



# CI RESOURCES

ANNUAL REPORT  
2018



Annual Report 2018  
for  
**CI Resources Limited**

consolidating

its wholly owned operational subsidiary

**Phosphate Resources Limited**

and its wholly owned operational subsidiaries

Phosphate Resources (Malaysia) Sdn Bhd

Phosphate Resources (Singapore) Pte Ltd

Phosphate Resources Properties Pty Ltd

Indian Ocean Oil Company Pty Ltd

Indian Ocean Stevedores Pty Ltd

C I Maintenance Services Pty Ltd

Cheekah-Kemayan Plantations Sdn Bhd



# CI Resources Limited ACN 006 788 754

<b>Contents</b>	<b>Page</b>
Chairman's letter	3
Managing Director's report	5
Corporate directory	7
Directors' report	8
Auditor's independence declaration	22
Corporate governance disclosures	23
Financial report	27
Directors' declaration	69
Independent audit report to the members	70
ASX additional information	74

# CI RESOURCES LIMITED

## Chairman's Letter

I am pleased to present the 2017/18 Annual Report for CI Resources Limited (Company).

### FINANCIAL PERFORMANCE

This past financial year has proved to be both challenging and rewarding. The net profit after tax of \$21.1M was a strong result given the externalities that impacted on the business, even though it included a receipt of \$5.8 million from our insurers for a business interruption claim relating to the 2016/17 financial year.

The end of year result was commendable having regard to continued difficult market conditions, a subdued phosphate price, the strength of the Australian Dollar, and continued competitive pressures from distant phosphate suppliers.

The Managing Director discusses in his report the measures that are being implemented to deliver the types of efficiencies needed to respond to these testing market conditions. Management has undertaken a wide ranging review of the operations to identify additional efficiencies that will lower costs, improve product quality and allow us to more effectively meet our regulatory obligations. A number of steps have already been taken in this regard, with investments in automation, infrastructure, safety and the work environment.

### DIVIDENDS

CI Resources continues to maintain a strong balance sheet and has improved both its cash position, and retained earnings. Whilst the Board continues to seek and materialise investment opportunities, it continues to maintain a policy of paying significant dividends to return earnings to its shareholders.

I am pleased to advise that the Board has approved a final fully franked dividend of 5 cents per share. The record date for payment is 1 October 2018 with payment to be made on 25 October 2018.

### EXPLORATION

The recent decision by the former Minister for the Environment and Energy to reject Phosphate Resources Ltd's (PRL) application to undertake an exploration drilling program involving the re-clearing a total of some 6.8 hectares on historic drill lines on Christmas Island is disappointing for PRL employees, shareholders and long-term island residents. The application was intended to be the first step in the evaluation of further economic resources and the possibility of making a future proposal for mining which could have guaranteed the continuation of mining jobs and investment beyond 2030.

At a time when some members of the Christmas Island community are facing a challenging economic future with the impending closure of the Immigration Detention Centre, it is unfortunate the Government has deemed the potential to sustain the mining operation beyond its current mine life to be less important than the unfounded representations of those opposed to mining and development.

PRL is equally determined to meet this challenge and extend its operational viability and investments in businesses on Christmas Island and elsewhere. Towards that end the Company continues to be vigilant on cost management and efficiency to maintain jobs, increase shareholder value and reduce the risk from price competition in the market.

Based upon our ongoing estimation and review of indicated and inferred resources and with our best judgements on current commercial parameters it is reasonable to expect we can sustain viable mining operations on Christmas Island through to the late 2020's.

In addition, and as previously reported, the Company is continuing to consider additional phosphate mining opportunities, with the aim of growing our business and our range of products into the future.



# CI RESOURCES LIMITED

## Chairman's Letter

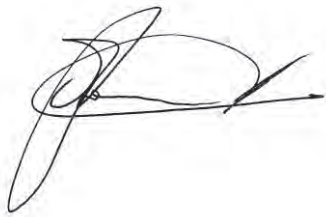
### DIVERSIFIED INDUSTRIAL STRATEGY

CI Resources has diversified its business over the past 10 years beyond phosphate mining, and currently owns and operates a fuel business, a facilities management business, and a palm oil plantation. These subsidiaries continue to perform well. The Board is actively pursuing further investments in accordance with its diversification strategy, to further diversify its business and create value for its shareholders.

### FUTURE

The Board of CI Resources is satisfied that the Company remains in a strong financial position. Whilst the market conditions for our mining operations have weakened over the past few years, our diversified portfolio along with our strong balance sheet is enabling the company to provide strong returns to its shareholders. In addition, the company is well placed to explore strategic investments in the coming year that will further diversify its business.

I finally take this opportunity on behalf of the Board to thank our employees, managers and executives for their contributions to a successful outcome in challenging circumstances.

A handwritten signature in black ink, appearing to be 'David Somerville', with a large loop at the end.

David Somerville  
Chairman  
29 August 2018

# CI RESOURCES LIMITED

## Managing Director's Report

I am pleased to present my report for CI Resources for the financial year ending 30 June 2018.

### FINANCIAL PERFORMANCE AND PRODUCTION OVERVIEW

The financial year ending 30 June 2018 was a challenging one for CI Resources and its main operating entity Phosphate Resources Limited (PRL).

The Consolidated result was recorded as a profit after tax for FY 2018 of some \$21.1M with an after tax profit from PRL (excluding its subsidiaries) of \$15.8M, a reasonable result, in difficult market conditions. Included in the result was a \$5.8M receipt from insurers for the final claim relating to business interruption caused by a fire in one of our production baghouses in the 2016/17 financial year.

Group sales of Phosphate, including external trading, remained relatively constant compared to last year at about 643,000 tonnes. US dollar price reductions and the strengthening of the Australian dollar, coupled with an increase in shipping costs impacted on the margins from mining operations. Sales of palm oil products have increased significantly in the current year as a result of improved production volumes from our palm oil business.

As a result of challenging market conditions over the past two years, PRL undertook a review and restructure of its operations with the aim of achieving efficiencies. As a result, the 2017/18 financial year saw 37 employees take a voluntary redundancy package. Many of these employees took the opportunity to transition into retirement. This reduction in workforce is expected to make us more competitive in the market, reduce ongoing costs, and enable the operations to move to a more flexible operating model that is better suited to changing market conditions.

PRL has also been investing further capital into its operations with the objective of improving efficiency. Efficiency projects undertaken during the year include new roofing over the dryer's wet ore bins to provide greater weather protection, new automation throughout our conveyor system and improvements in instrumentation and surveillance further enhancing operational efficiencies.

### GROUP DEVELOPMENTS

The PRL Christmas Island based subsidiaries of Indian Ocean Oil Company Pty Ltd, CI Maintenance Services Pty Ltd and Indian Ocean Stevedores all performed well and continue to deliver on their services to the Commonwealth and to the Christmas Island community. CI Resources continues to actively pursue further investment and diversification opportunities both on Christmas Island and beyond.

### EXPLORATION & FUTURE MINING

As our Chairman has reported we are very disappointed at the Minister for the Environment & Energy's decision to reject PRL's application to clear a small parcel of land along historic drill lines on Christmas Island for exploration purposes, with a view to assessing the resource base in limited areas of crown land outside the existing mine lease.

The implication of the former minister's decision is that no additional land will be allocated to mining. Faced with that position, PRL decided to undertake a separate strategic review of its operations, resources optimization, medium term strategies and level of investment required to maximise the life of the Christmas Island mining operations. Our capital investment program will become even more targeted over the next few years, and the operations will be reshaped to best respond to these market and political conditions. I am confident, that the mining operations will be able to respond to these challenges and that the executive team are well placed to execute strategies to maintain a viable mining operation to the late 2020's.

# CI RESOURCES LIMITED

## Managing Director's Report

### THE YEAR AHEAD

The year ahead remains challenging with continued pressure on our markets. However, the company continues to review opportunities for efficiencies, and increased flexibility, to enable it to maintain its margins and remain competitive. In addition to managing costs, CI Resources continues to look to grow our product range and develop new markets through diversification.

The Company is currently looking at a range of opportunities including investments in additional phosphate mines, biological and organic fertilizers, and streamlined logistic opportunities.

Despite the challenges in the market place, I remain confident that our company is able to adapt to this challenging environment by becoming more efficient, flexible and customer focused.

In closing I would thank the Board members, executives, senior managers and all employees of our group for their continued efforts and support.



**LAI Ah Hong**  
Managing Director  
29 August 2018





# CI RESOURCES LIMITED

## Corporate directory

### Directors

Mr David Somerville – Chairman  
Mr Lai Ah Hong  
Dato' Sri Tee Lip Sin  
Mr Tee Lip Jen  
Mr Adrian Gurgone  
Dato' Sri Kamaruddin bin Mohammed  
Mr Clive Brown

### Share register

Computershare Investor Services Pty Ltd  
Level 2 Reserve Bank Building  
45 St Georges Terrace  
Perth WA 6000  
Telephone +61 8 9323 2000  
Facsimile +61 8 9323 2033

### Auditor

Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000

### Stock exchange listings

CI Resources Limited shares are  
listed on the Australian Securities Exchange  
Ordinary fully paid shares (ASX code: CII)

### Principal registered office in Australia

6 Thorogood Street, Burswood  
Western Australia 6100  
Telephone +61 8 6250 4900  
Email [info@ciresources.com.au](mailto:info@ciresources.com.au)  
Website [www.ciresources.com.au](http://www.ciresources.com.au)

### Bankers

Westpac Banking Corporation  
109 St George's Terrace  
Perth, Western Australia 6000

### Solicitors

Steinepreis Paganin Lawyers  
Level 4 Next Building  
16 Milligan Street  
Perth WA 6000

# CI RESOURCES LIMITED

## Directors' report

The Directors of CI Resources Limited (the Company) present their report together with the financial statements of the Group comprising of the Company and its subsidiaries (together referred to as the Group or CI Resources) for the financial year ended 30 June 2018 and the auditor's report thereon.

### DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated. Where applicable, all directorships held in listed public companies over the last three years have been detailed below.

#### *Names, qualification, experience and special responsibilities*

**David Somerville** *Chairman – Non-executive* (Appointed 28 November 2008)

##### *Experience and expertise*

David Somerville holds a Bachelor of Business degree from Curtin University and a Master of Business Administration from Deakin University, he is an Associate member of CPA Australia and a Fellow of the Australian Institute of Management.

Mr Somerville has an accounting background having been a senior partner in a large Western Australian accounting practice, before establishing a financial services company which listed on the Australian Securities Exchange in 2007. He has over 25 years experiences in a corporate capacity across a number of companies and a number of industry sectors including financial, resources and property development.

Mr Somerville is the Chairman of the Investment Committee and a member of the Audit & Risk Management Committee.

##### *Other directorships*

David Somerville is Executive Chairman of Questus Ltd, an ASX Listed company.

**Lai Ah Hong** *Managing Director* (Appointed 9 March 2015)

##### *Experience and expertise*

Mr Lai has been the key person in driving the success of this business from its inception (with a capital of less than \$5M) to where it is today. He has an extensive knowledge of the phosphate industry and keen sense of business opportunities whenever they may arise on Christmas Island and elsewhere.

He was a founding director of Phosphate Resources Limited in 1991.

Mr Lai is a member of the Investment Committee.

##### *Other directorships*

Mr Lai held no other directorships of ASX listed companies during the last three years.

**Dato' Sri Tee Lip Sin** *Director – Executive director*

##### *Experience and expertise*

Dato' Sri Tee Lip Sin holds a Bachelor of Arts in Business Administration (Human Resources Management) from the University of Wales, an Associate Diploma in Commerce from Curtin University Australia and also a post-graduate Executive Diploma in Plantation Management from the University Malaya.

He has been involved in palm oil milling and management of palm oil plantations since 1995. Currently, he sits on the board of a number of private companies, and is also the Executive Director for the Prosper Group Of Companies which holds seven palm oil mills and 60,000 acres of palm oil plantations. He also has experience in operating 35,000 acres of plantation in Indonesia. Dato' Sri Tee Lip Sin was appointed Executive Director of Phosphate Resources (Malaysia) Sdn Bhd and Phosphate Resources (Singapore) Pte Ltd, both wholly owned subsidiaries of CI Resources, effective from 1 July 2015.

Dato' Sri Tee Lip Sin is a member of the Investment Committee.

##### *Other directorships*

Dato' Sri Tee Lip Sin held no other directorships of ASX listed companies during the last three years.

# CI RESOURCES LIMITED

## Directors' report

**Tee Lip Jen** *Director – Non-executive* (Appointed 18 March 2011)

*Experience and expertise*

Mr Tee Lip Jen holds a Bachelor of Mechanical Engineering from the Royal Melbourne Institute of Technology (RMIT). Since graduating from Australia, Lip Jen started his career as a Process Engineer in the manufacturing industry for 2 years before expanding his experience as a Project Engineer in a refinery plant specialising in producing downstream palm oil products.

