



CI RESOURCES

# Annual Report 2017



Annual Report 2017  
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

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# CI RESOURCES LIMITED

## Chairman's Letter

I am pleased to present the 2016/17 Annual Report for CI Resources Limited (Company).

### FINANCIAL PERFORMANCE

As reported by our Managing Director, despite a difficult financial year, the Directors are pleased to report a profit after tax of \$20.5million. The Managing Director has commented on the negative outlook for pricing on our phosphate products and the steps being put in place to maintain our overall profitability.

### DIVIDENDS

Despite this reduced profit, the Board has continued with a policy of making substantial dividend payments to return retained earnings to shareholders before funds are required for other growth investments.

The Board has approved a final fully franked dividend of 7 cents per share. The record date for payment is the 2nd October 2017 with payment to be made on 7 November 2017.

### CHRISTMAS ISLAND

The future of our operations on Christmas Island and that of the Christmas Island community are under pressure!

Our future has been jeopardized by a decade of governments, both Labor and Liberal, that have concentrated on the internal politics of the maintenance of power as distinct from the responsible exercise of the powers of office in the development of public policy to ensure maintenance of the economy in the interest of the community as a whole. The national implications of this vacuum has allowed bureaucratic decisions without regard to the social and economic consequences of same.

In the case of Christmas Island this has resulted in the effective delineation of the whole Island as a de-facto National Park.

Christmas Island is an Australian Government territory located in the Indian Ocean at latitude 10°25' south and longitude 105°40' east and is approximately 2,300km from Perth, Western Australia and approximately 380 km south of Jakarta.

Christmas Island is some 138 square kilometres (13,800 hectares) of a seamount rising with cliff faces from very deep seas to a central plateau.

It has been mined for phosphate since the 1890s and from the end of the Second World War by Australian government controlled entities until 1988 and mining continues as the major economic support for the 1,200 permanent residents.

The Island has unique monsoonal forests, flora and fauna. The Christmas Island National Park was established in 1980 and with extensions in 1986 and 1989 now comprises 8,770 hectares or 63.5% of the Island. We contribute, in addition to our normal taxation obligations, some \$2million a year directly to the maintenance and improvement of the National Park to ensure that this environmental heritage is preserved and protected for future generations from its major issues which are the impact of invasive species from crazy ants, wolf snakes and feral cats and rats.

We currently operate under Mining Leases for salvage of stockpiles and secondary in situ recovery **over previously mined and cleared ground** issued by the Minister under Applied W.A. Legislation which runs until 2034 with access approved to some 1,040 hectares or 7.5% of the Island. That is, despite public perceptions generated by environmental activists, mining itself has minimal observable impact on the total Island land mass and its unique ecology.

Based on our estimation of indicated and inferred resources and best judgements on current commercial parameters it is reasonable to aim to sustain viable operations through to the mid 2020's although price competition may have severe impacts on our profitability.

# CI RESOURCES LIMITED

## Chairman's Letter

To meet this challenge and extend operational viability the Company has undertaken a review of resources **outside the National Park** that may, if supported by Executive Government, enable it to access sufficient material to sustain operations into the 2030's.

In early 2016, the then Minister for Territories authorised the grant of an exploration licence over vacant Crown Land outside the National Park to enable us to undertake check drilling and evaluation to enable us to accurately determine boundaries for a new Mining Lease application.

In accordance with the licence conditions we obtained a Clearing Permit under the Applied Legislation (Environmental Protection Act 1986 ( WA) (CI)) to re-clear 8 hectares of old drill lines.

However, this activity has been stopped by officers of the Commonwealth Environment Department who are insisting that permits are required as well under Commonwealth Regulations even though they acknowledge that the activity itself does not require ministerial approval as it will not have a significant impact on the environment.

The permit regulations are designed to cover random scientific studies of protected species.

Despite extensive input and representations to the Ministers involved and the Department we have not yet received any resolution of this matter and the obvious conflict of laws we have encountered.

When we overcome this impediment and complete our review, we are confident that only some 130 hectares (less than 1% of total Island) would be required for mining and any environmental impacts would be capable of being managed within the framework of the Environment Protection and Biodiversity Conservation Act 1999.

However, the company believes that no applications for either mining or any other significant alternative commercial development will be supported by the Department of the Environment unless Executive Government issues a policy pronouncement that welcomes and supports the development of land outside the National Park.

