources was prepared by or under the supervision of Competent Persons as defined in the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 (the "JORC code").

There are numerous uncertainties inherent in estimating mineral resources and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates or production costs may change the economic status of resources and may, ultimately, result in the resources being restated. Such changes in resources could impact on depreciation and amortisation rates, asset carrying values and provisions for decommissioning.

(b) The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

##### Provision for expected credit losses of trade receivables

For trade receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience which are based on days past due, adjusted for forward-looking factors specific to the debtors and the economic environment. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate.

##### Impairment of property, plant and equipment

Property, plant and equipment is reviewed for impairment if there is any indication that the carrying amount may not be recoverable. During the year, an impairment indicator was identified for the Fertiliser CGU (Net Asset Value in excess of market capitalisation). As a result an impairment test was performed. The recoverable amount was assessed by reference to a 'value in use' (being the net present value of expected future cash flows of the relevant cash generating unit).

In determining value in use, future cash flows are based on:

- Estimates of the quantities of ore reserves and mineral resources;
- Future production levels;
- Future commodity prices and foreign exchange rates; and
- Future cash costs of production and capital expenditure.

The recoverable value was in excess of the carrying value and no impairment was recognised.

##### Impairment of Goodwill

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Assumptions are made regarding post tax discount rates applied to cash flow projections. The cash flows are based on the financial budget approved by management for the upcoming year and assumptions are made regarding the inflation rates for the following 4 years and a terminal value.

## CI RESOURCES LIMITED

### Notes to the financial statements For the year ended 30 June 2022

#### Provisions for decommissioning costs

Decommissioning costs are a normal consequence of mining and the majority of this expenditure is incurred at the end of a mine's life. In determining an appropriate level of provision consideration is given to the expected future costs to be incurred, the timing of these expected future costs (largely dependent on the life of the mine), the appropriateness of the discount rate and the estimated future level of inflation. Refer to Note 19.

The ultimate cost of decommissioning is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements or the emergence of new decommissioning techniques. The expected timing of expenditure can also change, for example in response to changes in reserves or to production rates.

Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results.

#### Deferred Tax Asset

The deferred tax asset will only be obtained if:

- (a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- (b) the conditions for deductibility imposed by tax legislation continue to be complied with; and
- (c) no changes in tax legislation adversely affect the consolidation entity in realising the benefit.

The deferred tax assets are considered to be probable of being fully recovered, as it is believed that the entity will have future taxable income to fully utilise the tax benefit. Refer Note 5.

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2022

	2022 \$'000s	2021 \$'000s
<b>4. Revenue and expenses</b>		
<b>a) Revenue</b>		
Phosphate sales	86,312	75,112
Palm oil sales	43,297	35,562
Fuel sales	13,022	12,333
Rendering of services	11,276	16,702
Trading and logistics sales	374,557	-
Other sales	9,274	6,008
	<u>537,738</u>	<u>145,717</u>
<i>Other revenue</i>		
Change in fair value of financial assets	202	-
Dividend income	509	380
Interest on cash and term deposits	238	327
<i>Total other revenue</i>	<u>949</u>	<u>707</u>
	<b><u>538,687</u></b>	<b><u>146,424</u></b>
Phosphate sales, palm oil sales, fuel and other sales are recognised at the point in time when control of the goods is transferred to the customer. Revenue from rendering of services is recognised over time.		
<b>b) Cost of sales</b>		
Production and purchase costs	471,551	97,838
Shipping costs	35,119	17,847
Depreciation	9,335	8,800
	<u>516,005</u>	<u>124,485</u>
Included in cost of sales is \$461.631 million (2021: \$84.263 million) relating to inventory recognised as an expense.		
<b>c) Other income</b>		
Net foreign exchange gains	3,829	3
Net gain on disposal of assets	591	-
Government grants	-	992
Other	1,500	19
	<u>5,920</u>	<u>1,014</u>
<b>d) Other expenses</b>		
Administration	14,906	11,145
Impairment of non-current assets	598	-
Net loss on disposal of assets	-	541
Depreciation <sup>1</sup>	637	645
Expected credit losses	166	2
Redundancy expense	308	(808)
Unrealised loss on capital notes	26	-
Short term and low value leases	-	502
	<u>16,641</u>	<u>12,027</u>
<sup>1</sup> Depreciation includes depreciation on right of use assets		
<b>e) Finance costs/(income)</b>		
Accretion of provisions	(66)	894
Interest expense	1,102	597
	<u>1,036</u>	<u>1,491</u>

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2022

### 4. Revenue and expense (continued)

	2022 \$'000s	2021 \$'000s
f) Employee benefits expense	<u>30,061</u>	<u>24,480</u>

Employee benefits expense comprises salaries and wages, superannuation, employee bonus and travel airfares together with accruals for employee entitlements such as annual leave, long service leave, redundancy and sick leave expensed during the year. Included in employee benefits expense is a superannuation expense of \$2,305,000 (2021 \$2,039,000).

### 5. Income tax

	2022 \$'000s	2021 \$'000s
The major components of income tax are:		
<b>Statement of Comprehensive Income</b>		
<i>Current income tax</i>		
Current income tax charge	2,195	2,611
Adjustments in respect of current income tax of previous years	(158)	(225)
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	639	867
Adjustments in respect of deferred tax of previous years	(598)	(578)
Income tax expense reported in the Statement of Comprehensive Income	<u>2,078</u>	<u>2,675</u>

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

Accounting profit before income tax	<u>10,581</u>	<u>9,471</u>
At the Group's statutory income tax rate of 30% (2021: 30%)	3,174	2,841
Income/expenditure not allowable for income tax purposes:		
Add:		
- Adjustments in respect of previous years	(756)	(803)
- Assessable income for income tax purposes	138	-
- Expenditure not allowable for income tax purposes	274	595
- Deferred tax asset not brought to account	-	81
- Differences due to exchange rates applied to temporary differences and changes in tax rates	47	2
- Difference in global tax rates	(799)	(41)
Aggregate income tax expense	<u>2,078</u>	<u>2,675</u>

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2022

### 5. Income tax (continued)

	<i>Statement of Financial Position</i>		<i>Statement of Comprehensive Income</i>	
	2022	2021	2022	2021
	\$'000s	\$'000s	\$'000s	\$'000s
<b>Deferred income tax</b>				
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
<i>Deferred tax liabilities</i>				
Inventories	(2,398)	(1,933)	(465)	(185)
Property, plant and equipment	(4,563)	(3,825)	(738)	(168)
Other financial assets	(722)	-	(722)	-
Receivables	(1)	-	(1)	60
Gross deferred income tax liabilities	<b>(7,684)</b>	<b>(5,758)</b>		
<i>Deferred tax assets</i>				
Other payables and provisions	9,218	9,177	41	91
Property, plant and equipment	404	504	(100)	30
Other financial assets	(2)	(960)	958	(497)
Inventories	151	(243)	394	232
Investments	430	6	424	(6)
Receivables	50	368	(318)	-
Lease liabilities	110	93	17	92
Tax losses	689	220	469	62
Gross deferred income tax assets	<b>11,050</b>	<b>9,165</b>		
Deferred tax income/(expense)			<b>(41)</b>	<b>(289)</b>

CI Resources Limited and its wholly owned Australian entities are not in a tax consolidation Group.