He is currently the Assistant Chief Engineer in charge of overseeing engineering and production activities in seven palm oil mills with an estimated production output of 350,000 metric tonnes of crude palm oil per year. Apart from managing the daily activities in palm oil mills, he is also in charge of overseeing three palm oil plantation estates located in Negeri Sembilan, Malaysia with an estimated acreage of 3,400 acres.

Mr Tee Lip Jen is a member of the Audit & Risk Management Committee, Investment Committee and Remuneration & Nominations Committee.

*Other directorships*

Mr Tee Lip Jen held no other directorships of ASX listed companies during the last three years.

**Adrian Gurgone** *Director – Non-executive* (Appointed 18 March 2011)

*Experience and expertise*

Mr Gurgone is an experienced Chartered Accountant and MBA with significant experience in reporting to boards. In senior roles with Deloitte Consulting along with a UK top-tier consulting firm, he has advised multinational and mid-cap organisations across a variety of industries globally. In 2007 Adrian established a boutique management consultancy and investment firm which has grown quickly to service several ASX listed organisations, in addition to federal government and not for profit agencies.

His experience encompasses financial and business analysis, risk management and corporate governance across a range of industries including mining and resources. Adrian has also assisted several boards in Australia and overseas in improving organisational performance and in capital allocation.

Mr Gurgone is the Chairman of the Audit & Risk Management Committee and is a member of the Remuneration & Nominations Committee.

*Other directorships*

Mr Gurgone held no other directorships of ASX listed companies during the last three years.

**Dato' Sri Kamaruddin bin Mohammed** *Director – Non-executive* (Appointed 17 January 2013)

*Experience and expertise*

Dato' Sri Kamaruddin is a business and finance graduate and a Senior Fellow of Financial Services Institute of Australasia. He has had an extensive business career with Pelaburan Mara Berhad (formerly known as Amanah Saham Mara Berhad) retiring as Group Managing Director in 2008.

He has had considerable experience with the palm oil industry and is currently chairman of the Malaysian listed palm oil group Far East Holdings Berhad. He is also the Chairman of Pascorp Paper Industries Berhad. He is a Director of Amanah Saham Pahang Berhad. Dato' Sri Kamaruddin was appointed Chairman of Cheekah-Kemayan Plantations Sdn Bhd effective from 1 July 2015.

Dato' Sri Kamaruddin is Chairman of the Remuneration & Nominations Committee and is a member of the Audit & Risk Management Committee.

*Other directorships*

Dato' Sri Kamaruddin held no other directorships of ASX listed companies during the last three years.

**Clive Brown** *Director – Executive* (Appointed 9 March 2015)

Mr Brown is the former Minister for State Development in Western Australia. He was previously a director of Phosphate Resources Ltd and Non-Executive Chairman of Phosphate Resources Limited. He was appointed Executive Chairman of Phosphate Resources Limited, effective from 1 July 2015.

## CI RESOURCES LIMITED

### Directors' report

Mr Brown is a member of the Remuneration & Nominations Committee.

#### *Other directorships*

Mr Brown held no other directorships of ASX listed companies during the last three years.

#### **Directors' interests in shares and options**

As at the date of this report the interests of the Directors in the shares and options of the Company were:

	Ordinary Shares		Options over Ordinary Shares	
	Direct	Indirect	Direct	Indirect
Mr David Somerville	-	-	-	-
Mr Lai Ah Hong	-	4,235,442	-	-
Dato' Sri Tee Lip Sin	749,580	33,630,388	-	-
Mr Tee Lip Jen	1,229,150	-	-	-
Mr Adrian Gurgone	-	-	-	-
Dato' Sri Kamaruddin bin Mohammed	-	150,000	-	-
Mr Clive Brown	-	-	-	-

#### **Retirement, election and continuation in office of directors**

In accordance with the Constitution, Mr Clive Brown and Dato' Sri Kamaruddin bin Mohammed will retire, in rotation, as directors at the Annual General Meeting to be held in November 2018 and, being eligible, will offer themselves for re-election.

### COMPANY SECRETARIES

**Elizabeth Lee** - B Bus, FGIA, Grad.Dip. Corp. Gov. ASX Listed Entities *Joint Company Secretary*

Ms Lee has over 19 years experience in the areas of corporate governance and company secretarial functions. Prior to joining CI Resources Ltd, Ms Lee held company secretarial positions for Phosphate Resources Limited, Macmahon Holdings Limited, Corporate Compliance Partners and Lend Lease Primelife Limited. Elizabeth also performed contract company secretarial roles with Macquarie Bank Limited and Austock Group Limited. Ms Lee holds a Bachelor of Business majoring in Finance and Business Law from Edith Cowan University, a Graduate Diploma in Corporate Governance from Governance Institute of Australia, a Graduate Diploma in Corporate governance for ASX Listed Entities from Kaplan Financial Institute and is a Fellow member of the Governance Institute of Australia.

**Kevin Edwards** - B.Juris, LL.B *Joint Company Secretary* (Appointed 9 March 2015, Resigned 24 November 2017)

Mr Edwards has been the Company Secretary of Phosphate Resources Limited since 12 December 2006. He has been retained as an Advisor to the Board of Directors of Phosphate Resources Limited since 2004 and as Chief Operating Officer from 2 December 2009.

#### **Principal activities**

The principal activities during the year of entities within the consolidated entity were:

- mining, processing and sale of phosphate rock, phosphate dust and chalk;
- providing earthmoving, fuel pilotage, maintenance and stevedoring services to other Christmas Island organizations and
- operating a palm oil estate, processing and sale of palm oil products.

# CI RESOURCES LIMITED

## Directors' report

### Review and results of operations

A summary of consolidated revenues and results is set out below:

	<b>Results 2018 \$'000s</b>
Revenue	167,593
Profit before income tax expense	28,411
Income tax expense	(7,259)
Net Profit after income tax expense	21,152

### Earnings per share

	<b>2018 Cents</b>	<b>2017 Cents</b>
Basic earnings per share	18.30	17.81

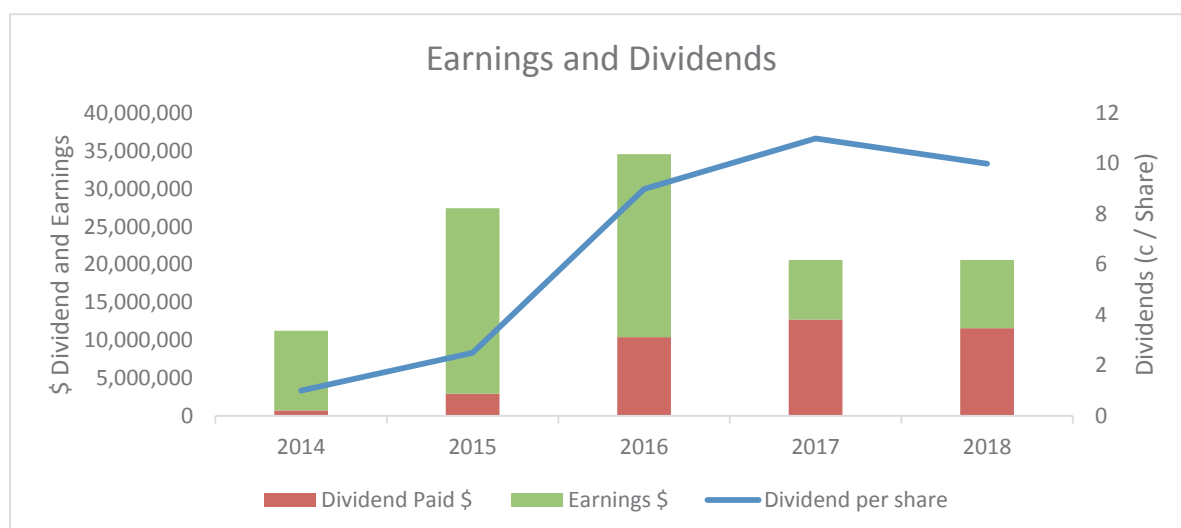
### Dividends

Dividends totaling 10 cent per share have been paid during the year ended 30 June 2018. The Directors recommend the payment of a final dividend of 5 cent per share in respect of the year ended 30 June 2018.

Below is information on the Consolidated Entity's performance for the previous five financial years and for the current year ended 30 June 2018.

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Basic earnings per share (cents)	18.30	17.81	29.93	23.73	15.42
Dividends per share (cents)	10	11	9	7.5	1
Share price (cents)	175	150	233	110	83

Below is a graph showing the Consolidated Entity's earnings and dividends for the previous five financial years and for the current year ended 30 June 2018.





## CI RESOURCES LIMITED

### Directors' report

The Company's share price performance shown in the below graph is a reflection of the Company's performance during the financial year ended 30 June 2018.



### Financial Position

At the end of the financial period the consolidated entity had net cash balances of \$51.24 million (2017: \$37.04 million) and net assets of \$196.67 million (2017: \$180.66 million).

Total liabilities amounted to \$47.39 million (2017: \$43.81 million), being trade and other creditors, provisions and borrowings.

### Significant changes in the state of affairs

There was no significant change in the state of affairs of the Company or its controlled entities during the financial year other than that referred to below and in the financial statements or notes thereto.

### Significant events after the balance date

There are no matters or circumstances that have arisen since 30 June 2018 that has significantly affected, or may significantly affect:

- (a) the consolidated entity's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the consolidated entity's state of affairs in future financial years.

### Likely developments and expected results

Based on the current commercial and legislative parameters we are confident that there are sufficient indicated and inferred resources available to sustain a viable mining operation for at least a further five years and that the palm oil business will continue to provide reasonable returns for the foreseeable future.

The Directors note that current strategies suggest that the 2019 financial year will see the Consolidated Entity remain profitable.

## **CI RESOURCES LIMITED**

### **Directors' report**

Additional information on likely developments in the operations of the consolidated entity and the expected results of those operations have not been included in this report because the Directors believe that it would be likely to result in unreasonable prejudice to the Company.

#### **Environmental regulation and performance**

The Consolidated Entity's holds various licenses regulating its mining and exploration activities on Christmas Island and also holds environmental licences from the operation of a palm oil mill issued by Malaysian Government.

Licenses issued by the Commonwealth Government of Australia and Malaysian Government include general environmental conditions, air pollution control conditions and water control conditions. These conditions regulate the management of mining waste and restoration, dust, liquid chemical storage, and water monitoring.

There have been no significant known breaches of the Consolidated Entity's licenses.

#### **Shares options**

There were no options over ordinary shares and no ordinary shares of CI Resources Limited issued during the period ended 30 June 2018 on the exercise of options.

#### **Indemnification and insurance of directors and officers**

During or since the financial year, the Company has paid premiums in respect of a contract insuring the Directors of the Group, the joint company secretaries and all Executive officers of the Group and of any related body corporate against a liability incurred as such a Director, Secretary or Executive officer to the extent permitted by the Corporations Act 2001. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors and officers liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract. The Group has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer of the Group or of any related body corporate against a liability incurred by an officer.

#### **Indemnification of auditors**

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

# CI RESOURCES LIMITED

## Directors' report

### Meetings of directors

The number of meetings of the Company's board of directors held during the year ended 30 June 2018 and the number of meetings attended by each director were:

	Directors' Meeting		Audit & Risk Management Committee		Investment Committee		Remuneration & Nomination Committee	
	A	B	A	B	A	B	A	B
Mr David Somerville	3	3	3	3	2	2	-	-
Mr Lai Ah Hong	3	3	-	-	2	2	-	-
Dato' Sri Tee Lip Sin	3	3	-	-	2	2	-	-
Mr Tee Lip Jen	3	3	3	3	2	2	1	1
Mr Adrian Gurgone	3	3	3	3	-	-	1	1
Dato' Sri Kamaruddin	3	2	3	2	-	-	1	0
Mr Clive Brown	3	2	-	-	-	-	1	1

A – Number of meetings held during the time the Director held office during the year.

B – Number of meetings attended.

The CI Resources Board has established an Audit & Risk Management, Remuneration & Nomination and Investment Committees.

### Audit & Risk Management Committee

The role of the Audit & Risk Management Committee is to oversee the Group's financial reporting, setting the risk parameters of the Group and overseeing the Group's systems of internal control and its risk management framework.

The members of the Audit & Risk Management Committee are Mr. Adrian Gurgone (Chair), Dato' Sri Kamaruddin, Mr David Somerville and Mr Tee Lip Jen.

### Investment Committee

The role of the Investment Committee is to assist the Board in fulfilling its responsibilities in evaluating investment opportunities. In fulfilling this purpose, the Committee will review the investment opportunities and make recommendations to the Board.

The members of the Investment Committee are Mr David Somerville (Chair), Mr Lai Ah Hong, Mr Tee Lip Jen and Dato' Sri Tee Lip Sin.

