



ABN 43 089 093 943

# **Interim Financial Report**

**For the half-year ended 31 December 2018**

# CREAT RESOURCES HOLDINGS LIMITED

ABN 43 089 093 943

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## Interim Financial Report

For the half-year ended 31 December 2018

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# CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

## DIRECTORS' REPORT

### Directors' Report

The directors of Creat Resources Holdings Limited submit herewith the financial report of Creat Resources Holdings Limited and its subsidiaries (the 'Consolidated Entity' or the 'Company') for the half year ended 31 December 2018. The report is intended to be read in conjunction with the 2018 Annual Report.

The Registered Office and principal place of business is 262 Main Street, Zeehan, Tasmania 7469 Australia.

In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

The names of the directors and company secretary in office during or since the end of the half-year and up to the date of this report are:

### Directors and Company Secretary

<b>Name</b>	<b>Role</b>	<b>Appointed</b>	<b>Ceased</b>
Mr. Tad Ballantyne	Deputy Chairman & Non-Executive Director	18/03/08	Current
Mr. Morris Hansen	General Manager, Company Secretary & Executive Director	26/06/12	Current
Mr Phillip Simpson	Non-Executive Director	11/02/09	Current
Mr Tan Yang	Executive Chairman, Managing Director & CEO	04/01/15	31/07/17
Mr Tan Yang	Non-Executive Director	31/7/17	Current
Mr Yu Sun	Executive Chairman, Managing Director & CEO	02/08/17	Current
Mr Yu Sun	Non-Executive Director	01/08/2015	01/08/2017

The above named directors and company secretary held office during the period and since start of the half-year unless stated above.

### Principal activities

The principal activities of the Consolidated Entity during the financial year were investment in companies involved in mining in both Australia and overseas.

### Operating results

The consolidated profit of the Company for the half-year after providing for income tax amounted to \$XXXXXXXX (2018 profit: \$4,900,382).

### Review of operations

#### Galaxy Resources Ltd Investment

The company's major investment is in Galaxy Resources Limited ("Galaxy"). Galaxy is a Western Australian ASX listed company which plans to become one of the world's leading producers of lithium compounds – the essential component for powering the world's fast expanding fleet of hybrid and electric cars. Lithium compounds such as lithium carbonate are forecast to be in short supply against high future demand due to advances in long life batteries and sophisticated electronics including mobile phones and computers. Galaxy has positioned itself to meet this lithium future by focusing on its Lithium deposits in South America, Canada and Australia.

# CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

## DIRECTORS' REPORT

Galaxy continues to produce spodumene concentrate at Mt. Catlin with an average cash margin of US\$288 per dmt sold. Galaxy has completed the sale of the northern tenement package to POSCO. Two new exploration wells were completed at Sal Di Vida and commencement of work on construction of 15 hectare test ponds is underway. James Bay mining tenements have been renewed and the bid process completed for the feasibility study. As at 31<sup>st</sup> December Galaxy was debt free with cash in the bank and liquid assets just over A\$41 million.

The Company's shareholding in Galaxy is 7,166,983 shares. During the reporting period the Company disposed of 50,000 shares and as at 31 December 2017 held 1.81% total shareholding.

### **Lepidco Limited Investment**

The company became aware of Galaxy's investment in Lepidco and made the strategic decision to invest a small amount of capital in the company to leverage and diversify CRHL's investment in Lithium. The company was able to purchase 1,000,000 shares in Lepidco and currently continues to hold this investment.

Lepidco continues to move forward with its Lithium mine in Alvarroes Portugal. The L-Max pilot construction commenced during the quarter within budget and scheduled for commissioning in April 2019. Drilling at the Youanmi project in Western Australia continued to identify the presence of a number of lepidolite mineralised pegmatites. As at the 31<sup>st</sup> December the company was debt free with AUD\$8 million in the bank.

### **Future developments**

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report. However, the company continues to assess potential investment opportunities within the mining industry as an investor and/or direct participant.

### **Auditor's independence declaration**

The auditor's independence declaration, as required under section 307C of the Corporations Act 2001, is included on page 12 of the half-year report.

Signed in accordance with a resolution of directors made pursuant the section 306(3) of the *Corporations Act 2001*.