### 6. Earnings per share

	2022	2021
	Cents	Cents
Basic and diluted earnings per share	6.56	5.88

	2022	2021
	Number	Number
<b>Weighted average number of shares used as the denominator</b>		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share.	115,581,107	115,581,107

	2022	2021
	\$'000s	\$'000s
<b>Profit used in calculating basic and diluted losses per share</b>		
Net profit	7,580	6,796

There are no instruments (e.g. share options) excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are antidilutive for either of the periods presented.

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2022

### 6. Earnings per share (continued)

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

<b>2022</b>	<b>2021</b>
<b>\$'000s</b>	<b>\$'000s</b>

### 7. Cash and cash equivalents

Cash at bank and on hand	37,338	33,804
	<b>37,338</b>	<b>33,804</b>

### 8. Trade and other receivables

Trade debtors	159,439	34,096
Allowance for expected credit losses	(166)	(2)
	159,273	34,094
Other receivables	2,922	2,537
	<b>162,195</b>	<b>36,631</b>

Trade debtors are non-interest bearing and are generally on 30-150 day terms.

For trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience for customer groups, adjusted for forward-looking factors specific to the debtors, industry payment profiles and the economic environment. As at 30 June 2022, an ECL of \$0.166 million was recognised (2021: \$0.002 million). Subsequent to year end \$34.850 million relating to past due but not impaired balances have been collected.

The maximum exposure to credit risk at the reporting date is the carrying value of the receivables disclosed in this note. No additional impairment was identified on trade debtors through the COVID-19 pandemic. Trade debtor have increased with the Kemoil acquisition. Demand and production variation recoverability continued to be in line with credit terms provided to major customers.

As at 30 June, the ageing analysis of trade receivables is, as follows:

	Total \$000	Current \$000	Days past due			
			< 30 days \$000	30-60 days \$000	61-90 days \$000	> 91 Days \$000
<b>2022</b>	159,273	117,868	28,659	10,431	2,017	298
<b>2021</b>	34,094	25,758	4,939	2,566	138	693

### 9. Inventories

	<b>2022</b> <b>\$'000s</b>	<b>2021</b> <b>\$'000s</b>
Consumable materials and stores	8,658	6,890
Goods in transit	8,512	928
Finished goods	34,896	20,032
	<b>52,066</b>	<b>27,850</b>

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2022

### 10. Other Financial Assets

	2022 \$'000s	2021 \$'000s
<i>Current</i>		
Capital notes measured at FVTPL	373	187
Financial assets measured at FVTPL	202	-
Term deposits	5,117	6,806
Amount held in escrow account for Kemoil acquisition	-	8,256
	<b>5,692</b>	<b>15,249</b>
<i>Non-Current</i>		
Trust fund term deposit-measured at amortised cost (i)	6,099	6,295
Prepayment of insurance	329	-
Capital notes measured at FVTPL	393	789
Listed shares measured at FVOCI	23,590	21,060
	<b>30,411</b>	<b>28,144</b>

- (i) Under the terms of the current Workplace Agreement between the Union of Christmas Island Workers and Phosphate Resources Limited a trust fund term deposit to meet employee entitlements is maintained. This trust fund may only be used to meet employee entitlements but may be drawn down as they arise. The trust fund term deposit currently stands at \$3,760,000 (2021: \$3,956,000). The interest earned on the term deposit of \$6,584 (2021: \$11,890) has been added to the term deposit. Refer to Note 29 for further details on financial instruments.

### 11. Property, Plant & equipment

	2022 \$'000s	2021 \$'000s
<b>Right of use (ROU) Asset</b>		
<i>Leasehold Land</i>		
At cost	36,336	35,329
Accumulated depreciation	(6,140)	(5,374)
	<b>30,196</b>	<b>29,955</b>
<i>Leasehold buildings</i>		
At cost	10,206	9,787
Accumulated depreciation	(2,238)	(1,839)
	<b>7,968</b>	<b>7,948</b>
<i>Leased rental properties and office premises</i>		
At cost	2,249	1,526
Accumulated depreciation	(1,026)	(899)
	<b>1,223</b>	<b>627</b>
<i>Plant and equipment under lease</i>		
At cost	496	458
Accumulated depreciation	(459)	(414)
	<b>37</b>	<b>44</b>
<i>Total Right of Use Asset</i>		
At cost	49,287	47,100
Accumulated depreciation and impairment	(9,863)	(8,526)
	<b>39,424</b>	<b>38,574</b>

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2022

### 11. Property, Plant & equipment (continued)

	2022 \$'000s	2021 \$'000s
<b>Property, Plant and Equipment</b>		
<i>Land and buildings</i>		
At cost	21,685	16,773
Accumulated depreciation	(7,017)	(5,971)
	<u>14,668</u>	<u>10,802</u>
<i>Strata title properties</i>		
At cost	-	1,580
Accumulated depreciation	-	(444)
	<u>-</u>	<u>1,136</u>
<i>Plant and equipment</i>		
At cost	110,010	105,804
Accumulated depreciation and impairment	(80,315)	(73,820)
	<u>29,695</u>	<u>31,984</u>
<i>Construction in progress</i>	<u>8,933</u>	<u>2,847</u>
<i>Total property, plant and equipment</i>		
At cost	140,628	127,004
Accumulated depreciation and impairment	(87,332)	(80,235)
	<u>53,296</u>	<u>46,769</u>
Net carrying amount	<u><b>92,720</b></u>	<u><b>85,343</b></u>

### Reconciliations

Reconciliations of the carrying amounts of the right of use assets, property, plant and equipment at the beginning and end of the current financial year.