### Remuneration & Nomination Committee

The CI Resources Board is responsible for ensuring that the remuneration arrangements for the Group are aligned with the overall business strategy and shareholders' interests. The role of the Remuneration & Nomination Committee is to advise the Board on Director and Executive remuneration. The Committee makes recommendations to the Board on Executive remuneration arrangements, including where appropriate, all awards under the Long Term Incentive (LTI) plan and approved the targets and level of the Short Term Incentive (STI) pool.

The members of the Remuneration & Nomination Committee are Dato' Sri Kamaruddin (Chair), Mr. Adrian Gurgone, Mr Clive Brown and Mr Tee Lip Jen.

A copy of the charter of the Audit & Risk Management, Remuneration & Nomination and Investment Committee are available on the corporate governance page on the Company's website @ [www.ciresources.com.au](http://www.ciresources.com.au).

# **CI RESOURCES LIMITED**

## **Directors' report**

### **Rounding**

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

### **Non-audit services**

No non-audit services were provided by the Auditors during the year ended 30 June 2018.

### **Auditors' Independence Declaration**

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 22.

### **Auditor**

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

# CI RESOURCES LIMITED

## Directors' report

### Remuneration report (Audited)

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation
- E Additional information

The information in this section has been audited as required by section 308(3c) of the Corporations Act 2001.

#### **A Principles used to determine the nature and amount of remuneration**

In order to maintain and attract directors to facilitate the efficient and effective management of the Consolidated Entity's operations, the board established a Remuneration and Nominations Committee on 9 March 2015 which reviews the remuneration of directors on an annual basis and makes recommendations to the Board.

Aside from the discretionary bonus disclosed in the remuneration report, no other link exists, at this stage in the Company's development, between financial performance, shareholder wealth and the remuneration of Directors and Key Management Personnel.

#### *Non-executive directors*

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of the directors. Non-executive directors' fees and payments are reviewed annually by the Remuneration & Nominations Committee and the committee makes recommendations to the Board. The Board also ensures non-executive directors' fees and payments are appropriate and in line with the market as determined by comparison with companies of a similar size. The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

#### *Directors' fees*

The current base remuneration was last reviewed on 10 July 2018. Directors' remuneration is inclusive of committee fees.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The total maximum currently stands at \$880,000.

Remuneration packages may contain the following key elements:

- Director's fees
- Consultancy fees
- Post-employment benefits – superannuation
- Performance bonuses
- Other non-cash benefits

# CI RESOURCES LIMITED

## Directors' report

### Remuneration report (Audited) (continued)

The directors are also remunerated for any additional services they render the Company and such services are carried out under normal commercial terms and conditions. Engagement and payment for such services are approved by the other directors with no interest in the engagement of such services.

#### *Executive remuneration*

The objective of the Consolidated Entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management.

The Consolidated Entity has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- focuses on exploration success as the creation of shareholder value and returns
- attracts and retains high calibre executives.

Alignment to program participants' interests:

1. rewards capability and experience
2. reflects competitive reward for contribution to growth in shareholder wealth
3. provides a clear structure for earning rewards
4. provides recognition for contribution.

The executive pay and reward framework has the following components:

- Fixed remuneration (base salary, superannuation & other non-monetary benefits)
- Variable Remuneration (incentives through participation in bonus arrangements)

The combination of these components comprises the executive's total remuneration.

#### *Fixed Remuneration*

- *Base salary*

Structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market.

- *Non-monetary benefits*

Executives may receive benefits including memberships, car allowances and reasonable entertainment.

- *Retirement benefits*

Directors and employees are permitted to nominate a superannuation fund of their choice to receive superannuation contributions.

#### *Retirement allowances for directors*

There is no provision for retirement allowances for non-executive directors.



# CI RESOURCES LIMITED

## Directors' report

### Remuneration report (Audited) (continued)

#### Variable Remuneration

Executives are paid a bonus subsequent to the financial year end based on the profit of the Group for the previous year.

### B Details of remuneration

During the financial year to 30 June 2018 the directors and key management personnel of the Company were:

#### Directors of CI Resources Limited

Mr David Somerville – *Non-executive Chairman*

Mr Lai Ah Hong – *Managing Director*

Dato' Sri Tee Lip Sin – *Executive director*

Mr Tee Lip Jen – *Non-executive director*

Mr Adrian Gurgone – *Non-executive director*

Dato' Sri Kamaruddin bin Mohammed – *Non-executive director*

Mr Clive Brown – *Non executive director*

#### Other key management personnel of CI Resources Limited

Ms Elizabeth Lee – *Joint Company Secretary*

Mr Kevin Edwards - *Joint Company Secretary*

Mr Darren Gold – *Group Chief Financial Officer*

Details of the remuneration of the directors and the key management personnel of the Group are set out in the following tables.

2018	Short-term benefits				Post-employment benefits		
Name	Cash fees and consulting \$	Bonus \$	Non-monetary benefits \$	Other * \$	Superannuation \$	Total \$	Total Performance related
<i>Directors of CI Resources Limited</i>							
Mr David Somerville	162,466	-	-	-	18,684	181,150	-
Dato' Sri Tee Lip Sin	148,676	20,894	-	-	-	169,570	12.3%
Mr Tee Lip Jen	120,000	-	10,000	-	-	130,000	-
Mr Adrian Gurgone	113,150	-	3,664	-	18,000	134,814	-
Dato' Sri Kamaruddin bin Mohammed	142,300	-	-	-	-	142,300	-
Lai Ah Hong	609,420	171,844	93,166	114,490	89,845	1,078,765	15.9%
Clive Brown	167,494	20,000	8,165	-	24,471	220,130	9.1%
<i>Other key management personnel</i>							
Cosec & Bookkeeping Contract Services Pty Ltd (Elizabeth Lee – Company Secretary)	38,565	-	-	-	-	38,565	-
Darren Gold	275,000	100,000	14,231	-	43,125	432,356	23.1%
<b>Total</b>	<b>1,777,071</b>	<b>312,738</b>	<b>129,226</b>	<b>114,490</b>	<b>194,125</b>	<b>2,527,650</b>	<b>-</b>

\* Cash out of a portion of leave entitlements

# CI RESOURCES LIMITED

## Directors' report

### Remuneration report (Audited) (continued)

2017	Short-term benefits			Post-employment benefits		
Name	Cash fees and consulting \$	Bonus \$	Non-monetary benefits \$	Superannuation \$	Total \$	Total Performance related
<i><u>Directors of CI Resources Limited</u></i>						
Mr David Somerville	158,655	-	10,000	18,245	186,900	-
Dato' Sri Tee Lip Sin	183,997	40,000	-	-	223,997	17.9%
Mr Tee Lip Jen	117,000	-	9,935	-	126,935	-
Mr Adrian Gurgone	101,150	-	6,969	27,000	135,119	-
Dato' Kamaruddin bin Mohammed	139,300	-	10,000	-	149,300	-
Lai Ah Hong	572,524	280,230	77,519	98,067	1,028,340	27.3%
Clive Brown	165,586	40,000	4,750	32,613	242,949	16.5%
<i><u>Other key management personnel</u></i>						
Kevin Edwards*	310,000	150,000	5,555	-	465,555	32.2%
Cosec & Bookkeeping Contract Services Pty Ltd (Elizabeth Lee – Company Secretary)	47,526	-	-	-	47,526	-
Darren Gold	268,067	150,000	13,538	48,078	479,683	31.3%
<b>Total</b>	<b>2,063,805</b>	<b>660,230</b>	<b>138,266</b>	<b>224,003</b>	<b>3,086,304</b>	<b>-</b>

\*-Kevin Edwards ceased to be key management personnel at 30 June 2017

#### *Options provided as remuneration and shares issued on exercise of such options*

There were no options issued to key management personnel for the financial years ended 30 June 2018 and 30 June 2017.

#### *Option holdings*

No key management personnel held options over ordinary shares in the Group during the current year ended 30 June 2018 (2017: Nil)

#### *Shareholdings*

The numbers of shares in the Company held during the financial year by each director and the key management personnel of the consolidated entity, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2018	Balance at the start of the period	Changes during the period	Balance at the end of the period
<b>Name</b>			
<i><u>Directors of CI Resources Limited</u></i>			
Mr David Somerville	-	-	-
Dato' Sri Tee Lip Sin	34,379,968	-	34,379,968
Mr Tee Lip Jen	1,229,150	-	1,229,150
Mr Adrian Gurgone	-	-	-
Dato' Sri Kamaruddin bin Mohammed	150,000	-	150,000
Mr Lai Ah Hong	4,235,442	-	4,235,442
Mr Clive Brown	-	-	-
<i><u>Other key management personnel</u></i>			
Ms Elizabeth Lee	-	-	-
Mr Darren Gold	-	-	-

# CI RESOURCES LIMITED

## Directors' report

### Remuneration report (Audited) (continued)

2017 Name	Balance at the start of the period	Changes during the period	Balance at the end of the period
<b>Directors of CI Resources Limited</b>			
Mr David Somerville	-	-	-
Dato' Sri Tee Lip Sin	34,379,968	-	34,379,968
Mr Tee Lip Jen	1,229,150	-	1,229,150
Mr Adrian Gurgone	-	-	-
Dato' Sri Kamaruddin bin Mohammed	150,000	-	150,000
Mr Lai Ah Hong	4,185,442	50,000	4,235,442
Mr Clive Brown	-	-	-
<b>Other key management personnel</b>			
Ms Elizabeth Lee	-	-	-
Mr Kevin Edwards	180,354	-	180,354
Mr Darren Gold	-	-	-

Remuneration and other terms of employment for the directors are not formalised in service agreements.

The agreement for the Company Secretary of CI Resources Limited provides for the provision of consulting fees.

Major provisions of the agreements relating to remuneration are set out below:

#### *Cosec & Bookkeeping Contract Services Pty Ltd - Company Secretary*

- Term of agreement – For a period of 2 years plus 1 year, expiring on 30 August 2020.
- Base fee of \$3,150 per month for the provision of company secretarial services and an hourly rate of \$180 per hour for additional work outside the scope of this contract.

### D Share-based compensation

There were no share based payments to directors or other key management personnel during this or the previous financial year.

### E Additional information

#### *Loans to directors and executives*

There are no loans to directors or executives.

#### *Other transactions with key management personnel*

- Mr Lai Ah Hong is the owner of property MQ 77 on Christmas Island leased to Indian Ocean Stevedores Pty Ltd for three years ending 10 April 2019. Mr Lai Ah Hong received a total rent of \$28,080 during the year (2017: \$28,080).
- Mr Lai Ah Hong is the owner of property 86 Unit B, Block 790 Lam Lok Road, Drumsite, Christmas Island leased to CI Maintenance Services Pty Ltd. Mr Lai Ah Hong received a total rent of \$23,053 during the year (2017: \$21,956).
- Mr Chan Khye Meng is the sole proprietor of Meng Chong trading based on Christmas Island. Meng Chong Trading provided goods for office amenities totalling \$7,230 (2017: \$12,536) during the year.

#### *Shares under option*

There are no unissued ordinary shares of CI Resources Limited under option at the date of this report.

**- End of Audited Remuneration Report -**

# CI RESOURCES LIMITED

## Directors' report

### Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to be 'David Somerville', written over a light blue grid background.

David Somerville  
Chairman

A handwritten signature in blue ink, appearing to be 'Lai Ah Hong', written over a light blue grid background.

Lai Ah Hong  
Managing Director

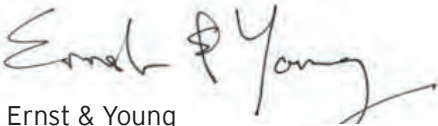
Perth, Western Australia  
29 August 2018

## Auditor's Independence Declaration to the Directors of CI Resources Limited

As lead auditor for the audit of CI Resources Limited for the financial year ended 30 June 2018, I declare to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) No contraventions of any applicable code of professional conduct in relation to the audit.

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



Ernst & Young



Darryn Hall  
Partner  
29 August 2018

# CI RESOURCES LIMITED

## Corporate Governance Disclosures

CI Resources Limited (CI Resources or the Company) has interests in phosphate assets in Australia and palm oil plantations in Malaysia. The Company is committed to protecting and enhancing shareholder value and adopting best practice governance policies and practices.

The Corporate Governance Statement outlines the main Corporate Governance practices that were in place throughout the financial year, which comply with the ASX Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council (third edition).

The following summarizes the eight recommended ASX Principles of Good Governance and the Company's policies and procedures against each of the principles. Where a recommendation has not been followed, this is clearly stated along with an explanation for the departure.

### Principle 1 – Lay solid foundations for management and oversight

The Board currently consists of seven Directors of whom, four are non-independent directors. The Board and the Company act within a statutory framework – principally the *Corporations Act* and also the Constitution of the Company. Subject to this statutory framework, the Board has the authority and the responsibility to perform the functions, determine the policies and control the affairs of CI Resources Limited in accordance with the Board Charter published on the Company website.