On behalf of the Directors

Edward Sun

**Executive Chairman, Managing Director  
and Chief Executive Officer**

Dated this ..... day of ..... 2019

**CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES**  
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT & LOSS AND OTHER**  
**COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	<u>Note</u>	<u>Consolidated</u> <u>Half-year Ended</u>	
		31 Dec 2018	31 Dec 2017
		\$	\$
<b>Continuing Operations</b>			
Revenue			12,757
Other Gains and Losses	3		(965,435)
Depreciation Expense			(5,225)
Finance Costs			(1,485,441)
Impairment Reversal/(Expense)			7,496,384
Administration Expenses			(32,290)
Employee Expenses			(118,417)
Other Expenses			(1,951)
Loss before tax			2,900,382
Income Tax Benefit		-	-
<b>Total Profit/(Loss) for the period</b>			<b>4,900,382</b>
<b>Other Comprehensive Income</b>			
Other Comprehensive Income for the Period (Net of Tax)			8,125,804
<b>Total Comprehensive Income for the Period</b>			<b>13,026,186</b>
<b>Earnings Per Share</b>			
Basic (cents per share)		0.	0.73
Diluted (cents per share)		0.	0.73

**The accompanying notes form part of these condensed consolidated financial statements which must also be read in conjunction with the 2018 Annual Report.**

**CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

	Consolidated	
	31 Dec 2018	30 June 2018
<u>Note</u>	\$	\$
<b>Assets</b>		
<b><i>Current Assets</i></b>		
Cash and Cash Equivalents		55,051
Trade Receivables		2,200
Other Current Assets		1,597
<b>Total Current Assets</b>		<b>58,848</b>
<b><i>Non-Current Assets</i></b>		
Property, Plant and Equipment		202,407
Prepayments		2,150
Other Non-Current Assets		21,752,958
<b>Total Non-Current Assets</b>		<b>21,957,515</b>
<b>Total Assets</b>		<b>22,016,363</b>
<b>Liabilities</b>		
<b><i>Current Liabilities</i></b>		
Trade and Other Payables		83,199
Financial Liabilities	4	59,099,864
Provisions		-
<b>Total Current Liabilities</b>		<b>59,183,063</b>
<b>Total Liabilities</b>		<b>59,183,063</b>
<b>Net Liabilities</b>		<b>(37,166,700)</b>
<b>Equity</b>		
Issued Capital	69,408,416	69,408,416
Reserves		2,740,655
Accumulated Losses		(109,316,991)
Equity attributable to owners of the Company		(37,166,700)
<b>Total Deficiency</b>		<b>(41,212,682)</b>

The accompanying notes form part of these condensed consolidated financial statements which must also be read in conjunction with the 2018 Annual Report.

**CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	<b>Consolidated Half-year Ended</b>	
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	<b>\$</b>	<b>\$</b>
<b>Cash Flows from Operating Activities</b>		
Receipts from Customers	13,200	11,000
Payments to Suppliers and Employees	<u>(167,007)</u>	<u>(169,499)</u>
Net Cash used in Operating Activities	<u><u>(153,807)</u></u>	<u><u>(158,499)</u></u>
 <b>Cash Flows from Investing Activities</b>		
Proceeds from Sale of Property, Plant & Equipment	-	-
Proceeds from Sale of Shares	174,000	244,653
Purchase of Shares, Property, Plant & Equipment	(27,317)	-
Interest Received	<u>757</u>	<u>942</u>
Net Cash generated by Investment Activities	<u><u>147,440</u></u>	<u><u>245,595</u></u>
Net (decrease)/increase in Cash and Cash Equivalents	(6,366)	87,096
Cash and Cash Equivalents at Beginning of the Half-year	<u>187,772</u>	<u>217,472</u>
Cash and Cash Equivalents at the End of the Half-year	<u><u>181,407</u></u>	<u><u>304,568</u></u>

**The accompanying notes form part of these condensed consolidated financial statements which must also be read in conjunction with the 2017 Annual Report.**

**CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	<b>Issued Capital</b>	<b>Accumulated Losses</b>	<b>Other Reserves</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2017	69,408,416	(110,991,533)	370,437	(41,212,680)
Profit for the period	-	4,900,382	-	4,990,382
Other Comprehensive Income for the period	-	-	8,125,804	8,125,804
Total comprehensive income for the period	-	4,900,382	8,125,804	13,026,186
<b>Balance at 31 December 2017</b>	<u>69,408,416</u>	<u>(106,091,151)</u>	<u>8,496,241</u>	<u>(28,186,494)</u>
	<b>Issued Capital</b>	<b>Accumulated Losses</b>	<b>Other Reserves</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2018	69,408,416	(109,316,991)	2,740,655	(37,166,700)
Profit for the period	-	-	-	-
Total comprehensive income for the period	-	-	-	-
<b>Balance at 31 December 2018</b>	<u>69,408,416</u>	<u>-</u>	<u>-</u>	<u>-</u>