#### Right of use (ROU) Asset

##### Leasehold Land

Carrying amount at beginning	29,955	28,298
Transfer from construction in progress	-	3,743
Additions	-	145
Depreciation expense	(606)	(567)
Foreign exchange difference	847	(1,664)
	<u>30,196</u>	<u>29,955</u>

##### Leasehold buildings

Carrying amount at beginning	7,948	8,689
Transfer from construction in progress	-	15
Additions	140	88
Disposals	-	-
Depreciation expense	(342)	(338)
Foreign exchange difference	222	(506)
	<u>7,968</u>	<u>7,948</u>



# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2022

### 11. Property, Plant & equipment (continued)

	2022 \$'000s	2021 \$'000s
<i>Leased rental properties and office premises</i>		
Carrying amount at beginning	627	916
Additions	1,147	271
Depreciation expense	(559)	(522)
Impact of foreign exchange translation	8	(38)
	<u>1,223</u>	<u>627</u>
<i>Plant and equipment under lease</i>		
Carrying amount at beginning	44	83
Additions	24	-
Depreciation expense	(33)	(25)
Foreign exchange difference	2	(14)
	<u>37</u>	<u>44</u>
<b>Property, Plant and Equipment</b>		
<i>Land and buildings</i>		
Carrying amount at beginning	10,802	10,355
Transfer from construction in progress	4,913	1,371
Disposals	-	-
Depreciation expense	(1,047)	(924)
	<u>14,668</u>	<u>10,802</u>
<i>Strata title properties</i>		
Carrying amount at beginning	1,136	1,266
Disposals	(1,236)	-
Depreciation expense	(9)	(18)
Foreign exchange difference	109	(112)
	<u>-</u>	<u>1,136</u>
<i>Plant and equipment</i>		
Carrying amount at beginning	31,984	34,849
Transfer from construction in progress	4,034	2,914
Additions	270	1,557
Disposals	(923)	(620)
Depreciation expense	(6,310)	(5,989)
Foreign exchange difference	640	(727)
	<u>29,695</u>	<u>31,984</u>
<i>Construction in progress</i>		
Carrying amount at beginning	2,847	2,303
Additions	15,036	8,456
Disposals	(16)	-
Transfers	(8,948)	(8,043)
Foreign exchange difference	14	131
	<u>8,933</u>	<u>2,847</u>

In relation to the right-of-use assets and lease liabilities the following amounts were recognised in profit or loss:

Depreciation expense of right of use asset	1,540	1,452
Interest expense on lease liabilities	24	30
Expense relating to short-term and low value leases (included in administrative expenses)	144	542
Total amount recognised in profit or loss	<u>1,708</u>	<u>2,024</u>

#### Impairment

There was no impairment expense recognised during the year. Refer to Note 3(b) for details of the impairment assessment.

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2022

### 12. Goodwill

	2022	2021
	\$'000s	\$'000s
Carrying amount at the beginning of the year	4,057	4,057
Impairment	-	-
	<b>4,057</b>	<b>4,057</b>

Goodwill acquired through business combination has been allocated to the Farming CGU, which is also a reporting and operating segment for impairment testing.

### 13. Impairment of non-financial assets

The key assumptions used for assessing the recoverable amount of the Farming CGU are set out below. The recoverable value has been determined using the VIU methodology. There was no impairment recognised for the Farming CGU during the year. The post-tax discount rates incorporate a risk-adjustment relative to the risks associated with the net post-tax cash flows being achieved, while the growth rate is based on market estimates of the long-term average industry growth rate.

	2022	2021
Crude Palm Oil (RM/tonne)	3,000-5,313	2,775-3,333
Extraction rates	18.78%	18.75%
Discount rate (post-tax)	10.00%	9.50%
Inflation rate	2.25%-2.77%	1.85%-2.25%
Growth rate	2.25%-2.77%	1.85%-2.25%
Headroom as a percentage of the CGU's net carrying value	6.3%	6.0%

The recoverable amount of the Farming CGU has been determined using a value in use calculation using cash flow projections. The post-tax discount rates applied to cash flow projections is 10.00% (2021: 9.50%) and the cash flows are based on the financial budget approved by management for the upcoming year and for the following 4 years and a terminal value.

The calculation of value in use for the Farming CGU is most sensitive to the following assumptions:

- Crude Palm Oil ("CPO") short term and long term pricing forecasts
- Discount rate
- Extraction rate assumptions of CPO and Palm Kernel (PK)
- Growth rate estimates

CPO short term and long term pricing forecasts – Forecast pricing is based on published industry research.

*Discount rate* – Discount rates represent the current market assessment of the risks specific to the Farming CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates.

*Extraction rate assumptions of CPO and PK* – Extraction rates are based on average values achieved in the five years preceding the beginning of the budget period.

*Growth rate estimates* – Rates are based on published industry research.

The Group has assessed the recoverable amounts of the CGU using a VIU calculation and considered potential downside scenarios in respect of the impact of the COVID-19 pandemic. There are no reasonably possible changes in key assumptions for the Farming CGU impairment test which would result in an impairment in the current financial year.

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2022

### 14. Biological Assets and bearer plants

The Group grows oil palm plants to produce palm oil. The plantation is located in Malaysia. The Group is exposed to risks in respect of agricultural activity. During the year a total of 17,568 metric tonnes (2021: 22,875 metric tonnes) of fruit was produced.

The primary risk associated with this activity occurs due to the length of time between expending cash on planting and trees reaching production so that cash can be received from the sale of palm oil to third parties. The Group's strategy to manage this risk is to stage the replanting (20-30 year replanting cycle) to reduce the effect on the cash flow.

#### (a) Biological assets

	2022	2021
	\$'000s	\$'000s
Carrying amount at beginning of period	246	231
Production costs	1,968	1,741
Harvested during the period	(2,012)	(1,636)
Fair value adjustment	3	29
Effect of foreign exchange	52	(119)
<b>Carrying amount at end of period</b>	<b>257</b>	<b>246</b>

Biological assets consist of agricultural produce growing on bearer plants at reporting date. The fair value of biological assets, being the agricultural produce growing on bearer plants at reporting date are measured at their fair value less estimated point of sale costs at the point of harvest.

In determining the fair value at reporting date the following judgements were applied:

	2022	2021
FFB Price (RM <sup>1</sup> per tonne)	599	656
Extraction rate (CPO)	19.00%	19.00%
Extraction rate (PK)	6.00%	6.00%

1. Malaysian Ringgit

The estimated metric tonnes of fruit on trees at balance sheet date, being 2,446 tonnes (2021: 1,750 tonnes), and the oil content was based on actual harvests post reporting date.

With regard to the estimation of the fair value of the biological asset, it has been classified as a level 3 in the fair value hierarchy being based on certain inputs that are not based on observable data. Management believes that no reasonably possible change in any of the above key assumptions would cause a material change in the fair value of the biological assets at the balance sheet date.

