



carbonconscious

ABN 59 629 272 037

HALF YEAR REPORT 31 MARCH 2020

**Carbon Conscious Investments Limited and Controlled Entities
Financial Report for the period from
1 October 2019 to 31 March 2020**



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CARBON CONSCIOUS INVESTMENTS LIMITED
ABN 59 629 272 037

DIRECTORS

Anthony Fitzgerald (Executive Director & Company Secretary)
Natasha Ayers (Non-Executive Director)
Raphael Wood (Non-Executive Director)

PRINCIPAL & REGISTERED OFFICE

144 Northwood Street
West Leederville WA 6007
Telephone: (08) 9204 8400

SHARE REGISTRY

Automic Registry Services
Level 2, 267 St Georges Terrace
Perth WA 6000
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SOLICITORS

HWL Ebsworth
Level 20, 240 St Georges Terrace
Perth WA 6000

BANKERS

BankWest
300 Murray Street
Perth WA 6000

AUDITORS

Elderton Audit Pty Ltd
Level 2, 267 St Georges Terrace
Perth WA 6000

SUMMARY OF OPERATIONS

Dear Shareholders

31 March 2020 marked the Half Financial Year for Carbon Conscious Investments Limited (CCIU).

CCIU is a Public Unlisted Company that is a Non-Reporting Entity without a statutory obligation to report prior to the Full Year. However, in the interests of shareholders being fully informed of the Company's activities and position your Board took the decision to provide this report on activities and the Half Year accounts.

The operations of the Company remain tightly managed, and its Carbon Farming Initiative Projects remain in good standing with the Clean Energy Regulator. CCIU has strong commercial relationships with the key customers Origin Energy, BP Ventures, and Resimac, and it enjoys good relations with other key stakeholders including those in rural communities.

Furthermore, in addition to supporting cash distributions to shareholders (see Table) the ongoing projects continue to off-set carbon pollution and meet broader Company objectives by delivering positive externalities that include incremental improvements in biodiversity, and reductions in wind and water erosion and soil salinity.

Highlights for the period 1 October to 31 March 2020 were as follows.

- The assets and business model of the Company are such that, to date, Covid-19 has had a minimal impact and on Australia's current trajectory any material negative affect is considered highly unlikely.
- At the Half Year, the Company being positioned so that the Directors could Determine that:
 - Subject to business as usual and an audit review there would be a cash distribution (Fully Franked Dividend) of \$455,000 to shareholders on around 14 May 2020.
 - Subject to business as usual there will be a cash distribution to shareholders of \$576,000 on / about 20 Dec 2020.
- \$200,000 of the working capital debt facility was repaid.
- Following the AGM Mr Raphael Wood was appointed as Non-Executive Chairman (effective 26 February 2020), and Mr Anthony Fitzgerald was appointed Managing Director (effective 1 April 2020).

	May-19	Dec-19	May-20	*Dec 20
Fully Franked Dividend	\$251,400	\$409,400	\$455,000	TBD
Return of Capital	\$269,500	\$111,600		TBD
Share Buyback	NA	NA	NA	TBD
	\$520,900	\$521,000	\$455,000	\$587,000
Franking Credits	\$95,400	\$155,300	\$172,600	TBD

* Determined - subject to business as usual and audit review

Looking to the remainder of Financial Year 2020 (ending 30 September).

- A repayment of \$200,000 of working capital debt was made on 15 May reducing the outstanding obligation to \$300,000.
- Cost control remains a priority and Project management efficiencies that would flow directly to the bottom line have been identified and will be progressed over the next 2 quarters.
- A review of the appropriateness of accounting policies that may deliver shareholder value will be progressed.
- Significant progress has been made in evaluating mechanisms to provide investors and shareholders with share liquidity events and progressing this matter is a priority for calendar year Q2 and Q3.
- The business environment is such that the Company's brand, IP, and cash flow are of interest to potential key shareholders and venture partners and discussions are ongoing.

I close by thanking shareholders and other stakeholders for their support and Non-Executive Directors Mr Raphael Wood and Dr Natasha Ayers for their ongoing diligence.



Anthony Irwin Fitzgerald - Managing Director

Auditor's Independence Declaration

To those charged with the governance of Carbon Conscious Investments Limited

As auditor for the review of Carbon Conscious Investments Limited for the half-year ended 31 March 2020, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the review; and
- ii) no contraventions of any applicable code of professional conduct in relation to the review.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens
Managing Director

15 May 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 MARCH 2020

		CONSOLIDATED
	Note	6 Months Ended 31 March 2020
		\$
Revenue from operations	2	1,379,731
Other income	2	10,000
Administrative expenses		(80,693)
Business development expenses		(607)
Depreciation and amortisation expense		(282,993)
Employee benefits expense		(55,403)
Financing expenses		(21,214)
Operating expenses		(265,883)
Other expenses		-
Profit before income tax expense		682,938
Income tax expense	3	(172,811)
Profit after income tax expense for the year		510,127
Other comprehensive (expense)/income for the period		
Fair value (loss)/ gain on investment	8	(56,194)
Total comprehensive income for the year		453,933
Basic earnings per share (cents per share)	4	0.26