The Directors are aware of their responsibilities and obligations to protect shareholder's funds. Due care is taken to explain both the positive and negative aspects in all reports to highlight the inherent risks involved in the phosphate and palm oil plantations industry. The Board must ensure that the Company acts in accordance with prudent commercial principles and satisfies shareholders – consistent with maximising the Company's long term value.

The Board of Directors determines the strategic direction of the Company by regularly monitoring and evaluating the performance and status of each of the Company's projects and activities. No formal evaluation of Board members took place this financial year.

To assist it in carrying out its responsibilities, the Board had three Board Committees each chaired by an Independent Director as at 30 June 2018:

- Audit & Risk Management Committee;
- Remuneration & Nomination Committee; and
- Investment Committee

The Board has delegated the day to day management of CI Resources and its business to the Managing Director. The Managing Director is supported in this function by Senior Executives with responsibilities as delegated by the Managing Director. Each of the Senior Executive has a formal job description and employment contract which describes their term of office, duties, rights and responsibilities and entitlements on termination. Formal performance evaluation of Senior Executives is conducted annually.

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

A copy of the Committees Charters can be found on the CI Resources website ([www.ciresources.com.au](http://www.ciresources.com.au))

### *Diversity Policy*

CI Resources Limited recognises the value contributed to the organisation by employing people with varying skills, cultural backgrounds, ethnicity and experience. The Company believes its diverse workforce is the key to its continued growth, improved productivity and performance.

We actively value and embrace the diversity of our employees and are committed to creating an inclusive workplace where everyone is treated equally and fairly, and where discrimination, harassment and inequity are not tolerated.



## CI RESOURCES LIMITED

### Corporate Governance Disclosures

85% of the Company's employees are from Chinese and Malay descent.

As at 30 June 2018 the Company has 20% females in employment and 13% of the Board and Company Secretaries are female. 27% of the Group's managers are female.

A copy of the Diversity Policy can be found on the CI Resources website ([www.ciresources.com.au](http://www.ciresources.com.au))

#### Principle 2 – Structure the board to add value

The Board comprises of a Non-executive Independent Chairman, three Executive Directors and three Non-Executive Directors (of whom 2 are Independent).

The Board is satisfied that the current mix of independent and non-independent Directors is in the best interests of the Company and ensures that the Company has available the requisite levels of skill and experience in both the phosphate and palm oil sectors.

Full details of the Company's Board of Directors and their relevant experience and skills are detailed within the Directors' Report. The Company's Constitution requires that one third of the members of the Board retire by rotation each year but they are eligible for re-election.

Any new Director appointed holds office only until the next general meeting and is then eligible for re-election.

The Board will ensure that any such person to be appointed as a Director possesses an appropriate level of qualifications, expertise and experience. The Remuneration and Nomination Committee review the board composition annually to ensure it continues to have the right balance of skills, experience, independence and knowledge to discharge its responsibilities.

Under the Remuneration and Nomination Committee Charter, the Committee must have at least three members who are non-executive directors with a majority of whom are independent directors. The Chair of the Board must not be the Chair of the Committee.

Key terms and conditions relating to the appointment of non-executive directors are set out in a formal letter of appointment.

#### Principle 3 – Act ethically and responsibly

The Board place great emphasis on ethics and integrity in all its business dealings and the Board considers the business practices and ethics exercised by individual board members and key executives to be of the highest standards.

The Board, being committed to the highest standards of ethical business conduct has adopted a formal Code of Conduct to guide executives, management and staff in carrying out their duties and responsibilities. The Code is subject to ongoing review to ensure that the Company's standards of behaviour and corporate culture reflect best practice in corporate governance. The Code is based on the following key principles:

- ◆ acting with honesty and integrity
- ◆ abiding by laws and regulations
- ◆ respecting confidentiality and handling information in a proper manner
- ◆ maintaining the highest standards of professional behaviour
- ◆ avoiding conflicts of interest
- ◆ striving to be a good corporate citizen and to achieve community respect.

CI Resources Limited also has a number of specific policies on various legal and ethical issues. These policies are designed to foster and maintain ethical business conduct within the Company, and govern such things as workplace and human resources practices, handling of confidential information, insider trading, risk

## CI RESOURCES LIMITED

### Corporate Governance Disclosures

management and legal compliance.

A formal Securities Trading Policy has been adopted, lodged and released to the market. This is to ensure compliance with the “insider trading” provisions of the Corporations Act by executive staff who may be in possession of sensitive information concerning the Company’s affairs, prior to release to the market.

In addition, the Board has guidelines dealing with disclosure of interests by Directors in participating and voting at Board meetings where any such interests are discussed. In accordance with the Corporations Act, any Director with a material personal interest in a matter being considered by the Board must not be present when the matter is being considered, and may not vote on the matter.

A copy of the Corporate Code of Conduct and the Securities Trading Policy can be found on the CI Resources website.

#### Principle 4 – Safeguard integrity in financial reporting

The Board has established an Audit & Risk Management Committee (ARC). The ARC’s primary function is to ensure that an effective internal control framework exists within the Company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, including the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information.

The ARC is responsible for the appointment of the external auditors of the Company, and will time to time review the scope, performance and fees of those external auditors. The Company has retained Ernst & Young as its auditors. The Ernst & Young partner managing the external audit will attend the 2017 AGM and be available to respond to shareholder’s questions relating to external audit.

The ARC is responsible for engaging independent audit consultants to carry out an internal audit program across designated operational functions.

Under the Audit & Risk Management Committee Charter, the Committee must have at least three members, who are non-executive directors with a majority of independent directors. The Committee members must have basic knowledge of finance and accounting practices. The Chair of the Board must not be the Chair of the Committee.

A copy of the Audit & Risk Management Charter can be found on the CI Resources website. ([www.ciresources.com.au](http://www.ciresources.com.au))

#### Principle 5 – Make timely and balanced disclosure

The Company complied with all disclosure requirements to ensure that it manages the disclosure of price sensitive information effectively and in accordance with the requirements as set out by regulatory bodies. All market disclosures are approved by the Board.

The Chairman and Company Secretaries are authorised to communicate with shareholders and the market in relation to Board approved disclosures. The Chairman and Company Secretaries are responsible for ensuring compliance with the continuous disclosure to the Australian Securities Exchange, analysts, broker, shareholders, the media and the public.

A copy of the Continuous Disclosure Policy can be found on the CI Resources website. ([www.ciresources.com.au](http://www.ciresources.com.au))

#### Principle 6 – Respect the rights of shareholders

The Company has a positive strategy to communicate with shareholders and actively promote shareholder involvement in the Company. It aims to continue to increase and improve the information available to

## CI RESOURCES LIMITED

### Corporate Governance Disclosures

shareholders on its website. All Company announcements, presentations to analysts and other significant briefings are posted on the Company's website after release to the Australian Securities Exchange. ([www.ciresources.com.au](http://www.ciresources.com.au))

In addition the Company encourages shareholders to register with the Share Registry to receive communications electronically.

CI Resources encourages and welcomes shareholder participation at general meetings with the AGM being the major forum for shareholders to ask questions about the performance of the Company and to provide feedback.

#### Principle 7 – Recognise and manage risk

Please refer to details of the Audit & Risk Management Committee under Principle 4.

The Audit & Risk Management Committee oversees the establishment, implementation and ongoing review of the Company's risk management and internal control system.

The Christmas Island operations are carried on in an environmentally sensitive area and accordingly operations are carefully monitored to ensure compliance with approved Environmental Management Plans developed in accordance with legislative requirements.

The Company maintains and reviews annually comprehensive Public Liability and "All Risks" insurance policies for all its business and operational activities.

The Board has received assurance from the Managing Director and the Group Chief Financial Officer that, the directors' declaration provided in accordance with section 295A of the *Corporations Act*, is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

#### Principle 8 – Remunerate fairly and responsibly

The Board has established the Remuneration & Nomination Committee. The Committee operates under a formal Remuneration & Investment Committee Charter which is published on the Company's website. The role of the Committee is to review and assist the Board to determine and review compensation arrangements for the Directors, the Managing Director, and Senior Executives. The Directors fees are determined by the Company in general meetings and other consulting services are remunerated at levels agreed by the Board of Directors. Access is available to the Company's auditors and senior managers, and the ability to consult independent experts when necessary.

In relation to non-executive directors, there are presently no schemes for termination or retirement benefits, other than statutory superannuation.

The Board recognises that the interests of all stakeholders will be best served when the Company, its directors and staff adhere to highest standards of business ethics and comply with the law.

**Other than disclosed above, during the Consolidated Entity's financial period the Company has complied with the ASX Principles and Recommendations.**

# CI Resources Limited

## Financial report – For the financial year ended 30 June 2018

Contents	Page
Financial report	
Consolidated Statement of Comprehensive Income	28
Consolidated Statement of Financial Position	29
Consolidated Statement of Changes in Equity	30
Consolidated Statement of Cash Flows	31
Notes to the financial statements	32
Directors' declaration	69
Independent audit report to the members	70

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

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report, which is not part of this financial report.

The financial report was authorised for issue by the directors on 29 August 2018. The consolidated entity has the power to amend and reissue the financial report.

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 2018

	Notes	2018 \$'000s	2017 \$'000s
<b>Revenue</b>	4(a)	167,593	149,812
Cost of sales	4(b)	(131,700)	(109,315)
<b>Gross Profit</b>		<b>35,893</b>	<b>40,497</b>
Other income	4(c)	8,857	2,550
Other expenses	4(d)	(15,996)	(14,896)
Finance costs	4(e)	(300)	(301)
Change in fair value of biological asset		(43)	236
<b>Profit before income tax</b>		<b>28,411</b>	<b>28,086</b>
Income tax expense	5	(7,259)	(7,500)
<b>Profit for the period after income tax</b>		<b>21,152</b>	<b>20,586</b>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net currency translation differences		6,421	(4,110)
Other comprehensive income for the year		6,421	(4,110)
<b>Total comprehensive income for the year</b>		<b>27,573</b>	<b>16,476</b>
<b>Profit is attributable to:</b>			
Members of CI Resources Limited		21,152	20,586
		<b>21,152</b>	<b>20,586</b>
<b>Total comprehensive income for the year is attributable to:</b>			
Members of CI Resources Limited		27,573	16,476
		<b>27,573</b>	<b>16,476</b>
Earnings per share for profit attributable to the ordinary equity holders of the parent:			
Basic earnings per share	6	18.30 cents	17.81 cents
Diluted earnings per share		18.30 cents	17.81 cents

# CI RESOURCES LIMITED

## Consolidated Statement of Financial Position As at 30 June 2018

	Notes	2018 \$'000s	2017 \$'000s
<b>Current assets</b>			
Cash and cash equivalents	7	51,243	37,038
Term deposits		10,918	15,302
Trade and other receivables	8	44,147	46,518
Inventories	9	23,341	19,141
Biological asset	13(a)	194	217
Forward exchange contract receivable	27	-	348
Prepayments		334	36
Income tax receivable		2,310	2,144
Total current assets		<b>132,487</b>	<b>120,744</b>
<b>Non-current assets</b>			
Other financial assets	10	7,284	7,274
Property, plant & equipment	11	80,586	73,419
Goodwill	12	7,158	7,158
Biological assets	13(b)	6,670	6,641
Deferred tax assets	5	9,882	9,229
Total non-current assets		<b>111,580</b>	<b>103,721</b>
<b>Total assets</b>		<b>244,067</b>	<b>224,465</b>
<b>Current liabilities</b>			
Trade and other payables	15	13,933	9,990
Borrowings	16	13	12
Forward exchange contract payable	27	256	-
Provisions	17	5,762	6,121
Total current liabilities		<b>19,964</b>	<b>16,123</b>
<b>Non-current liabilities</b>			
Borrowings	16	41	48
Deferred tax liabilities	5	8,943	8,418
Provisions	17	18,445	19,217
Total non-current liabilities		<b>27,429</b>	<b>27,683</b>
<b>Total liabilities</b>		<b>47,393</b>	<b>43,806</b>
<b>Net assets</b>		<b>196,674</b>	<b>180,659</b>
<b>Equity</b>			
Contributed equity	18	72,160	72,160
Reserves	19	11,529	5,108
Retained earnings	20	112,985	103,391
<b>Total equity</b>		<b>196,674</b>	<b>180,659</b>