#### (b) Bearer plants

	2022	2021
	\$'000s	\$'000s
At cost	8,565	8,328
Accumulated depreciation	(5,504)	(4,303)
	<b>3,061</b>	<b>4,025</b>
<b>Carrying amount at beginning of period</b>	<b>4,025</b>	<b>5,391</b>
Depreciation	(1,066)	(1,062)
Effect of foreign exchange	102	(304)
<b>Carrying amount at end of period</b>	<b>3,061</b>	<b>4,025</b>

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2022

### 15. Investments in joint ventures

The Group's interest in joint ventures are accounted for using the equity method in consolidated financial statements.

	<b>2022</b>	<b>2021</b>
	<b>\$'000s</b>	<b>\$'000s</b>
Investments in joint ventures at cost	1,332	1,315
Addition/transfer during the year	351	10
Share of joint venture profit/(losses)	(347)	7
Impairment of joint ventures	(548)	-
Carrying amount of investments in joint ventures	<b>788</b>	<b>1,332</b>

The Group has 50% interest in Pacific Biofert Limited ("PBF"), a Biological Fertilizer company based in New Zealand. PBF manufacture and distribute a product that enhances phosphate solubility. The investment represents a further diversification into value added and technically advanced phosphate products.

Below summarises the financial information of the Group's investment in Pacific Biofert Limited.

	<b>2022</b>	<b>2021</b>
	<b>\$'000s</b>	<b>\$'000s</b>
<b>Summarised statement of financial position</b>		
Current assets	763	878
Non-current assets	360	404
Current liabilities	(672)	(446)
Non-current liabilities	(450)	(60)
<b>Net assets/(liabilities)</b>	<b>1</b>	<b>776</b>
 Group's equity	 1	 388
Goodwill	577	539
<b>Group's carrying amount of investment in PBF</b>	<b>578</b>	<b>927</b>
 <b>Summarised statement of comprehensive income</b>		
Revenue	3,898	3,104
Expenses	(4,602)	(3,090)
<b>Profit/(loss) attributable to the members of PBF</b>	<b>(704)</b>	<b>14</b>
 <b>Group's share of profit/(loss) for the period</b>	 <b>(352)</b>	 <b>7</b>

The Group also has a 49% interest in Goshawk Services Pty Ltd (a company incorporated in Australia), a 40% interest in Island Fresh Pty Ltd (a company incorporated in Australia), a 50% interest in Christmas Island Development Australia Pty Ltd (a company incorporated in Australia) and a 30% interest in Phosphate Resources Marketing Sdn Bhd (a company incorporated in Malaysia) which are individually and in aggregate immaterial.

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2022

### 16. Investments in controlled entities

CI Resources Limited owns 100% of Phosphate Resources Limited which is incorporated in Australia.

#### (a) Information relating to subsidiaries

Information relating to controlled entities is set out below:

Name	Principal Activities	Country of Incorporation	% Equity interest	
			2022 %	2021 %
- Phosphate Resources Ltd	Mining	Australia	100	100
- PRL Global Pty Ltd	Investment	Australia	100	100
- CI Maintenance Services Pty Ltd (i)	Maintenance Services	Australia	100	100
- Phosphate Resources Properties Pty Ltd (i)	Properties	Australia	100	100
- Indian Ocean Oil Company Pty Ltd (i)	Fuel Services	Australia	100	100
- Indian Ocean Stevedores Pty Ltd (i)	Stevedoring Services	Australia	100	100
- Phosphate Resources (Singapore) Pte Ltd (i)	Shipping Services	Singapore	100	100
- PRL Shipping Pte Ltd (i)	Dormant	Singapore	100	-
- Phosphate Resources Laos Pty Ltd (i)	Dormant	Australia	100	100
- Phosphate Resources Plantations Pty Ltd (i)	Dormant	Australia	100	100
- Phosphate Resources (Malaysia) Sdn Bhd (i)	Marketing Services	Malaysia	100	100
- Cheekah-Kemayan Plantation Sdn Bhd (i)	Palm Oil Estate, Milling and Sales	Malaysia	100	100
- Indian Ocean Trade Services Pty Ltd (ii)	Maintenance Services	Australia	100	-
- Kemoil SA (iii)	Trading and Logistics	Switzerland	50	-

(i) These companies are wholly owned subsidiaries of Phosphate Resources Limited

(ii) This is a newly incorporated company and a wholly owned subsidiary of CI Maintenance Services Pty Ltd

(iii) Refer Note 32 business combination for details.

### 17. Trade and other payables

	2022 \$'000s	2021 \$'000s
Trade payables	106,394	14,096

Trade creditors are non-interest bearing and are normally settled on 30-60 days terms. The carrying value of trade and other payables approximates the fair value thereof.

### 18. Interest bearing loans and borrowings

	2022 \$'000s	2021 \$'000s
<b>Current</b>		
Lease liabilities	607	444
Bank borrowings	42,551	6,309
	<b>43,158</b>	<b>6,753</b>
<b>Non-current</b>		
Lease liabilities	602	209
Bank borrowings	9,594	8,371
Subordinated loan	7,258	-
	<b>17,454</b>	<b>8,580</b>

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2022

	2022 \$'000s	2021 \$'000s
<i>Movement of lease liabilities</i>		
As at 1 July 2020/2021	653	950
Additions	1,128	272
Disposals	-	-
Accretion of interest	24	30
Payments	(606)	(557)
Impact of foreign exchange translation	10	(42)
As at 30 June 2021/2022	<b>1,209</b>	<b>653</b>

<i>Movement of bank borrowings</i>		
As at 1 July 2020/2021	14,680	18,730
Additions	57,582	17,773
Payments	(20,515)	(20,750)
Impact of foreign exchange translation	398	(1,073)
As at 30 June 2021/2022	<b>52,145</b>	<b>14,680</b>

<i>Movement of subordinated loan</i>		
As at 1 July 2020/2021	-	-
Additions	6,682	-
Payments	-	-
Impact of foreign exchange translation	576	-
As at 30 June 2021/2022	<b>7,258</b>	<b>-</b>

### (a) Fair value

The carrying amount of the borrowings approximates their fair value as the borrowings are at floating interest rates which move in accordance with market rates. Details regarding interest rate risk and liquidity risk are disclosed in Note 30.

### (b) Bank borrowings

One of the bank borrowings relates to a 5 year term loan which is secured by an all monies security held over properties in Cheekah Kemayan Plantations Sdn Bhd. Interest is payable at a rate of 1% per annum above the bank's cost of funds. The term loan is repayable in 60 monthly instalments. As at 30 June 2022 \$8.62 million remained outstanding (2021: \$10.65 million). Refer to Note 28 for details on liquidity risk.

Other borrowings relate to the working capital loan and foreign currency trade loan in Phosphate Resources (Malaysia) Sdn Bhd. The loans are secured by fixed and floating charge over the assets of the borrower and a corporate guarantee from the ultimate holding company. The working capital loan and foreign currency trade loan interest is payable at a rate of 1% per annum and 0.75% per annum above the bank's cost of funds respectively.