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Note	CONSOLIDATED	
		31 March 2020	30 September 2019
		\$	\$
Current Assets			
Cash and cash equivalents	5	866,854	1,079,808
Trade and other receivables	6	649,072	636,373
Inventories	7	103,665	115,327
Investments	8	96,886	153,080
Prepayments		46,863	20,921
Total Current Assets		1,763,340	2,005,509
Non-Current Assets			
Intangible assets	9	3,665,457	3,948,450
Total Non-Current Assets		3,665,457	3,948,450
Total Assets		5,428,797	5,953,959
Current Liabilities			
Trade and other payables	10	168,200	170,788
Interest bearing liabilities	11	500,000	-
Provision for income tax	3	203,125	299,705
Total Current Liabilities		871,325	470,493
Non-Current Liabilities			
Interest bearing liabilities	11	-	800,000
Deferred tax liability		666,520	725,447
Total Non-Current Liabilities		666,520	1,525,447
Total Liabilities		1,537,845	1,995,940
Net Assets		3,890,952	3,958,019
Equity			
Issued capital	12	3,436,167	3,547,798
Other comprehensive (expense)/income		(5,813)	50,381
Retained earnings		460,598	359,840
Total Equity		3,890,952	3,958,019

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 MARCH 2020

		CONSOLIDATED
		Inflows/(Outflows)
	Note	6 months Ended 31 March 2020
		\$
Cash flows from operating activities		
Receipts from customers		1,373,289
Payments to suppliers and employees		(419,454)
Interest received		3,743
Interest paid		(21,214)
Income tax paid		(328,318)
Net cash provided by operating activities		608,046
Cash flows from financing activities		
Dividends paid to shareholders		(409,369)
Return of capital paid to shareholders		(111,631)
Repayment of borrowings		(300,000)
Net cash provided by financing activities		(821,000)
Net increase in cash and cash equivalents		(212,954)
Cash and cash equivalents at beginning of period		1,079,808
Cash and cash equivalents at end of period	5	866,854

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2020

CONSOLIDATED				
	Issued Capital	Other Comprehensive Income	Retained Earnings	Total
	\$	\$	\$	\$
Balance at 1 October 2019	3,547,798	50,381	359,840	3,958,019
Profit/(loss) attributable to members	-	(56,194)	510,127	453,933
Dividends paid	-	-	(409,369)	(409,369)
Total comprehensive income for the year	-	(56,194)	100,758	44,564
Shares issued on de-merger	-	-	-	-
Return of capital	(111,631)	-	-	(111,631)
Balance at 31 March 2020	3,436,167	(5,813)	460,598	3,890,952

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

CONSOLIDATED				
	Issued Capital	Other Comprehensive Income	Retained Earnings	Total
	\$	\$	\$	\$
Balance at 1 January 2019	-	-	850	850
Profit attributable to members	-	50,381	610,434	660,815
Dividends paid (Note 13)	-	-	(251,444)	(251,444)
Total comprehensive income for the year	-	50,381	358,990	409,371
Shares issued on de-merger	3,817,298	-	-	3,817,298
Return of capital (Note 12)	(269,500)	-	-	(269,500)
Balance at 30 September 2019	3,547,798	50,381	359,840	3,958,019

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 MARCH 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half-year reporting period ended 31 March 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Comparatives

There are no comparative figures at March 2019 as this period was not comparable to the March 2020 half year.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The financial statements were authorised for issue on 15 May 2020 by the directors of the company.

No new or amended accounting practices have been adopted since the end of the 2019 accounting period (refer to the 2019 Annual Report).

The directors are taking advice on possible amendments to accounting policy and if any changes are made, they will be reported at the appropriate time.

NOTE 2: REVENUE

	CONSOLIDATED
	6 Months Ended 31 March 2020
	\$
(a) Revenue from operations	
VCO sales	11,662
ACCU Sales	88,974
CFI Project - Land licence fees	587,632
CFI Project - Management fees	687,720
Interest received	3,743
	1,379,731
(b) Other income	
COVID-19 Financial Assistance	10,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 MARCH 2020

NOTE 3: INCOME TAX

CONSOLIDATED	
	31 March 2020
Income tax expense recognised in profit or loss	172,811
Total income tax expense recognised in profit or loss	172,811
Numerical reconciliation between tax expense and pre-tax net loss	
Profit before tax	682,938
Income tax expense using the domestic tax rate of 27.5%	187,808
Other adjustments	(14,997)
Income tax attributable to entity	172,811