# CI RESOURCES LIMITED

## Consolidated Statements of Changes in Equity For the financial year ended 30 June 2018

	Contributed Equity \$'000s	Foreign currency translation Reserve \$'000s	Discount on Acquisition of NCI \$'000s	Retained earnings \$'000s	Total \$'000s
<b>1 July 2017</b>	<b>72,160</b>	<b>(3,391)</b>	<b>8,499</b>	<b>103,391</b>	<b>180,659</b>
Profit for the year	-	-	-	21,152	21,152
Other comprehensive income for the year	-	6,421	-	-	6,421
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>6,421</b>	<b>-</b>	<b>21,152</b>	<b>27,573</b>
<i>Transactions with owners in their capacity as owners:</i>					
Dividends paid	-	-	-	(11,558)	(11,558)
<b>30 June 2018</b>	<b>72,160</b>	<b>3,030</b>	<b>8,499</b>	<b>112,985</b>	<b>196,674</b>
<b>1 July 2016 (restated)</b>	<b>72,160</b>	<b>719</b>	<b>8,499</b>	<b>95,519</b>	<b>176,897</b>
Profit for the year	-	-	-	20,586	20,586
Other comprehensive income for the year	-	(4,110)	-	-	(4,110)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(4,110)</b>	<b>-</b>	<b>20,586</b>	<b>16,476</b>
<i>Transactions with owners in their capacity as owners:</i>					
Dividends paid	-	-	-	(12,714)	(12,714)
<b>30 June 2017</b>	<b>72,160</b>	<b>(3,391)</b>	<b>8,499</b>	<b>103,391</b>	<b>180,659</b>

# CI RESOURCES LIMITED

## Consolidated Statement of Cash Flows For the financial year ended 30 June 2018

	Note	2018 \$'000s	2017 \$'000s
<b>Cash flows from operating activities</b>			
Receipts from customers		162,529	142,190
Payments to suppliers and employees (inclusive of goods and services tax)		(126,094)	(125,812)
Interest received		927	846
Borrowing Costs		-	(1)
Income taxes paid		(8,612)	(13,781)
<b>Net cash flows from operating activities</b>	26	<b>28,750</b>	<b>3,442</b>
<b>Cash flows from investing activities</b>			
Movement in term deposits		4,374	(647)
Proceeds from sale of property, plant and equipment		52	101
Purchase of property, plant and equipment		(8,886)	(10,042)
<b>Net cash flows used in investing activities</b>		<b>(4,460)</b>	<b>(10,588)</b>
<b>Cash flows from financing activities</b>			
Proceeds/(Repayment) of borrowings		(6)	(100)
Dividends paid		(11,558)	(12,714)
<b>Net cash flows used in financing activities</b>		<b>(11,564)</b>	<b>(12,814)</b>
<b>Net (decrease) / increase in cash and cash equivalents held</b>		<b>12,726</b>	<b>(19,960)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>37,038</b>	<b>57,696</b>
Impact of foreign exchange		1,479	(698)
<b>Cash and cash equivalents at the end of the financial year</b>	7	<b>51,243</b>	<b>37,038</b>

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2018

### 1. Corporate Information

This financial report of CI Resources Limited ('Company') for the year ended 30 June 2018 comprises the Company and its subsidiaries ('Group'). The financial report of CI Resources Limited for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the directors on 29 August 2018.

The separate financial statements of the parent entity, CI Resources Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

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 2018, 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. The financial report has been prepared on a historical cost basis except for derivatives and biological assets, 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.

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 2018, except for the adoption of new and amended Accounting Standards and Interpretations effective 1 July 2017, including:

- AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
- AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle

**Notes to the financial statements**  
**For the year ended 30 June 2018**

- ii) 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 2018. These are outlined in the table below:

<b>Accounting Standard &amp; Interpretations</b>	
<b>Title:</b>	<b>AASB 9 Financial Instruments, and relevant amending standards</b>
Application Date of standard:	1 January 2018
Application date for Group:	30 June 2019
<p><b>Summary:</b>                      AASB 9 replaces AASB 139 <i>Financial Instruments: Recognition and Measurement</i>.                      Except for certain trade receivables, an entity 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 (FVTPL), transaction costs. Debt instruments are subsequently measured at FVTPL, amortised cost, or fair value through other comprehensive income (FVOI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch.                      Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss.                      For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss.                      All other AASB 139 classification and measurement requirements for financial liabilities have been carried forward into AASB 9, including the embedded derivative separation rules and the criteria for using the FVO.                      The incurred credit loss model in AASB 139 has been replaced with an expected credit loss model in AASB 9. The requirements for hedge accounting have been amended to more closely align hedge accounting with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies in the hedge accounting model in AASB 139.</p>	
<p><b>Impact on Group Financial Report:</b>                      The full impact on the Group has not yet been assessed. However based on the initial assessment the Group considers that the application of this standard will have an immaterial impact on the financial report.</p>	
<b>Title:</b>	<b>AASB 15 Revenue from Contracts with Customers, and relevant amending standards</b>
Application Date of standard:	1 January 2018
Application date for Group:	30 June 2019
<p><b>Summary:</b>                      AASB 15 replaces all existing revenue requirements in Australian Accounting Standards (AASB 111 <i>Construction Contracts</i>, AASB 118 <i>Revenue</i>, AASB Interpretation 13 <i>Customer Loyalty Programmes</i>, AASB Interpretation 15 <i>Agreements for the Construction of Real Estate</i>, AASB Interpretation 18 <i>Transfers of Assets from Customers</i> and AASB Interpretation 131 <i>Revenue – Barter Transactions Involving Advertising Services</i>) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as AASB 117 <i>Leases</i> (or AASB 16 <i>Leases</i>, once applied).                      The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:                      ► Step 1: Identify the contract(s) with a customer                      ► Step 2: Identify the performance obligations in the contract                      ► Step 3: Determine the transaction price                      ► Step 4: Allocate the transaction price to the performance obligations in the contract                      ► Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.</p>	
<p><b>Impact on Group Financial Report</b>                      The Group has done an assessment of the impact of adopting AASB 15. In relation to the Revenue from contracts with Customers relating to the sale of goods the Group has assessed that the adoption of AASB 15 will have not have a material impact on the recognition and measurement of this revenue. In relation to revenue from Revenue from contracts with Customers relating to rendering of Services, the Group has assessed that has assessed that the adoption of AASB 15 will have not have a material impact on the recognition and measurement of this revenue.</p>	
<b>Title:</b>	<b>AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions</b>
Application Date of standard:	1 January 2018
Application date for Group:	30 June 2019

**Notes to the financial statements**  
**For the year ended 30 June 2018**

<b>Summary:</b> This Standard amends AASB 2 <i>Share-based Payment</i> , clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: <ul style="list-style-type: none"> <li>▶ The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments</li> <li>▶ Share-based payment transactions with a net settlement feature for withholding tax obligations</li> <li>▶ A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.</li> </ul>	
<b>Impact on Group Financial Report:</b> It is not expected that this will have a material impact on the Group.	
Title:	AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investments Property, Annual Improvements 2014-2016 Cycle and Other Amendments
Application Date of standard:	1 January 2018
Application date for Group:	30 June 2019
<b>Summary:</b> The amendments clarify certain requirements in: <ul style="list-style-type: none"> <li>• AASB 1 <i>First-time Adoption of Australian Accounting Standards</i> – deletion of exemptions for first-time adopters and addition of an exemption arising from AASB Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i></li> <li>• AASB 12 <i>Disclosure of Interests in Other Entities</i> – clarification of scope</li> <li>• AASB 128 <i>Investments in Associates and Joint Ventures</i> – measuring an associate or joint venture at fair value</li> <li>• AASB 140 <i>Investment Property</i> – change in use.</li> </ul>	
<b>Impact on Group Financial Report:</b> It is not expected that this will have a material impact on the Group.	
Title:	AASB 2017-3 Amendments to Australian Accounting Standards – Clarifications to AASB 4
Application Date of standard:	1 January 2018
Application date for Group:	30 June 2019
<b>Summary:</b> The amendments confirm that in Australia compliance with AASB 1023 <i>General Insurance Contracts</i> and AASB 1038 <i>Life Insurance Contracts</i> ensures simultaneous compliance with AASB 4. The Standard also amends AASB 4 to ensure the relief available to issuers of insurance contracts set out in AASB 2016-6 can be applied by an entity applying either AASB 1023 and AASB 1038 if the entity otherwise meets the qualifying criteria.	
<b>Impact on Group Financial Report:</b> It is not expected that this will have a material impact on the Group.	
Title:	AASB Interpretation 22 Foreign Currency Transactions and Advance Consideration
Application Date of standard:	1 January 2018
Application date for Group:	30 June 2019
<b>Summary:</b> The Interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transaction for each payment or receipt of advance consideration.	
<b>Impact on Group Financial Report:</b> It is not expected that this will have a material impact on the Group.	
Title:	AASB 16 Leases
Application Date of standard:	1 January 2019
Application date for Group:	30 June 2020

**Notes to the financial statements**  
**For the year ended 30 June 2018**

<p><b>Summary:</b> AASB 16 requires lessees to account for all leases under a single onbalance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.</p>	
<p><b>Impact on Group Financial Report:</b> The full impact on the Group has not yet been assessed. However the Group expects that the impact will be similar to that as disclosed in the minimum lease payments of operating leases.</p>	
<b>Title:</b>	<b>AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle</b>
Application Date of standard:	1 January 2019
Application date for Group:	30 June 2020
<p><b>Summary:</b> The amendments clarify certain requirements in: ► AASB 3 <i>Business Combinations</i> and AASB 11 <i>Joint Arrangements</i> - previously held interest in a joint operation ► AASB 112 <i>Income Taxes</i> - income tax consequences of payments on financial instruments classified as equity ► AASB 123 <i>Borrowing Costs</i> - borrowing costs eligible for capitalisation.</p>	
<p><b>Impact on Group Financial Report:</b> It is not expected that this will have a material impact on the Group.</p>	
<b>Title:</b>	<b>AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation</b>
Application Date of standard:	1 January 2019
Application date for Group:	30 June 2020
<p><b>Summary:</b> This Standard amends AASB 9 <i>Financial Instruments</i> to permit entities to measure at amortised cost or fair value through other comprehensive income particular financial assets that would otherwise have contractual cash flows that are solely payments of principal and interest but do not meet that condition only as a result of a prepayment feature. This is subject to meeting other conditions, such as the nature of the business model relevant to the financial asset. Otherwise, the financial assets would be measured at fair value through profit or loss. The Standard also clarifies in the Basis for Conclusion that, under AASB 9, gains and losses arising on modifications of financial liabilities that do not result in derecognition should be recognised in profit or loss.</p>	
<p><b>Impact on Group Financial Report:</b> It is not expected that this will have a material impact on the Group.</p>	
<b>Title:</b>	<b>AASB Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>, and relevant amending standards</b>
Application Date of standard:	1 January 2019
Application date for Group:	30 June 2020
<p><b>Summary:</b> The Interpretation clarifies the application of the recognition and measurement criteria in AASB 112 <i>Income Taxes</i> when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following: ► Whether an entity considers uncertain tax treatments separately ► The assumptions an entity makes about the examination of tax treatments by taxation authorities ► How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates ► How an entity considers changes in facts and circumstances.</p>	
<p><b>Impact on Group Financial Report:</b> It is not expected that this will have a material impact on the Group.</p>	

**Notes to the financial statements**  
**For the year ended 30 June 2018**

<b>Title:</b>	<i>Conceptual Framework for Financial Reporting</i>
Application Date of standard:	1 January 2020
Application date for Group:	30 June 2021
<p><b>Summary:</b> The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows:</p> <ul style="list-style-type: none"> <li>▶ Chapter 1 – The objective of financial reporting</li> <li>▶ Chapter 2 – Qualitative characteristics of useful financial information</li> <li>▶ Chapter 3 – Financial statements and the reporting entity</li> <li>▶ Chapter 4 – The elements of financial statements</li> <li>▶ Chapter 5 – Recognition and derecognition</li> <li>▶ Chapter 6 – Measurement</li> <li>▶ Chapter 7 – Presentation and disclosure</li> <li>▶ Chapter 8 – Concepts of capital and capital maintenance</li> </ul> <p><i>Amendments to References to the Conceptual Framework in IFRS Standards</i> has also been issued, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event. In addition, relief has been provided in applying IFRS 3 and developing accounting policies for regulatory account balances using IAS 8, such that entities must continue to apply the definitions of an asset and a liability (and supporting concepts) in the 2010 Conceptual Framework, and not the definitions in the revised Conceptual Framework.</p>	
<p><b>Impact on Group Financial Report:</b> The Group has not yet assessed the impact.</p>	

**(c) Basis of consolidation**

The consolidated financial statements comprise the financial statements of CI Resources Limited (“company” or “parent entity”) as at 30 June 2018 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 the Group has exposed, or has rights to variable return from its involvement in the subsidiary and has the ability to affect those return through its 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:
  - The contractual arrangement(s) with the other vote holders of the investee
  - Rights arising from other contractual arrangements
  - 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



## Notes to the financial statements For the year ended 30 June 2018

deficit balance. 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 will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is 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 credited in the income statement except where it relates to items that may be credited directly to 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.

### (e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of mining stocks 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.

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.



**Notes to the financial statements  
For the year ended 30 June 2018****(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.

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from these assets (refer to note 2(ah) for accounting policy on recoverable amount).