Kemoil bank borrowings are secured by the pledge of trade receivables with financial institutions. The interest rates bear market interest rate of 2.25% to 3.9% (2021: 2.25% to 3.9%) per annum.

### (c) Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:

	2022 \$'000s	2021 \$'000s
Total facilities	192,941	34,986
Facilities utilised at reporting date	52,145	17,801
Facilities unused at reporting date	<b>140,796</b>	<b>17,185</b>

### (d) Lease liabilities

The Group does not consider it is exposed to any future cash outflows that are not reflected in the measurement of the lease liabilities.

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2022

### (e) Subordinated loan

This loan is subordinated to the senior debts, defined as the debt towards the banks. However, and despite this subordination clause, the loan is partially or totally repayable provided that following reimbursement, the sum of the subordinated amount and equity is at least US\$12 million.

### 19. Provisions

		2022 \$'000s	2021 \$'000s
<b>Current</b>			
Employee entitlements		5,357	4,683
		<b>5,357</b>	<b>4,683</b>
<b>Non-current</b>			
Employee entitlements			
- Redundancy	(a)	5,272	5,325
- Long service leave		1,108	961
- Defined benefits plan	(b)	620	-
		7,000	6,286
Decommissioning	(c)	10,571	13,205
		<b>17,571</b>	<b>19,491</b>

#### (a) Provision for redundancy

The amounts employees are entitled to receive in accordance with their employment agreements are recognised and measured in accordance with the employee benefits accounting policy. The redundancy provision decreased by a net amount of \$53,000 during the year ended 30 June 2022 (2021: decrease \$723,000).

#### (b) Defined benefit plan

	30 June 2022 \$'000s
Projected defined benefit obligations	4,099
Fair value of defined benefit plan assets	(3,479)
Liability recognised in the statement of financial position	<b>620</b>

#### Reconciliation of defined benefit plan

Liability/(asset) at the beginning of the period	1,518
Company's service cost	322
Net interest	6
Employer contributions	(208)
Actuarial loss (gain) due to experience adjustments	136
Loss/(gain) on return asset excluding discount rate	(86)
Loss/(gain) on assumption changes	(1,117)
Foreign exchange	49
Liability/(asset) at the end of the period	<b>620</b>

#### Reconciliation of the present value of the defined benefit obligation is as follows:

Balance at the beginning of the period	4,578
Company's service cost	322
Net interest	17
Employee contribution	208
Benefit paid/(received)	(212)
Net insurance premium and expenses	(57)
Actuarial loss/(gain)	(981)
Exchange difference	224
Balance at the end of the period	<b>4,099</b>

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2022

### 19. Provisions (continued)

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

	30 June 2022 \$'000s
Balance at the beginning of the period	3,060
Employer contributions	208
Interest on assets	11
Employee contributions	208
Benefit paid/(received)	(212)
Net insurance premium and expenses	(57)
Actuarial gain/(loss)	86
Exchange difference	175
Balance at the end of the period	<u>3,479</u>

The amount recognised in the statement of comprehensive income is as follows:

Actuarial loss (gain) due to experience adjustments	136
Loss/(gain) on return asset excluding discount rate	(86)
Loss/(gain) on assumption changes	(1,117)
Deferred tax	157
	<u>(910)</u>

The significant actuarial assumptions were as follows:

Discount rate	2.25%
Expected rate of salary increase	1.00%
Expected rate of pension increase	0.00%
Termination rate	LPP 2020
Mortality and disability rate	LPP 2020

#### (c) Provision for decommissioning

Based on the Mining Lease Agreement between the Commonwealth Government and Phosphate Resources Limited a provision for decommissioning has been recognised for costs associated with:

- Demolition of all improvements specified for the removal of all debris resulting from demolition, removal of plant and equipment and leaving the mine sites in a safe, clean and tidy condition at the expiry of the lease.

The assumptions used to calculate this provide include:

- (i) Inflation rate – 3.0% (2021:2.5%)
- (ii) Discount rate – 3.66% (2021:1.49%)
- (iii) Term – End of lease

Estimates of the decommissioning obligations are based on anticipated technology and legal requirements and future costs, which have been discounted to their present value. In determining the decommissioning provision, the entity has assumed no significant changes will occur in the relevant Federal and State legislation in relation to demolition of such mines in the future.

	2022 \$'000s	2021 \$'000s
<b>(d) Movement in provisions</b>		
<i>Provision for decommissioning:</i>		
Carrying amount at the beginning of the financial year	13,205	12,545
Increase/(Decrease) in provision	43	(104)
Change in net present value of provision:		
-(Credited)/Debited to profit or loss	(2,677)	764
Carrying amount at the end of the financial year	<u>10,571</u>	<u>13,205</u>



# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2022

### 20. Contributed equity

(a) Share capital		Number of shares	\$'000s
Ordinary shares – fully paid		115,581,107	72,160
<b>Movements in ordinary share capital</b>			
Date	Details	Number of shares	\$'000s
1 July 2021	Opening balance	115,581,107	72,160
	Movement	-	-
30 June 2021/1 July 2021	Closing balance/Opening balance	115,581,107	72,160
	Movement	-	-
30 June 2022	<b>Closing balance</b>	<b>115,581,107</b>	<b>72,160</b>

#### Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

### 21. Reserves

	2022 \$'000s	2021 \$'000s
Foreign exchange translation reserve	843	(743)
Fair value reserve	(1,670)	(4,385)
Acquisition reserve	8,499	8,499
	<b>7,672</b>	<b>3,371</b>

#### Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve. The reserve is recognised in profit and loss when the net investment is disposed of.

#### Fair value reserve

Fair value differences arising from financial instruments classified as Fair Value through Other Comprehensive Income (FVOCI) under AASB 9 are taken to this reserve. Fair value gains and losses are presented in OCI and there is no subsequent reclassification of fair value gains and losses to profit and loss on the derecognition.

#### Acquisition reserve

Any gain or loss arising on acquisition of non-controlling interest of subsidiaries is recognized in this reserve.