**The accompanying notes form part of these condensed consolidated financial statements which must also be read in conjunction with the 2018 Annual Report.**



**CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

**Note 1: Significant Accounting Policies**

**Statement of Compliance**

The half-year financial report is general purpose financial report for the half-year ended 31 December 2018 prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The half-year report does not include notes of the type normally included in an annual financial report and it is recommended that it be read in conjunction with the most recent annual financial report, and the public announcements made during the half-year in accordance with continuous disclosure requirements of the *Corporations Act 2001*.

**Basis of Preparation**

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for the assets. All amounts are in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2018 annual financial report for the financial year ended 30 June 2018. These accounting policies are consistent with the Australian Accounting Standards and with International Financial Reporting Standards.

**Going Concern**

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

For the half-year ended 31 December 2018 the Company posted a profit of \$XXXXX as a result of positive share price movement of Galaxy Resources Shares. The Company will continue to finance its operations primarily through cash and cash equivalents on hand, and future financing from the issuance of debt or equity instruments. The Company has yet to generate any significant revenues and has no assurance of future revenues.

The following plan is in place by Management to support the going concern basis of the Company and the consolidated entity.

On 29<sup>th</sup> February 2017 the Company received an undertaking from Creat Group that:

- Creat Group will continue to provide further funding to CRHL as required with interest rates to be charged based on market interest rates; and
- Creat Group will not call for or cause repayment of any loans or convertible notes, including the payment of accrued interest on such loans or convertible notes currently held by Creat Group or entered into/acquired by Creat Group and interest that will be due and payable on such loans or convertible notes until such time as CRHL has the resources to repay any or all debt.

At the date of this report and having considered the above factors, the directors are confident that the Company and the consolidated entity will be able to continue as going concerns.

**CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

**Note 2: Segment Information**

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The chief decision maker of the Company is its Board of Directors, and the system of internal reporting is such that there is only one reportable segment under AASB 8, being investment in companies involved in mining in both Australia and overseas.

**Note 3: Disclosure of additional information**

**Other Gains and Losses**

	31 Dec 2017	31 Dec 2017
	\$	\$
Foreign exchange gain/(loss) arising on translation of financial liabilities		(1,056,685)
Gain/(loss) on sale of Assets		91,250
		<u>(965,435)</u>

**Available-for-sale investments carried at fair value**

The fair value measurement of the investment in Galaxy Resources Limited at 31 December 2018 is \$XXXXXXX (30 June 2018: \$21,715,958).

The fair value measurement of the investment in Lepidico Limited at 31 December 2018 is \$XXXXX. (30 June 2018: \$37,000).

The fair value measurement of the available for sale investments have been classified as a level 1 in the fair value hierarchy, as they are derived from quoted prices (unadjusted) in active markets for identical assets.

**Note 4: Financial Liabilities**

	31 Dec 2018	30 June 2018
	\$	\$
<b>Current</b>		
Loans from related party: secured and unsecured (i)		59,099,864
		<u>59,099,864</u>

(i) Amount repayable to related party of the Company. Repayment of these loans has been deferred through the continuing financial support of Creat Group Company Limited ("Creat Group").

The above unsecured loans are covered by a letter of financial support from Creat Group.

**CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

**Note 5: Contingencies and commitments**

There are no known contingent liabilities or contingent assets since the end of the last annual reporting period.

**Note 6: Subsequent events**

**Fair Value of Investment in Galaxy**

Since the end of the financial year, there has been a decrease in the fair value of the company's available for sale investment. With reference to the ASX quoted share price for Galaxy, the fair value of the company's investment has decreased by approximately \$XXXXXX since 31 December 2018. In accordance with the requirements of AASB 110 Events after the Reporting Period, this decrease in fair value has not been recognised within this financial report.

**Fair Value of Investment in Lepidico**

Since the end of the financial year, there has been a decrease in the fair value of the company's available for sale investment. With reference to the ASX quoted share price for Lepidico, the fair value of the company's investment has decreased by approximately \$XXXXX since 31 December 2018. In accordance with the requirements of AASB 110 Events after the Reporting Period, this decrease in fair value has not been recognised within this financial report.

**CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

**DIRECTORS' DECLARATION**

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the Directors

Edward Sun

**Executive Chairman, Managing Director  
and Chief Executive Officer**

Dated this ..... day of ..... 2019