The cost of fixed assets constructed within the economic entity 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.

**Depreciation**

The depreciable amount of all fixed assets including building and capitalised lease assets, 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. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The depreciation rates used for each class of depreciation assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Leasehold and strata title properties	Shorter of the lease and 2%
Plant and equipment under lease:	
- the shorter of the lease term and life span	20 – 30%
Plant and equipment	5 – 40%
Mine properties	Life of mine

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

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.

## Notes to the financial statements For the year ended 30 June 2018

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.

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) Mine properties

Costs incurred prior to the startup of operations or mining assets acquired are accumulated at cost. Such costs are only carried forward to the extent that they are expected to be recouped through the successful exploitation of the known reserves.

#### Impairment

The carrying amount of mine properties is reviewed annually by the directors to ensure it is not in excess of the recoverable amount of these assets (refer to note 2(ah) for accounting policy on recoverable amount).

### (i) Decommissioning

Estimated decommissioning expenditure is recognised as a provision when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amounts are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

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 decommissioning 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 decommissioning asset.

### (j) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the economic entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease.

Lease payments of operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

**Notes to the financial statements**  
**For the year ended 30 June 2018**

**(k) Derivative financial instruments**

Derivative financial instruments are used by the Group to provide an economic hedge of exposures to exchange rates. The consolidated entity does not apply hedge accounting and accordingly all fair value movements on derivative financial instruments are recognised in the statement of comprehensive income.

Derivative financial instruments are stated at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. The resulting gain or loss is recognised in profit or loss immediately.

The fair values of forward currency contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

**(l) Impairment of non-financial assets other than goodwill**

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.

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 are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

**(m) Intangibles**

**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.

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

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. 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 costs are capitalised only when technical feasibility studies indicate that the project will deliver future economic benefits and these benefits can be measured reliably.

**Notes to the financial statements**  
**For the year ended 30 June 2018**

**(n) Foreign currency transactions and balances**

**Functional and presentation currency**

The functional currency of each of the group's entities 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.

**(o) Cash and cash equivalents**

Cash and cash equivalents includes 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.

**(p) Trade and other receivables**

Trade receivables, which generally have 30 to 90 day terms, are carried at nominal amounts due less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written-off when identified.

Receivables from related parties are recognised and carried at the nominal amount due. An estimate for doubtful debts is considered based on the financial position of the related party.

**(q) Trade and other payables**

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

## Notes to the financial statements For the year ended 30 June 2018

### (r) 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.

The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services
- Nature of the production processes
- Type or class of customer for the products and services
- Methods used to distribute the products or provide the services, and if applicable
- Nature of the regulatory environment

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately.

However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for unallocated segments.

### (s) 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 139 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.

**Notes to the financial statements  
For the year ended 30 June 2018**

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

**(t) Revenue****Sale of goods**

Revenue is recognised when there has been a passing of the significant risks and rewards of ownership, which means the following:

- The product is in a form suitable for delivery and no further processing is required by or on behalf of the consolidated entity;
- The quantity and quality of the product can be determined with reasonable accuracy;
- The product has been despatched to the customer and is no longer under the physical control of the consolidated entity;
- The selling price can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the consolidated entity; and
- The costs incurred, or expected to be incurred, in respect of the transaction can be measured reliably.

**Interest**

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

**Rendering of services**

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

**Dividends**

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

**(u) 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.

**Notes to the financial statements**  
**For the year ended 30 June 2018**

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.

**(v) 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. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

**(w) 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.

**(x) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of 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 recognised in income during the period in which they are incurred.

**(y) Bearer plants & Plantation development costs**

Bearer plants are measured at cost, less any subsequent accumulated depreciation and impairment. Prior to maturity, the costs of bearer plants includes 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.

*Plantation costs*

Costs incurred on land clearing are capitalised as plantation development costs and is amortised over the economic useful life of the asset (25 years). Costs on the concession lease with a term of 60 years are capitalised and amortised over the remaining term of lease.

*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 years.

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.

**(z) 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.



# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2018

### (aa) 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.

### (ab) 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 flow.

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

### (ac) Financial instruments

#### Recognition

Financial instruments are initially measured at fair value, which includes transaction costs, when the contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the consolidated entity provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the statement of financial position date which are classified as non-current assets and carried at amortised cost. Loans and receivables are included in receivables in the statement of financial position.

#### Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal repayments and amortisation.

#### Impairment

The Consolidated Entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

### (ad) Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

Under the equity method, the investment in an associate or 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



## Notes to the financial statements For the year ended 30 June 2018

net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or 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 associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

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

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or 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 associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

### **(ae) 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.

### **(af) Comparative figures**

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

### **(ag) 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.

**Notes to the financial statements**  
**For the year ended 30 June 2018**

**(ah) Impairment of assets**

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units).

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment losses relating to goodwill cannot be reversed in future periods.

**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 for at least 5 years on the current market parameters and expectations.

Determination of mineral resources

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:

Accounts receivable

The recoverability of accounts receivable is assessed to determine if any impairment is required. This assessment is based on factors such as contractual agreements, the past payment practices of debtors, credit worthiness, subsequent receipts and any history of past default.

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. Where a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of 'value in use' (being the net present value of expected future cash flows of the relevant cash generating unit) and 'fair value less costs to sell'.

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.

## Notes to the financial statements For the year ended 30 June 2018

Variations to the expected future cash flows, and the timing thereof, could result in significant changes to any impairment losses recognised, if any, which could in turn impact future financial results.

### 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.

### 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.

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.

### Fair value of biological assets

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 a number of judgements are used in estimating the inputs to the fair value less estimated point of sales costs. Refer note 14 for significant assumptions.

### 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 2018

	2018 \$'000s	2017 \$'000s
<b>4. Revenue and expenses</b>		
<b>a) Revenue</b>		
Sales	156,905	139,511
Rendering of services	9,761	9,437
Interest income	927	864
	<b>167,593</b>	<b>149,812</b>
<b>b) Cost of sales</b>		
Production costs	105,256	84,546
Shipping & marketing	20,150	18,726
Depreciation	6,294	6,043
	<b>131,700</b>	<b>109,315</b>
<b>c) Other income</b>		
Net gain on disposal of assets	-	27
Net foreign exchange gains	3,040	-
Insurance claim	5,817	2,500
Other	-	23
	<b>8,857</b>	<b>2,550</b>
<b>d) Other expenses</b>		
Administration	13,027	12,223
Operating lease expense	520	647
Net loss on disposal of assets	29	-
Impairment of identifiable asset	1,300	-
Bad debt expense	34	1
Redundancy expense	981	847
Depreciation	105	101
Net foreign exchange loss	-	1,077
	<b>15,996</b>	<b>14,896</b>
<b>e) Finance costs</b>		
Accretion on decommissioning provision	300	300
Finance lease	-	1
	<b>300</b>	<b>301</b>
<b>f) Employee benefits expense</b>	<b>26,759</b>	<b>27,272</b>

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 \$2,154,000.

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2018

### 5. Income tax

	2018	2017
	\$'000s	\$'000s
The major components of income tax are:		
<b>Statement of Comprehensive Income</b>		
<i>Current income tax</i>		
Current income tax charge	7,700	7,841
Adjustments in respect of current income tax of previous years	(313)	563
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	1,430	886
Adjustments in respect of deferred tax of previous years	(1,558)	(1,790)
Income tax expense reported in the Statement of Comprehensive Income	<b>7,259</b>	<b>7,500</b>

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	28,411	28,086
At the Group's statutory income tax rate of 30% (2017: 30%)	8,523	8,426
Income/expenditure not allowable for income tax purposes:		
Add:		
- Adjustments in respect of current income tax of previous years	(313)	563
- Prior year adjustment in respect of temporary difference	(1,558)	(1,790)
- Effect of partial tax exemption and tax relief	(37)	(29)
- Assessable income for income tax purposes	26	-
- Expenditure not allowable for income tax purposes	871	598
- Deferred tax asset not brought to account	143	125
- Recoupment of previously unrecognised deferred tax asset	(41)	-
- Differences due to exchange rates applied to temporary differences and changes in tax rates	(55)	(117)
- Difference in global tax rates	(300)	(276)
Aggregate income tax expense	<b>7,259</b>	<b>7,500</b>

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2018

	<i>Statement of Financial Position</i>		<i>Statement of Comprehensive Income</i>	
	2018	2017	2018	2017
	\$'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	(1,831)	(1,979)	148	374
Property, plant and equipment	(7,115)	(6,424)	(691)	(1,727)
Receivables	3	(15)	18	15
Gross deferred income tax liabilities	<b>(8,943)</b>	<b>(8,418)</b>		
<i>Deferred tax assets</i>				
Other payables and provisions	8,937	7,434	1,503	(136)
Property, plant and equipment	629	816	(187)	178
Other financial assets	(455)	263	(718)	155
Inventories	423	399	24	312
Investments	9	-	9	-
Receivables	317	317	-	(75)
Tax losses	22	-	22	-
Gross deferred income tax assets	<b>9,882</b>	<b>9,229</b>		
Deferred tax income/(expense)			128	(904)

CI Resources Limited and its wholly owned controlled entities have not entered into a tax consolidation agreement.

## 6. Earnings per share

	2018	2017
	Cents	Cents
Basic and diluted earnings per share	<b>18.30</b>	<b>17.81</b>

	2018 Number	2017 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

	2018 \$'000s	2017 \$'000s
<b>Profit used in calculating basic and diluted losses per share</b>		
Net profit	21,152	20,586

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2018

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.

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>2018</b>	<b>2017</b>
<b>\$'000s</b>	<b>\$'000s</b>

### 7. Cash and cash equivalents

Cash at bank and on hand	51,243	37,038
	<b>51,243</b>	<b>37,038</b>

### 8. Trade and other receivables

Trade debtors	43,403	42,622
Other receivables	744	3,896
	<b>44,147</b>	<b>46,518</b>

Trade debtors are non-interest bearing and are generally on 30-150 day terms. As at 30 June 2018, no trade receivables were considered impaired (2017: nil). There were debtors amounting to \$5.9 million that were past due, but not considered impaired. Subsequent to year end \$2.0 million relating to past due but not impaired balances have been collected.

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

	Total	Neither past due nor impaired	Past due but not impaired			
			< 30 days	30-60 days	61-90 days	> 91 Days
	\$000	\$000	\$000	\$000	\$000	\$000
<b>2018</b>	43,403	37,457	2,611	425	219	2,691
<b>2017</b>	42,622	33,171	4,377	4,888	90	96

### 9. Inventories

	<b>2018</b>	<b>2017</b>
	<b>\$'000s</b>	<b>\$'000s</b>
Consumable materials and stores	5,234	5,796
Goods in transit	5,636	-
Finished goods	12,471	13,345
	<b>23,341</b>	<b>19,141</b>

### 10. Other Financial Assets

Trust fund term deposit	6,319	7,274
Capital notes	965	-
	<b>7,284</b>	<b>7,274</b>

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2018

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 \$3,823,000 (2017: \$7,274,000). The interest earned on the term deposit of \$131,948 (2017: \$194,389) has been added to the term deposit.