### Movements in reserves

	2022 \$'000s	2021 \$'000s
<i>Foreign exchange translation reserve</i>		
Balance at the beginning of the year	(743)	3,321
Foreign exchange on translation of financial report	1,586	(4,064)
Balance at the end of the period	<b>843</b>	<b>(743)</b>
<i>Fair value reserve</i>		
Balance at the beginning of the year	(4,385)	(6,211)
Movement for the year	2,715	1,826
Balance at the end of the period	<b>(1,670)</b>	<b>(4,385)</b>

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2022

### 21. Reserves (continued)

	2022	2021
	\$'000s	\$'000s
<i>Non-controlling interest acquisition reserve</i>		
Balance at the beginning of the year	8,499	8,499
Movement for the year	-	-
Balance at the end of the period	<b>8,499</b>	<b>8,499</b>

### 22. Retained earnings

	2022	2021
	\$'000s	\$'000s
Accumulated profit at the beginning of the year	116,925	112,441
Net profit attributable to members of CI Resources Limited	7,580	6,796
Dividends paid	(3,467)	(2,312)
Accumulated profit at the end of the financial year	<b>121,038</b>	<b>116,925</b>

#### Dividends

Dividends totaling 3.0 cents per share (2021: 2.0 cents per share) have been paid during the year.

### 23. Remuneration of auditors

	2022	2021
	\$'000s	\$'000s
Amounts received or due and receivable by EY (Australia) for:		
- audit of the financial report of the parent entity and the consolidated entity	276	189
- review of the half year financial report of the consolidated entity	83	83
	<b>359</b>	<b>272</b>
Amounts received or due and receivable by related practices of EY (Australia) for the audit of the financial statements	91	83
	<b>91</b>	<b>83</b>
Amounts received or due and receivable by auditors other than EY for:		
- an audit or review of the financial report of a controlled entity	94	-
	<b>544</b>	<b>355</b>

### 24. Contingent liabilities

There are no contingent liabilities as at the date of this report.

### 25. Commitments for expenditure

- Short term lease contracts amounting to \$14,358 (2021: \$125,076) have not been recognised on balance sheet due to their short term nature.
- The Company provides a guarantee and indemnity to the Commonwealth Government of Australia (Commonwealth) to ensure the performance of Indian Ocean Oil Company Pty Ltd's obligations under the terms of a 20 year fuel lease arrangement. The fair value associated with the guarantee and indemnity at 30 June 2022 is \$nil (2021: \$nil).
- The Company has plans to undertake various environmental management targets and objectives as detailed in the Christmas Island Phosphates Environmental Management Plan. As at 30 June 2022 there are no present financial commitments (2021: Nil).
- The Company has provided a bank guarantee of \$2 million (2021: \$2 million) to the Commonwealth Government under the terms of the Mining Lease Agreement.
- The Company has capital commitments of \$1.254 million (2021: \$0.056 million) for items of plant on order but not yet delivered.

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2022

### 26. Reconciliation of profit after income tax to net cash flows from operating activities

	2022 \$'000s	2021 \$'000s
Operating profit after income tax	8,503	6,796
<i>Adjustment for non-cash items</i>		
Change in decommissioning provision	(2,634)	660
Net loss/(gain) on disposal of assets	(591)	541
Change in fair value of biological assets	(3)	(29)
Share of (profit)/loss from joint ventures	347	(7)
Expected credit loss	106	2
(Increase)/decrease in value of financial assets	(2,851)	(62)
Impairment of non-current assets	598	-
Depreciation and amortisation	9,972	9,445
Unrealised foreign exchange (gain)/loss	(2,094)	(5,840)
<i>Change in operating assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	(61,119)	(10,645)
Movement in deferred tax balances	41	289
(Increase)/decrease in inventories	(24,216)	4,640
Increase/(decrease) in trade creditors and accruals	12,523	2,995
Increase/(decrease) in provisions	(130)	(32)
(Increase)/decrease in prepayments	(59)	60
(Increase)/decrease in tax receivable	836	(855)
Net cash inflow from operating activities	<b>(60,771)</b>	<b>7,958</b>

### 27. Financial Instruments and Fair Values

#### (a) Financial assets at fair value through profit or loss

##### Forward currency contracts

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	
	30 June 2022 \$'000s	30 June 2021 \$'000s	30 June 2022	30 June 2021
<b>Sell US\$/buy Australian \$</b>				
Consolidated				
Sell US\$ maturity 0 to 12 months	<b>39,477</b>	30,726	<b>0.6966</b>	0.6705
Sell US\$ maturity 12 to 24 months	<b>1,445</b>	3,306	<b>0.6921</b>	0.6049
<b>Sell EUR/buy US \$</b>				
Sell EUR maturity 0 to 12 months	<b>23,766</b>	-	<b>0.9395</b>	-

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 gain on foreign currency derivatives during the year was \$2.323 million for the Group (2021: net gain of \$3.808 million).

## CI RESOURCES LIMITED

### Notes to the financial statements For the year ended 30 June 2022

#### 27. Financial Instruments and Fair Values (continued)

	Fair Value \$ AUD	
	30 June 2022 \$'000s	30 June 2021 \$'000s
Forward commodity contract	202	-
Capital notes	766	976

#### Forward commodity contracts

Forward commodity contracts are defined as contract to buy and sell commodities signed in current year and executed after year end.

#### Capital notes

During the period, the Group held capital notes with various institutions measured at fair value through profit or loss financial assets.

Initial measurement of these financial assets comprises fair value and subsequent measurement at fair value. The movement in fair value in each period is recognised in profit or loss. The net fair value loss on capital notes during the financial year were \$26,000 (2021: gain of \$19,000) for the Group.

#### (b) Listed Shares – Fair value through Other Comprehensive Income

During the period, the Group had a total of 13,018,700 ordinary shares in United Malacca Bhd (2021: 13,018,700), a publicly listed company in Malaysia. United Malacca Bhd is a Malaysian based palm oil company involved in both the cultivation of oil palms and palm oil milling operations. The Group has elected to account for the instruments under the fair value through other comprehensive income method due to the Group's long term strategic plan.

	Fair Value \$ AUD	
	30 June 2022 \$'000s	30 June 2021 \$'000s
<b>Listed shares</b>		
Malaysian listed shares	23,590	21,060

#### (c) Fair value measurement and disclosure

The Directors have concluded that the fair value of financial assets and financial liabilities are not materially different to carrying 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 and forward commodity contracts are calculated by reference to current forward exchange rates and commodity prices for contracts with similar maturity profiles.
- 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.
- Listed shares – These investments are designated at fair value through OCI and fair valued by reference to the published bid prices.

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2022

### 27. Financial Instruments and Fair Values (continued)

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described below, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 – Values based on inputs, including quoted prices, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.
- Level 3 – Values based on prices or valuation techniques that are not based on observable market data.