A failure of Executive Government to address this issue and to articulate a clear view of the long term development of the Island will mean that there is no post mining future possible for the Island community. Without new commercial activity being approved it is also difficult to see in the current Commonwealth budget context where the funds are going to be derived to ensure continuance of the programmes required to underpin the unique Island ecology.

### DIVERSIFIED INDUSTRIAL STRATEGY

The Board has determined to continue pursuing investments in accord with its current "diversified industrial" strategy - in the sectors of phosphate, mining, infrastructure and land development, and agriculture.

Despite the difficulties encountered we will continue to explore post mining alternatives for Christmas Island but are actively pursuing other options for investment elsewhere to protect our shareholders interest.

### FUTURE

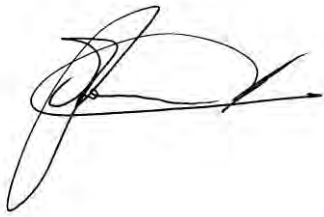
The Board of the Company is satisfied that the Company continues to have a very sound financial underpinning as reflected in the published balance sheet and will continue to perform positively.

We remain confident that our strong financial base coupled with a vigorous management approach will ensure that we will be able to maintain viability and capture growth opportunities when they arise.

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.

# CI RESOURCES LIMITED

## Chairman's Letter

A handwritten signature in black ink, appearing to be 'D. Somerville', with a large loop and a horizontal stroke extending to the right.

David Somerville  
Chairman  
30 August 2017

# CI RESOURCES LIMITED

## Managing Director's Report

I am pleased to again have the opportunity to report to you arising from the tabling of the CI Resources Ltd, Annual Report for the financial year ending 30 June 2017.

### ***FINANCIAL PERFORMANCE AND PRODUCTION OVERVIEW***

The Consolidated result was recorded as a profit after tax for FY 2017 of some \$20 million with an after tax profit from Phosphate Resources Limited (excluding its subsidiaries) of only some \$13 million.

This is a disappointing result arising from reduced output and declining sales prices.

Coupled with external trading the group sales of phosphate products only reached 644,000 tonnes a significant reduction from prior years. Abnormally wet weather particularly in October has disrupted production and led to substantial damage to our infrastructure. We have also suffered major equipment damage and failures of both our own equipment and the loss of the Commonwealth port crane. These problems have significantly increased our costs and reduced our production capacity.

The market price achievable for our products has also suffered a substantial decline impacted by competition from increased production and dumping by largely State owned North African producers from Saudi Arabia to Morocco. Lower oil costs has made shipping from that region into the Asean area far more competitive than in the past.

The impact of increases in the value of the Australian dollar is also having a major effect on our margins. To maintain our profitability it is essential that we improve the efficiency of our operations so that the unit costs of our production is reduced.

To achieve this we have implemented significant organisational changes so that the leaders of our mining and processing groups can respond more rapidly and flexibly to changing market, weather and production issues across the operations. A new more sophisticated mining plan is being implemented to ensure customer grade requirements are met and we maximise the mine life potential of available resources. We have commenced major capital works to ensure our infrastructure is able to safely meet our production needs going forward. We are also committing additional resources to ensure our employees are upskilled so that they can perform their functions safely and comply with all the increasingly onerous legislative recording requirements impacting on operations. A continuing review of work methods and resource allocation is being conducted across all sections of our operations to ensure we are maximising our efficiency in order to stay competitive

However, we still need commitments from the Commonwealth and the Shire to ensure the port infrastructure, public roads and drainage challenges are properly addressed if we are to remain viable.

### ***GROUP DEVELOPMENTS***

Both Indian Ocean Oil Company Pty Ltd and CI Maintenance Services Pty Ltd, wholly owned subsidiaries of Phosphate Resources Ltd, who provide services largely to Commonwealth entities on Christmas Island continue to return good profits and make significant contributions to the consolidated results of the Group.

### ***RESOURCES AND PROJECTS***

As our Chairman has reported we continue to battle an entrenched and increasingly ideological bureaucracy in our endeavours to obtain access to further resources on Christmas Island on spurious environmental grounds.