### 11. Property, Plant & equipment

	2018 \$'000s	2017 \$'000s
<i>Leasehold Land</i>		
At cost	32,897	29,717
Accumulated depreciation	(3,890)	(2,995)
	<u>29,007</u>	<u>26,722</u>
<i>Leasehold buildings</i>		
At cost	9,497	8,022
Accumulated depreciation	(913)	(559)
	<u>8,584</u>	<u>7,463</u>
<i>Land and buildings</i>		
At cost	14,327	11,755
Accumulated depreciation	(3,540)	(2,798)
	<u>10,787</u>	<u>8,957</u>
<i>Strata title properties</i>		
At cost	1,608	1,545
Accumulated depreciation	(397)	(365)
	<u>1,211</u>	<u>1,180</u>
<i>Plant and equipment</i>		
At cost	87,386	77,642
Accumulated depreciation and impairment	(64,318)	(58,660)
	<u>23,068</u>	<u>18,982</u>
<i>Plant and equipment under lease</i>		
At cost	480	433
Accumulated depreciation	(327)	(263)
	<u>153</u>	<u>170</u>
<i>Construction in progress</i>	<u>7,776</u>	<u>9,945</u>
<i>Total property, plant and equipment</i>		
At cost	153,971	139,059
Accumulated depreciation and impairment	(73,385)	(65,640)
Net carrying amount	<u><b>80,586</b></u>	<u><b>73,419</b></u>

#### Reconciliations

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

<i>Leasehold Land</i>		
Carrying amount at beginning	26,722	30,086
Additions	-	-
Depreciation expense	(542)	(528)
Foreign exchange difference	2,827	(2,836)
	<u>29,007</u>	<u>26,722</u>



# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2018

	2018 \$'000s	2017 '000s
<i>Leasehold buildings</i>		
Carrying amount at beginning	7,463	3,482
Transfer from construction in progress	233	4,467
Transfer to land and buildings	-	-
Additions	385	4
Disposals	-	-
Depreciation expense	(277)	(161)
Foreign exchange difference	780	(329)
	<u>8,584</u>	<u>7,463</u>
<i>Land and buildings</i>		
Carrying amount at beginning	8,957	5,523
Transfer from construction in progress	2,573	3,923
Transfer from leasehold buildings	-	-
Disposals	-	(3)
Depreciation expense	(743)	(486)
	<u>10,787</u>	<u>8,957</u>
<i>Strata title properties</i>		
Carrying amount at beginning	1,180	1,241
Depreciation expense	(17)	(18)
Foreign exchange difference	48	(43)
	<u>1,211</u>	<u>1,180</u>
<i>Plant and equipment</i>		
Carrying amount at beginning	18,982	21,397
Transfer from construction in progress	7,815	2,193
Additions	1,326	315
Impairment	(1,300)	-
Disposals	(81)	(71)
Depreciation expense	(4,143)	(4,027)
Foreign exchange difference	469	(825)
	<u>23,068</u>	<u>18,982</u>
<i>Plant and equipment under lease</i>		
Carrying amount at beginning	170	75
Additions	-	117
Transfer from construction in progress	-	-
Transfer (to)/from plant and equipment	-	-
Depreciation expense	(34)	(15)
Foreign exchange difference	17	(7)
	<u>153</u>	<u>170</u>
<i>Construction in progress</i>		
Carrying amount at beginning	9,945	10,986
Additions	8,452	9,606
Transfers	(10,621)	(10,314)
Foreign exchange difference	-	(333)
	<u>7,776</u>	<u>9,945</u>

**Notes to the financial statements**  
**For the year ended 30 June 2018**

**12. Goodwill**

	<b>2018</b>	<b>2017</b>
	<b>\$'000s</b>	<b>\$'000s</b>
Carrying amount at the beginning	7,158	7,158
Impairment	-	-
Impact of foreign exchange	-	-
	<b>7,158</b>	<b>7,158</b>

Goodwill acquired through business combination has been allocated to the Palm Oil Cash Generating Unit ("CGU"), which is also a reporting and operating segment for impairment testing. The net carrying amount of Goodwill at 30 June 2018 was \$7,158,000 (2017: \$7,158,000) which includes an accumulated impairment charge of nil during the year (2017: nil).

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 9.5% (2017: 9.5%) and the cash flows are based on the financial budget approved by management for the upcoming year and applying an inflation rate of 2.7% p.a (2017: 2.7%) for the following 4 years and a terminal value.

With regard to the assessments of the value in use of the Farming CGU, management believe that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

**13. Biological Assets**

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 29,329 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**

	<b>2018</b>	<b>2017</b>
	<b>\$'000s</b>	<b>\$'000s</b>
<b>Carrying amount at beginning of period</b>	217	193
Production costs	2,059	1,665
Harvested during the period	(2,164)	(1,858)
Fair value adjustment	(43)	236
Effect of foreign exchange	125	(19)
<b>Carrying amount at end of period</b>	<b>194</b>	<b>217</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:

	<b>2018</b>	<b>2017</b>
CPO <sup>1</sup> Price (RM <sup>2</sup> per tonne)	2,294	2,602
PK <sup>3</sup> Price (RM per tonne)	1,743	2,014
Extraction rate (CPO)	19.00%	19.15%
Extraction rate (PK)	6.00%	5.80%

1. Crude Palm Oil
2. Malaysian Ringgit
3. Palm Kernel

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2018

An estimation of the quantum of fruit on trees and 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 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 asset.

### (b) Bearer plants (property, plant & equipment)

	2018	2017
	\$'000s	\$'000s
Carrying amount/deemed cost at beginning of period	6,641	8,013
Depreciation	(643)	(636)
Effect of foreign exchange	672	(736)
<b>Carrying amount at end of period</b>	<b>6,670</b>	<b>6,641</b>

## 14. 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	
			2018 %	2017 %
- Phosphate Resources Ltd	Mining	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 Stevedores Pty Ltd (i)	Stevedoring Services	Australia	100	100
- Phosphate Resources (Singapore) Pte Ltd (i)	Shipping Services	Singapore	100	100
- Phosphate Resources Silverline Pte Ltd (ii)	Trading	Singapore	-	51
- Indian Ocean Oil Company Pty Ltd (i)	Fuel Services	Australia	100	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

- (i) These companies are wholly owned subsidiaries of Phosphate Resources Limited  
(ii) This company has been deregistered

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2018

### 15. Trade and other payables

	2018 \$'000s	2017 \$'000s
Trade payables	13,933	9,990

Trade creditors are non-interest bearing and are normally settled on 30-60 terms.

### 16. Interest bearing loans and borrowings

	Notes	2018 \$'000s	2017 \$'000s
<b>Current</b>			
Lease liabilities	25	13	12
		<b>13</b>	<b>12</b>
<b>Non-current</b>			
Lease liabilities	25	41	48
		<b>41</b>	<b>48</b>

#### (a) Fair value and interest rate risk

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 28.

#### (b) Financing facilities available

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

	2018 \$'000s	2017 \$'000s
Total facilities	500	500
Facilities utilised at reporting date	-	-
Facility unused at reporting date	<b>500</b>	<b>500</b>

### 17. Provisions

		2018 \$'000s	2017 \$'000s
<b>Current</b>			
Employee entitlements		5,762	6,121
		<b>5,762</b>	<b>6,121</b>
<b>Non-current</b>			
Redundancy	(a)	6,325	8,160
Employee entitlements		1,222	1,759
		7,547	9,919
Decommissioning	(b)	10,898	9,298
		<b>18,445</b>	<b>19,217</b>

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2018

### (a) *Provision for redundancy*

The amounts employees are entitled to receive if made redundant in accordance with their employment agreements are fully provided. The redundancy provision was decreased by a net amount of \$1,835,000 during the year ended 30 June 2018 (2017: \$1,428,000).

### (b) *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 leased land in a safe, clean and tidy condition at the expiry of the 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.

	2018 \$'000s	2017 \$'000s
(c) <i>Movement in provisions</i>		
<i>Provision for decommissioning:</i>		
Carrying amount at the beginning of the financial year	9,298	8,998
Increase in provision	1,300	-
Change in net present value of provision:		
- (Credited)/Debited to profit or loss	300	300
Carrying amount at the end of the financial year	<b>10,898</b>	<b>9,298</b>

## 18. Contributed equity

		Number of Shares	\$'000s
(a) <i>Share capital</i>			
Ordinary shares – fully paid		<b>115,581,107</b>	<b>72,160</b>
(b) <i>Movements in ordinary share capital</i>			
Date	Details	Number of shares	\$'000s
1 July 2017	Opening balance	115,581,107	72,160
	Movement	-	-
30 June 2017/1 July 2017	Closing balance/Opening balance	115,581,107	72,160
	Movement	-	-
30 June 2018	<b>Closing balance</b>	<b>115,581,107</b>	<b>72,160</b>

### (c) *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.

### (d) *Dividends*

Dividends totaling 10 cents per share (2017: 11 cents per share) have been paid during the year.

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2018

	2018	2017
	\$'000s	\$'000s
<b>19. Reserves</b>		
Foreign exchange translation reserve	3,030	(3,391)
Acquisition reserve	8,499	8,499
	<b>11,529</b>	<b>5,108</b>

### *Foreign currency translation reserve*

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

### *Acquisition reserve*

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

### **Movements in reserves**

	2018	2017
	\$'000s	\$'000s
<i>Foreign exchange translation reserve</i>		
Balance at the beginning of the year	(3,391)	719
Foreign exchange on translation of financial report	6,421	(4,110)
Balance at the end of the period	<b>3,030</b>	<b>(3,391)</b>

	2018	2017
	\$'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>

### **20. Retained earnings**

	2018	2017
	\$'000s	\$'000s
Accumulated profit at the beginning of the year	103,391	95,519
Net profit attributable to members of CI Resources Limited	21,152	20,586
Dividends paid	(11,558)	(12,714)
Accumulated profit at the end of the financial year	<b>112,985</b>	<b>103,391</b>

### **21. Key management personnel disclosures**

#### **(a) Key management personnel compensation**

	2018	2017
	\$'000s	\$'000s
Short term employee benefits	2,334	2,862
Post employment benefits	194	224
	<b>2,528</b>	<b>3,086</b>

#### **(b) Loans to key management personnel**

There are no loans made to directors or other key management personnel of CI Resources Limited.

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2018

### (c) Other transactions with key management personnel

- (i) Mr Lai Ah Hong is the owner of property MQ 77 on Christmas Island leased to Indian Ocean Stevedores Pty Ltd for three years ending 10 April 2019. Mr Lai Ah Hong received a total rent of \$28,080 during the year (2017: \$28,080).
- (ii) Mr Lai Ah Hong is the owner of property 86 Unit B, Block 790 Lam Lok Road, Drumsite, Christmas Island leased to CI Maintenance Services Pty Ltd. Mr Lai Ah Hong received a total rent of \$23,053 during the year (2017: \$21,956).
- (iii) Mr Chan Khye Meng is the sole proprietor of Meng Chong trading based on Christmas Island. Meng Chong Trading provided goods for office amenities totalling \$7,230 (2017: \$12,536) during the year.

### 22. Remuneration of auditors

	2018 \$'000s	2017 \$'000s
Amounts received or due and receivable by EY (Australia) for:		
- audit of the financial report of the parent entity and the consolidated entity	168	133
- review of the half year financial report of the consolidated entity	30	56
- other services		
	<u>198</u>	<u>189</u>
Amounts received or due and receivable by related practices of EY (Australia) for the audit of the financial statements	63	75
	<u>63</u>	<u>75</u>
Amounts received or due and receivable by auditors other than EY for:		
- an audit or review of the financial report of a controlled entity	-	-
	<u>261</u>	<u>264</u>

### 23. Contingent liabilities

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

### 24. Commitments for expenditure

	2018 \$'000s	2017 \$'000s
(a) Lease expenditure commitments		
<i>Operating leases</i>		
- not later than one year	595	654
- later than one year and not later than five years	429	711
- total minimum payments	<u>1,024</u>	<u>1,365</u>

Operating leases are entered into as a means of providing residential accommodation, office premises and office equipment.

#### Finance leases

	2018		2017	
	<i>Minimum Lease Payments \$'000s</i>	<i>Present Value of Lease Payments \$'000s</i>	<i>Minimum Lease Payments \$'000s</i>	<i>Present Value of Lease Payments \$'000s</i>
<b>CONSOLIDATED</b>				
Within one year	15	13	17	12
After one year but not more than five years	44	41	61	48
Total minimum lease payments	<u>59</u>	<u>54</u>	<u>78</u>	<u>60</u>
Less amounts representing future finance charges	(5)	-	(18)	-
Present value of minimum lease payments	<u>54</u>	<u>54</u>	<u>60</u>	<u>60</u>

## CI RESOURCES LIMITED

### Notes to the financial statements For the year ended 30 June 2018

Finance leases are entered into as a means of financing the acquisition of plant and equipment.

- (a) 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.
- (b) The Company has committed to undertake various environmental management targets and objectives as detailed in the Christmas Island Phosphates Environmental Management Plan.
- (c) The Company has provided a bank guarantee of \$2 million to the Commonwealth Government under the terms of the Mining Lease Agreement.
- (d) The Company has capital commitments of \$1,187 million (2017: \$3.846 million) for items of plant on order but not yet delivered.

### 25. Related party transactions

#### Directors and other key management personnel

Disclosures relating to directors and other key management personnel are set out in note 21.

#### Controlling entities

The ultimate parent entity in the group is CI Resources Limited.

#### Ownership interests in related parties

Interests held in related parties are set out in note 14.

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

	2018	2017
	\$'000s	\$'000s
Operating profit after income tax	21,152	20,586
<i>Adjustment for non-cash items</i>		
Accretion of decommissioning provision	300	300
Net loss/(gain) on disposal of assets	29	(27)
Change in fair value of biological assets	43	(236)
Impairment of identifiable asset	1,300	-
Depreciation	6,399	6,144
Unrealised foreign exchange (gain) / loss	(864)	719
<i>Change in operating assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	2,371	(7,215)
Movement in deferred tax balances	(128)	(904)
(Increase)/decrease in inventories	(4,200)	(6,646)
Increase/(decrease) in trade creditors and accruals	3,943	641
Increase/(decrease) in provisions	(1,131)	(2,916)
(Increase)/decrease in prepayments	(298)	125
(Increase)/decrease in tax receivable	(166)	(7,129)
Net cash inflow from operating activities	<b>28,750</b>	<b>3,442</b>



**Notes to the financial statements**  
**For the year ended 30 June 2018**

**27 Financial Instruments**

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

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

**(a) Forward currency contracts – held for trading**

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 2018 \$'000s	30 June 2017 \$'000s	30 June 2018	30 June 2017
<b>Sell US\$/buy Australian \$</b>				
Consolidated				
Sell US\$ maturity 0 to 12 months	34,255	9,463	0.7444	0.7397

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 losses on foreign currency derivatives during the year were \$0.605 million for the Group (2017: net gain of \$0.343 million).