	Level 1 ‘000	Level 2 ‘000	Level 3 ‘000	Total ‘000
<b>30 June 2022</b>				
Forward currency contracts – classified as FVTPL	-	22	-	22
Capital notes – classified as FVTPL	766	-	-	766
Forward commodity contracts-classified as FVTPL	-	202	-	202
Listed shares – classified as FVOCI	23,590	-	-	23,590
Biological assets	-	-	257	257
	<u>24,356</u>	<u>224</u>	<u>257</u>	<u>24,837</u>
<b>30 June 2021</b>				
Forward currency contracts – classified as FVTPL	-	3,795	-	3,795
Capital notes – classified as FVTPL	976	-	-	976
Listed shares – classified as FVOCI	21,060	-	-	21,060
Biological assets	-	-	246	246
	<u>22,036</u>	<u>3,795</u>	<u>246</u>	<u>26,077</u>

#### Transfer between categories:

There were no transfers between levels during the year.

### 28. Financial Risk Management Objectives and Policies

The Group’s principal financial instruments comprise receivables, payables, leases, cash and short-term deposits, long-term deposits, interest bearing loans and borrowings, foreign exchange derivatives, capital notes and listed equity investments.

Market (including foreign exchange, commodity price and interest rate risk), liquidity and credit risk (including foreign exchange, commodity price and interest rate risk) arise in the normal course of the Group’s business.

The Group manages its exposure to key financial risks, including interest rate, currency and commodity risk in accordance with the Group’s risk management procedures. The overall objective of these procedures is to:

- Ensure that net cash flows are sufficient to meet all financial commitments as and when they fall due.
- Support the delivery of the Group’s financial targets whilst protecting future financial security.
- Minimise the potential adverse effects resulting from volatility on financial markets.

The Group continually monitors its forecast financial position against these criteria.

It is, and has been throughout the period under review, Group policy that no speculative trading in financial instruments be undertaken.

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2022

### 28. Financial Risk Management Objectives and Policies (continued)

#### (i) Interest rate risk

Interest rate risk on cash and term deposits is not considered to be a material risk due to the short term nature of these financial instruments. The interest rates for borrowings are variable.

At 30 June 2022, had the interest rate moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity would have been affected as follows:

<i>Judgments of reasonably possible movements:</i>	<b>Post tax profit and equity Higher/(Lower)</b>	
	<b>2022 \$'000s</b>	<b>2021 \$'000s</b>
<i>Consolidated</i>		
Interest rate + 10%	31	32
Interest rate - 10%	(31)	(32)

#### (ii) Liquidity Risk

The Group's liquidity position is managed to ensure that sufficient funds are available to meet its financial commitments in a timely and cost effective manner.

Management monitors the Group's liquidity reserve on the basis of expected cash flow. The table below reflects a balanced view of cash inflows and outflows and shows the implied risk based on those values. Trade payables and other financial liabilities originate from the financing of assets used in the Group's ongoing operations. These assets are considered in the Group's overall liquidity risk.

Management continually reviews the Group liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels.

#### Maturity analysis of financial liabilities based on contractual maturity

##### *Consolidated*

<b>Year ended 30 June 2022</b>	<b>≤6 months \$'000</b>	<b>6-12 months \$'000</b>	<b>1-5 years \$'000</b>	<b>&gt;5 years \$'000</b>	<b>Total \$'000</b>
Inflow	49,032	14,211	1,445	-	64,688
(Outflow)	(48,716)	(14,498)	(1,452)	-	(64,666)
Net foreign exchange contracts	316	(287)	(7)	-	22
<b>Financial liabilities</b>					
Trade and other payables	113,652	-	-	-	113,652
Interest bearing loans and borrowings	41,643	908	9,594	-	52,145
Lease liabilities	304	303	602	-	1,209

  

<b>Year ended 30 June 2021</b>	<b>≤6 months \$'000</b>	<b>6-12 months \$'000</b>	<b>1-5 years \$'000</b>	<b>&gt;5 years \$'000</b>	<b>Total \$'000</b>
Foreign exchange contract (gross settled)					
Inflow	20,019	10,707	3,306	-	34,032
(Outflow)	(18,278)	(9,301)	(2,658)	-	(30,237)
Net foreign exchange contracts	1,741	1,406	648	-	3,795
<b>Financial liabilities</b>					
Trade and other payables	14,096	-	-	-	14,096
Interest bearing loans and borrowings	5,644	665	8,371	-	14,680
Lease liabilities	222	222	209	-	653

**Notes to the financial statements**  
**For the year ended 30 June 2022**

**28. Financial Risk Management Objectives and Policies (continued)**

*(iii) Credit risk*

Credit risk is the risk that a contracting entity will not complete its obligation under a financial instrument that will result in a financial loss to the Group. The carrying amount of financial assets represents the maximum credit exposure.

Financial instruments that potentially subject the consolidated entity to concentrations of credit risk consist principally of cash deposits, receivables and various other investments. The Group minimizes its exposure to credit risk by placing its cash deposits and derivatives with high credit-quality financial institutions where possible. Term deposits typically have an original maturity of three months or less and other bank deposits are on call. These financial assets are considered to have low credit risk. Receivables balances are monitored on an ongoing basis. At reporting date there were debtors amounting to \$34.9 million (2021: \$8.2 million) that were past due, but not considered impaired (Refer to Note 8). Based on the Group's assessment the exposure to future credit loss is not significant based on the ECL procedures performed by the Group.

The credit risk of Kemoil arises from the quality of the trading counterparties. The Company's credit management policy requires trades to be entered into with recognised and creditworthy third parties. It is the Company's credit risk management policy that all customers who wish to trade on credit terms are subjected to stringent credit verifications and reviews. A credit insurance contract is also concluded for open terms sales, which cover a number of customers for specific amounts by customer granted by the insurance underwriter.

*(iv) Derivative instruments and foreign currency risk*

The Group's future revenues are exposed to movements in foreign exchange rates, particularly the US dollar/Australian dollar rate. The Group may from time to time enter into foreign exchange derivative instruments to manage this exposure.

The Group has, as outlined in Note 27, forward currency contracts designated as held for trading that are subject to fair value movements through profit or loss as foreign exchange rates move.

At 30 June 2022, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity would have been affected as follows:

*Judgments of reasonably possible movements:*

	<b>Post tax profit and equity Higher/(Lower)</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000s</b>	<b>\$'000s</b>
<i>Consolidated</i>		
AUD/USD + 10%	(3,720)	(3,079)
AUD/USD - 10%	4,547	3,763

Management believes the balance date risk exposures are representative of the risk exposure inherent in the financial instruments.

Significant assumptions used in the foreign currency exposure sensitivity analysis include:

- Reasonably possible movements in foreign exchange rates were determined based on a review of the last two years historical movements.
- The net exposure at balance date is representative of what the Group was and is expecting to be exposed to in the next twelve months from balance date.

**Capital risk management**

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide shareholders and stakeholders in the future and to maintain an optimal capital structure to reduce the cost of capital.