We have increased our activity reviewing options for further investment in phosphate, bio-phosphates and other fertilizer options both in Australia and elsewhere with a view to undertake investments to ensure long term viability and ongoing returns for shareholders.

# CI RESOURCES LIMITED

## Managing Director's Report

### *THE YEAR AHEAD*

As I have outlined we face ongoing pressure on our margins going forward and will need all managers and employees to maintain a flexible and dedicated approach to our operations to ensure we can sustain a viable operation for as long as possible.

We will continue to work constructively with the Commonwealth government and the Shire of Christmas Island to improve essential Island infrastructure.

In closing I would thank the Board members and my senior managers and employees for their continued efforts and support.



**LAI Ah Hong**  
Managing Director  
30 August 2017



# 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 2017 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 had extensive experience in private enterprise on Christmas Island as well as with the union movement. Mr Lai is a former president of the Union of Christmas Island Workers and has been involved in the phosphate industry for 27 years.

He was also 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 and Pasdec Resources South Africa Ltd. 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.

## CI RESOURCES LIMITED

### Directors' report

**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.

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 David James Somerville and Dato' Sri Tee Lip Sin will retire, in rotation, as directors at the Annual General Meeting to be held in November 2017 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)

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;

# CI RESOURCES LIMITED

## Directors' report

- 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.

## Review and results of operations

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

	<b>Results 2017 \$'000s</b>
Revenue	149,812
Profit before income tax expense	28,086
Income tax expense	(7,500)
Net Profit after income tax expense	20,586

## Financial Position

At the end of the financial period the consolidated entity had net cash balances of \$37.04 million (2016: \$57.70 million) and net assets of \$180.66 million (2016: \$176.90 million).

Total liabilities amounted to \$43.81 million (2016: \$52.97 million), being trade and other creditors, provisions, borrowings and taxation liabilities.

### *Phosphate Resources Limited*

PRL posted a post-tax profit of \$13.7 million for the year ended 30 June 2017, and paid two dividends during this time. The Company received a total dividend of \$15 million from PRL.

## Earnings per share

	<b>2017 Cents</b>	<b>Restated 2016 Cents</b>
Basic earnings per share	17.81	29.93

## Dividends

Dividends totaling 11 cent per share have been paid during the year ended 30 June 2017. The Directors recommend the payment of a final dividend of 7 cent per share in respect of the year ended 30 June 2017.

## 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 2017 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.

# **CI RESOURCES LIMITED**

## **Directors' report**

### **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 2017 financial year will see the Consolidated Entity remain profitable.

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 2017 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.

### **Meetings of directors**

The number of meetings of the Company's board of directors held during the year ended 30 June 2017 and the number of meetings attended by each director were:

## CI RESOURCES LIMITED

### Directors' report

	Directors' Meeting		Audit & Risk Management Committee		Investment Committee		Remuneration & Nomination Committee	
	A	B	A	B	A	B	A	B
Mr David Somerville	4	4	4	4	3	3	-	-
Mr Lai Ah Hong	4	4	-	-	3	3	-	-
Dato' Sri Tee Lip Sin	4	4	-	-	3	3	-	-
Mr Tee Lip Jen	4	4	4	4	3	3	3	3
Mr Adrian Gurgone	4	4	4	4	-	-	3	3
Dato' Sri Kamaruddin	4	3	4	3	-	-	3	3
Mr Clive Brown	4	4	-	-	-	-	3	3

*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 2017.

#### **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 15 June 2017. 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 \$400,000.

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 2017 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.

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' Sri 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>

# CI RESOURCES LIMITED

## Directors' report

### Remuneration report (Audited) (continued)

2016	Short-term benefits			Post-employment benefits		
Name	Cash fees and consulting \$	Bonus \$	Non-monetary benefits \$	Superannuation \$	Total \$	Total Performance related
<i>Directors of CI Resources Limited</i>						
Mr David Somerville	160,799	-	10,000	18,492	189,291	-
Dato' Sri Tee Lip Sin	186,218	-	-	-	186,218	-
Mr Tee Lip Jen	120,000	-	-	-	120,000	-
Mr Adrian Gurgone	101,150	-	-	30,000	131,150	-
Dato' Kamaruddin bin Mohammed	142,299	-	-	-	142,299	-
Lai Ah Hong	559,968	332,800	112,788	102,668	1,108,224	30.0%
Clive Brown	178,647	-	-	20,544	199,191	-
<i>Other key management personnel</i>						
Kevin Edwards	280,175	220,730	13,367	-	514,272	42.9%
Cosec & Bookkeeping Contract Services Pty Ltd (Elizabeth Lee – Company Secretary)	36,717	-	-	-	36,717	-
Darren Gold*	207,265	158,531	12,870	42,066	420,732	37.7%
<b>Total</b>	<b>1,973,238</b>	<b>712,061</b>	<b>149,025</b>	<b>213,770</b>	<b>3,048,094</b>	<b>-</b>

\* Met the definition of key management personnel from 1 September 2015.