**(b) Capital notes – available-for-sale**

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

	Fair Value \$AUD	
	30 June 2018 \$'000s	30 June 2017 \$'000s
<b>Capital notes \$</b>		
Australian capital notes	965	-

Initial measurement of these financial assets comprise fair value plus transaction costs and subsequent measurement at fair value. The movement in fair value in each period is recognised in other comprehensive income. The net fair value (gains)/losses on capital notes during the half-year were \$nil for the Group.

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

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

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

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

**Notes to the financial statements**  
**For the year ended 30 June 2018**

	Level 1 ‘000	Level 2 ‘000	Level 3 ‘000	Total ‘000
Forward currency contracts – classified as held for trading	-	(256)	-	(256)
Capital notes – classified as available-for- sale	965	-	-	965
	965	(256)	-	709

**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, finance leases, cash and short-term deposits, long-term deposits, interest bearing loans and borrowings, and foreign exchange derivatives.

Market, 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

*(i) Interest rate risk*

Interest rate risk on cash and short term deposits is not considered to be a material risk due to the short term nature of these financial instruments.

The interest rates for term deposits and borrowings are fixed and there is no material risk for interest bearing assets or liabilities

*(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.

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2018

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

#### Consolidated

Year ended 30 June 2018	≤6 months	6-12 months	1-5 years	>5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>					
Cash	51,243				51,243
Trade and other receivables	44,147	-	-	-	44,147
Term deposits	10,918	-	-	-	10,918
Other financial assets	7,284	-	-	-	7,284
Foreign exchange contract (gross settled)					
Inflow	34,255	-	-	-	34,255
(Outflow)	(34,511)	-	-	-	(34,511)
Net foreign exchange contracts	(256)	-	-	-	(256)
<b>Financial liabilities</b>					
Trade and other payables	13,933	-	-	-	13,933
Interest bearing loans and borrowings	13	-	41	-	54

Year ended 30 June 2017	≤6 months	6-12 months	1-5 years	>5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>					
Cash	37,038	-	-	-	37,038
Trade and other receivables	46,518	-	-	-	46,518
Term deposits	15,302	-	-	-	15,302
Other financial assets	7,274	-	-	-	7,274
Foreign exchange contract (gross settled)					
Inflow	9,463	-	-	-	9,463
(Outflow)	(9,115)	-	-	-	(9,115)
Net foreign exchange contracts	348	-	-	-	348
<b>Financial liabilities</b>					
Trade and other payables	9,990	-	-	-	9,990
Interest bearing loans and borrowings	12	-	48	-	60

#### (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 and receivables. The Group places its cash deposits and derivatives with high credit-quality financial institutions. Receivables balances are monitored on an ongoing basis. At reporting date there were debtors amounting to \$5.9 million that were past due, but not considered impaired. Based on the Group's assessment the exposure to bad debts is not significant.

## CI RESOURCES LIMITED

### Notes to the financial statements For the year ended 30 June 2018

#### (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 2018, 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>2018</b>	<b>2017</b>
	<b>\$'000s</b>	<b>\$'000s</b>
<i>Consolidated</i>		
AUD/USD + 10%	(3,114)	(860)
AUD/USD - 10%	3,806	1,051

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.

#### (v) Fair values

The Directors have performed a review of the financial assets and liabilities as at 30 June 2018 and have concluded that the fair value of those assets and liabilities are not materially different to book values. The methods and assumptions used to estimate the fair value of financial instruments were:

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

#### Capital 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.

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.

## CI RESOURCES LIMITED

### Notes to the financial statements For the year ended 30 June 2018

#### 29. Parent entity information

	2018 \$'000s	2017 \$'000s
Current assets	10,030	7,013
Total assets	76,972	73,953
Current liabilities	62	116
Total liabilities	62	116
Issued capital	72,160	72,160
Retained earnings	4,750	1,677
Total shareholders' equity	76,910	73,837
Profit of the parent entity	14,630	14,583
Total comprehensive income	14,630	14,583

There have been no guarantees entered into by the Parent Entity in relation to any debts of its subsidiaries.

The parent 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.

#### 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 operation decision makers) in assessing performance and in determining the allocation of resource.

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

The Mining 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 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 2018

	Year ended 30 June 2018			
	Mining	Farming	Unalloc./ Elimination	Total
	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>				
Revenue	94,407	46,133	-	140,540
Interest income	324	335	268	927
Rendering of services	-	-	9,761	9,761
Fuel sales	-	-	16,365	16,365
Total segment revenue	94,731	46,468	26,394	167,593
<b>Result</b>				
Segment net operating profit after tax (attributable to parent)	16,529	1,033	3,590	21,152
Depreciation and amortisation	3,886	1,935	578	6,399
Income tax expense	5,045	739	1,475	7,259
<b>Assets and Liabilities</b>				
Segment assets	153,119	55,803	35,145	244,067
Segment liabilities	36,162	3,217	8,014	47,393
<b>Other disclosure</b>				
Capital expenditure	5,351	503	3,032	8,886

	Year ended 30 June 2017			
	Mining	Farming	Unalloc./ Elimination	Total
	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>				
Revenue	93,271	28,321	-	121,592
Interest income	404	208	252	864
Rendering of services	-	-	9,437	9,437
Fuel sales	-	-	17,919	17,919
Total segment revenue	93,675	28,529	27,608	149,812
<b>Result</b>				
Segment net operating profit after tax (attributable to parent)	16,690	837	3,059	20,586
Depreciation and amortisation	3,502	1,893	749	6,144
Income tax expense	5,262	743	1,495	7,500
<b>Assets and Liabilities</b>				
Segment assets	143,066	51,476	29,923	224,465
Segment liabilities	37,711	3,445	2,650	43,806
<b>Other disclosure</b>				
Capital expenditure	7,625	354	2,063	10,042

## CI RESOURCES LIMITED

### Notes to the financial statements For the year ended 30 June 2018

Revenue from external customers by geographical locations is detailed below:

	2018 \$'000s	2017 \$'000s
Australia	100,584	104,197
Malaysia	64,928	44,407
Singapore	2,081	1,208
	<u>167,593</u>	<u>149,812</u>

#### *Major customers*

The Group has a number of customers to which it provides the products. Revenue within the consolidated entity from four customers amounted to \$80.4 million in the mining segment. No other customers had sales exceeding 10% of revenue.

#### *Non-Current Assets by geographical regions:*

Australia	43,789	36,970
Malaysia	49,377	49,027
Singapore	1,248	1,221
	<u>94,414</u>	<u>87,218</u>

### 31. Subsequent Events

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.

## CI RESOURCES LIMITED

### Directors' Declaration For the year ended 30 June 2018

In accordance with a resolution of the Directors of CI Resources Limited, I state that:

1. In the opinion of the directors:
  - (a) The financial statements and notes of CI Resources Limited for the year ended 30 June 2018 are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance, for the year ended on that date; and
    - (ii) complying with Accounting Standards and *Corporations Regulations 2001*;
  - (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2; and
  - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
2. This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and the chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2018.

On behalf of the board



David Somerville  
Chairman



Lai Ah Hong  
Managing Director

Perth, Western Australia  
29 August 2018



## Independent Auditor's Report to the members of CI Resources Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of CI Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2018 and of its consolidated financial performance for the year ended on that date
- b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

## Impairment assessment - goodwill - farming cash generating unit

Why significant	How our audit addressed the key audit matter
<p>At 30 June 2018, the Group had goodwill of \$7.158 million in relation to the Farming cash generating unit (CGU).</p> <p>The impairment assessment of this asset was considered a key audit matter given the significance of the Farming CGU to the Group.</p> <p>As outlined in Note 12 of the financial report, the recoverable amount of the Farming CGU has been determined using a value in use (VIU) calculation using cash flow projections, which required the Group to exercise judgement in determining the key assumptions. These assumptions are based on internal factors (such as the budget and forecast) and external market data (including commodity price and inflation rates).</p> <p>As described in Note 12, the Group concluded that no impairment existed at 30 June 2018 because the recoverable of the CGU exceeded the carrying amount.</p>	<p>Our audit procedures included evaluating and assessing the assumptions and methodologies used by the Group in the calculation of the recoverable amount of the Farming CGU using the VIU model.</p> <p>We involved our valuation specialists to evaluate and assess key assumptions and methodologies used by the Group.</p> <p>This included comparing the Group's assumptions to our own assessments, and externally derived data, of key inputs such as projected growth, price, cost inflation and discount rates.</p> <p>We assessed the Group's sensitivity analysis, which included considering the impact of reasonably possible changes in assumptions on the determination of the recoverable amount of the CGU.</p> <p>We assessed the adequacy of the disclosures concerning goodwill as described in Note 12 to the Group financial statements.</p>

## Recoverability of debtors

Why significant	How our audit addressed the key audit matter
<p>As outlined in Note 8 of the financial report, at 30 June 2018 the Group had trade debtors totaling \$43.403 million, including \$5.9 million that were past due, but not considered impaired.</p> <p>The recoverability of these debtors was considered key audit matter given their value and the degree of judgement by required by management in assessing the recoverability of past due debtors.</p>	<p>Our audit procedures included an assessment of the Group's evaluation of recoverability of the debtors, including consideration of the contractual agreements, the past payment practices of those debtors and consideration of the credit-worthiness of counterparties and any payments received subsequent to year end.</p>

## Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2018 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the audit of the Remuneration Report

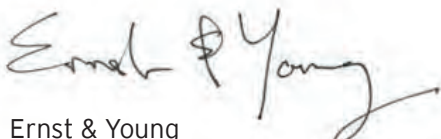
### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 20 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of CI Resources Limited for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Ernst & Young



Darryn Hall  
Partner  
Perth  
29 August 2018

# CI RESOURCES LIMITED

## ASX Additional Information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report.

### SHAREHOLDINGS

#### Substantial shareholders

The following substantial shareholders have lodged notices with the Company as at 12 August 2018:

<b>Holders</b>	<b>Ordinary shares</b>
Keen Strategy Sdn Bhd	12,600,000
Prosper Trading Sdn Bhd	11,616,000
Destinasi Emas Sdn Bhd	7,437,410

#### Class of shares and voting rights

At 12 August 2018 there were 473 holders of ordinary shares on the Company. The voting rights attaching to the ordinary shares are:

- On a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- On a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares, shall have a fraction of a vote for each partly paid share. The fraction shall be equivalent to the proportion which the amount paid is of the total amounts paid and payable, excluding amounts credited, provided that the amounts paid in advance of a call are ignored when calculating a true portion.

#### Distribution of share holders

<b>Category</b>	<b>Ordinary shares</b>
1 - 1,000	106
1,001 - 5,000	84
5,001 - 10,000	97
10,001 - 100,000	69
100,001 - and over	<u>117</u>
	<b><u>473</u></b>

There were 71 holders of less than a marketable parcel of ordinary shares.

#### On-market buy back

There is no current on-market buy back.

#### Restricted securities

The Company does not have any restricted securities.

## CI RESOURCES LIMITED

### ASX Additional Information

#### Unquoted securities

The Company does not have any unquoted securities

#### Twenty largest holders of ordinary shares (as at 12 August 2018)

Holder name	Ordinary Shares	
	Number	%
CITICORP NOMINEES PTY LIMITED	34,427,308	29.79
KEEN STRATEGY SDN BHD	12,600,000	10.90
PROSPER TRADING SDN BHD	11,616,000	10.05
MR TEO SEE KHIANG WILLY	3,565,681	3.09
KIM TEE TEE	3,163,550	2.74
MR THEBBAN RAMANATHAN	2,292,069	1.98
HAFIZ MASLI	2,015,000	1.74
KLUANG PTY LTD	1,683,988	1.46
MS MEE YUEN YONG	1,641,572	1.42
LIP HIAN TEE	1,410,500	1.22
HENDRY LEE	1,350,050	1.17
CHEE ENG LIM	1,249,300	1.08
YAN PEY TAN	1,249,300	1.08
LIP JEN TEE	1,229,150	1.06
MR RAMANATHAN E S KRISHNAN	1,136,543	0.98
MR AH HONG LAI + MS WAI CHING LEE <THE LAI SUPER FUND A/C>	1,013,989	0.88
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	951,425	0.82
MS WAI FUN LEE	886,500	0.77
C & H LAI SUPER PTY LTD <LAI SUPERANNUATION FUND A/C>	870,875	0.75
CHAIN YEE TEE	826,150	0.71
	<b>85,178,950</b>	<b>73.69</b>

#### Other information

CI Resources Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

The Company's shares are quoted on the Australian Securities Exchange.