## CI RESOURCES LIMITED

### Notes to the financial statements For the year ended 30 June 2022

#### 28. Financial Risk Management Objectives and Policies (continued)

Management are constantly adjusting the capital structure as suitable. As the market is constantly changing, management may change the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Management have no current plans to issue further shares on the market.

##### Security price risk

The Group's listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions. At 30 June 2022, had the security price moved, as illustrated in the table below, with all other variables held constant, equity would have been affected as follows:

*Judgments of reasonably possible movements:*

	<b>Equity Higher/(Lower)</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000s</b>	<b>\$'000s</b>
<i>Consolidated</i>		
Security price + 10%	2,359	2,106
Security price - 10%	(2,359)	(2,106)

#### 29. Parent entity information

	<b>2022</b>	<b>2021</b>
	<b>\$'000s</b>	<b>\$'000s</b>
Current assets	19,496	19,424
Total assets	87,135	86,387
Current liabilities	79	43
Total liabilities	79	43
Issued capital	72,160	72,160
Retained earnings	14,896	14,184
Total shareholders' equity	87,056	86,344
Profit of the parent entity	4,042	4,723
Total comprehensive income	4,042	4,723

The parent entity has provided guarantees in relation to the debts of certain of its subsidiaries.

The parent entity has no contingent liabilities as at date of this report.

The parent entity has no contractual commitments for the acquisition of property, plant or equipment.



## **CI RESOURCES LIMITED**

### **Notes to the financial statements For the year ended 30 June 2022**

#### **30. Segment reporting**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating 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 operating decision makers on a monthly basis.

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

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.

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

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2022

### 30. Segment reporting (continued)

	Year ended 30 June 2022				
	Fertiliser	Farming	Logistics	Unalloc./ Elimination	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>					
Phosphate sales	86,312	-	-	-	86,312
Palm oil sales	-	43,297	-	-	43,297
Trading and logistics sales	-	-	374,759	-	374,759
Other sales	9,274	-	-	-	9,274
Interest income	64	123	-	51	238
Dividend income	-	509	-	-	509
Rendering of services	666	-	-	10,610 <sup>1</sup>	11,276
Fuel sales	-	-	-	13,022 <sup>2</sup>	13,022
Total segment revenue	96,316	43,929	374,759	23,683	538,687
<b>Result</b>					
Segment net operating profit/(loss) after tax (attributable to parent)	4,374	1,112	924	1,170	7,580
Depreciation and amortisation	5,982	2,654	-	1,336	9,972
Finance cost	216	388	477	(45)	1,036
Income tax expense	864	511	182	521	2,078
<b>Assets and Liabilities</b>					
Segment assets	163,755	61,875	133,112	42,314	401,056
Segment liabilities	47,605	15,167	127,373	7,633	197,778
<b>Other disclosure</b>					
Capital expenditure	8,815	1,013	13	6,760	16,601

	Year ended 30 June 2021			
	Fertiliser	Farming	Unalloc./Elim	Total
	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>				
Phosphate sales	75,112	-	-	75,112
Palm oil sales	-	35,562	-	35,562
Other sales	6,008	-	-	6,008
Interest income	127	125	75	327
Dividend income	-	380	-	380
Rendering of services	420	-	16,282 <sup>1</sup>	16,702
Fuel sales	-	-	12,333 <sup>2</sup>	12,333
Total segment revenue	81,667	36,067	28,690	146,424
<b>Result</b>				
Segment net operating profit/(loss) after tax (attributable to parent)	3,306	(121)	3,611	6,796
Depreciation and amortisation	5,564	2,556	1,325	9,445
Finance cost	1,023	445	23	1,491
Income tax expense	518	696	1,461	2,675
<b>Assets and Liabilities</b>				
Segment assets	158,315	57,078	36,424	251,817
Segment liabilities	39,081	15,084	5,196	59,361
<b>Other disclosure</b>				
Capital expenditure	4,418	1,850	782	7,050

<sup>1</sup> Relates to the services income derived by a wholly-owned subsidiary CI Maintenance Services Pty Ltd.

<sup>2</sup> Relates to fuel and oil sales derived by a wholly-owned subsidiary Indian Ocean Oil Company Pty Ltd.

## CI RESOURCES LIMITED

### Notes to the financial statements For the year ended 30 June 2022

#### 30. Segment reporting (continued)

Revenue from external customers by geographical locations is detailed below:

	2022 \$'000s	2021 \$'000s
Australia	67,677	82,102
Malaysia	51,287	64,127
Singapore	7,659	195
Indonesia	37,305	-
West Africa	374,759	-
	<u>538,687</u>	<u>146,424</u>

#### *Major customers*

The Group has a number of customers to which it sells. 2 customers had sales exceeding 10% of revenue.

	2022 \$'000s	2021 \$'000s
<i>Non-Current Assets by geographical regions</i>		
Australia	60,928	56,209
Malaysia	71,398	68,328
Singapore	8,910	7,529
Switzerland	851	-
	<u>142,087</u>	<u>132,066</u>

#### 31. Changes in composition of the entity

There has been material change in the composition and nature of the Group during the year with the acquisition of a non-listed subsidiary based in Switzerland as disclosed in Note 32.

#### 32. Business combination

##### *Acquisition of Subsidiary*

On 1 July 2021, CII's wholly owned subsidiary, PRL Global Pty Ltd, acquired a controlling 50% equity interest in Kemoil SA, Geneva (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 (AUD\$6,681,812)
- The provision of a loan of US\$5,000,000 (AUD\$1,491,664) 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 year ended 30 June 2022

#### 32. 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:

Assets	\$'000s
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 totaling \$375.8 million and profit after tax of \$0.9 million to the Group. As at 30 June 2022, the consolidated entity's revenue and net profit after tax amounted to \$541.2 million and \$7.6 million respectively.

#### 33. Subsequent Events

Subsequent to year end, the Company acquired a 60% stake in Liven Nutrients Pte Ltd, a non-listed company based in Singapore as disclosed below. Other than this, no matter or circumstance has arisen that has significantly affected, or may significantly affect, the operations of the consolidated entity and its controlled entities, the results of those operations or the state of affairs of the consolidated entity and its controlled entities in subsequent years that is not otherwise disclosed in this report or the consolidated financial statements.

##### **Acquisition of Subsidiary**

On 4 July 2022, the Company acquired 3,000,000 ordinary shares in Liven Nutrients Pte Ltd ("Liven"), for US\$3.0M which represent a 60% interest in the newly incorporated entity.

Liven was established as a non-listed company based in Singapore for the purposes of conducting fertiliser trading activities and growing the Group's capacity to supply fertiliser to customers in the Asia Pacific region.

##### *Assets acquired and liabilities assumed*

Other than the original US\$100 of equity in the entity, there were no other identifiable assets or liabilities of Liven as at the date of acquisition.