NOTE 4: EARNINGS PER SHARE

CONSOLIDATED	
	31 March 2020
	Cents per share
Basic earnings per share	0.26
The earnings and weighted average number of Ordinary Shares used in the calculation of basic earnings per share are as follows:	
	\$
Profit for the period	453,933
	No.
Weighted average number of Ordinary Shares outstanding during the period used in calculating basic EPS	173,647,045

NOTE 5: CASH AND CASH EQUIVALENTS

CONSOLIDATED		
	31 March 2020	30 September 2019
	\$	\$
Cash at bank and on hand	866,854	1,079,808

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 MARCH 2020

NOTE 6: TRADE AND OTHER RECEIVABLES

CONSOLIDATED		
	31 March 2020	30 September 2019
	\$	\$
Current		
Trade receivables	54,326	53,417
Accrued income	594,746	574,878
GST Receivable	-	8,078
	649,072	636,373

NOTE 7: INVENTORIES

CONSOLIDATED		
	31 March 2020	30 September 2019
	\$	\$
Current		
Inventory - CFI Projects	41,497	41,497
Inventory - Seed	17,630	17,630
Inventory - Voluntary Carbon Offsets	44,538	56,200
	103,665	115,327

NOTE 8: INVESTMENTS

CONSOLIDATED		
	31 March 2020	30 September 2019
	\$	\$
Investment in Rumble Resources Limited	96,886	153,080
	96,886	153,080

The Group holds shares in Rumble Resources Limited which under the terms of AASB 9 Financial Instruments the investment has been classified as fair value through other comprehensive income/(expenses). The share price of Rumble Resources has increased from 5c (31 March 2020) to 6.5c (at the date of this report - 14 May 2020). As a result of the Group's 1,937,718 shareholding in Rumble Resources this is an indicative increase in the fair value of the company's investment of \$29,066.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 MARCH 2020

NOTE 9: INTANGIBLE ASSETS

	CONSOLIDATED	
	31 March 2020	30 September 2019
Forestry Rights	\$	\$
Forestry Rights at cost	14,177,854	14,177,854
Accumulated amortisation on forestry rights	(10,512,397)	(10,229,404)
	3,665,457	3,948,450

NOTE 10: TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	31 March 2020	30 September 2019
Current	\$	\$
Trade payables	126,940	18,031
Employee benefits accrual	1,812	2,090
GST Payable	39,448	50,667
Sundry payables and accrued expenses	-	100,000
	168,200	170,788

Trade payables are non-interest bearing and are normally settled on 30-day terms.

NOTE 11: INTEREST BEARING LIABILITIES

	CONSOLIDATED	
	31 March 2020	30 September 2019
	\$	\$
Current		
<i>Unsecured</i>		
Loan from Alterra	500,000	-
	500,000	-
<i>Unsecured</i>		
Loan from Alterra	-	800,000
	-	800,000

The Group parent company (Carbon Conscious Investments Limited) has an unsecured loan provided by Alterra Limited.

The principal was originally \$1,000,000 and interest of 6.5% is compounded daily. The loan is repayable by 31 December 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 MARCH 2020

NOTE 12: ISSUED CAPITAL AND RESERVES

	CONSOLIDATED	
	31 March 2020	30 September 2019
	\$	\$
Issued Capital		
173,647,045 fully paid Ordinary Shares		
At beginning of the financial reporting period	3,547,798	-
Demerger	-	3,817,298
Return of capital	(111,631)	(269,500)
	3,436,167	3,547,798

NOTE 13: DIVIDENDS

Dividends paid during the previous year were as follows:

	CONSOLIDATED	
	31 March 2020	30 September 2019
	\$	\$
Dividend paid	409,369	251,444
	409,369	251,444

The directors declared a half year dividend for the year ended 30 September 2019 of \$0.001448 per ordinary share to be paid on 28 May 2019. The dividend was fully franked. A return of capital of \$0.001552 per ordinary share was also paid to shareholders on 28 May 2019.

The directors determined that a dividend for the full year ended 30 September 2019 of \$0.00235747 per ordinary share to be paid on or about 13 December 2019. The dividend was fully franked. A return of capital of \$0.00064286 per ordinary share was also paid to shareholders on or about 20 December 2019.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Carbon Conscious Investments Limited (the 'Company'):
 - (a) the accompanying financial statements, notes and additional disclosures are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the Group's financial position as at 31 March 2020 and of its performance for the year then ended; and
 - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the period ended 31 March 2020.

This declaration is signed in accordance with a resolution of the Board of Directors.



ANTHONY IRWIN FITZGERALD
Managing Director
Carbon Conscious Investments Limited

Independent Auditor's Review Report

To the members of Carbon Conscious Investments Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Carbon Conscious Investments Limited (or 'the company') and controlled entities ('the Group'), which comprises the consolidated statement of financial position as at 31 March 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 March 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Carbon Conscious Investments Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Carbon Conscious Investments Limited is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the Carbon Conscious Investments Limited's financial position as at 31 March 2020 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens
Managing Director

15 May 2020
Perth