#### 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 2017 and 30 June 2016.

#### Option holdings

No key management personnel held options over ordinary shares in the Group during the current year ended 30 June 2017 (2016: 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.

2017	Balance at the start of the period	Received during the period on the exercise of options	Takeover allotment	Other changes during the period	Balance at the end of the period
Name					
<i>Directors of CI Resources Limited</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	4,185,442	-	-	50,000	4,235,442
Mr Clive Brown	-	-	-	-	-
<i>Other key management personnel</i>					
Ms Elizabeth Lee	-	-	-	-	-
Mr Kevin Edwards	180,354	-	-	-	180,354
Mr Darren Gold	-	-	-	-	-

# CI RESOURCES LIMITED

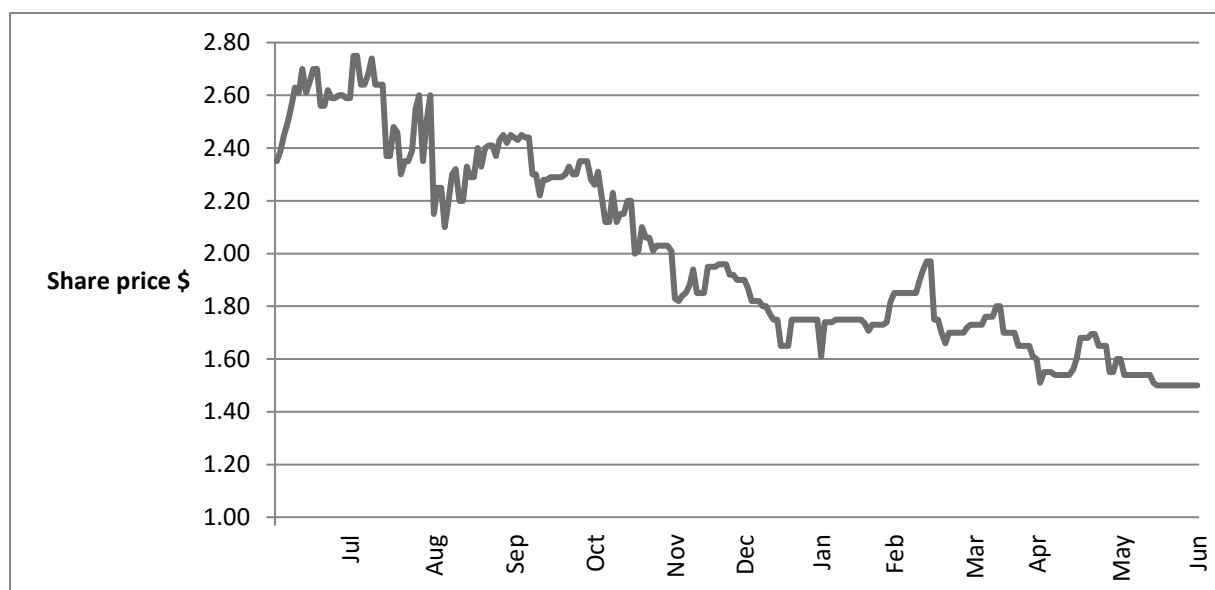
## Directors' report

### Remuneration report (Audited) (continued)

2016 Name	Balance at the start of the period	Received during the period on the exercise of options	Takeover allotment	Other 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	3,835,442	-	-	350,000	4,185,442
Mr Clive Brown	-	-	-	-	-
<b>Other key management personnel</b>					
Ms Elizabeth Lee	-	-	-	-	-
Mr Kevin Edwards	180,354	-	-	-	180,354
Mr Darren Gold	-	-	-	-	-

### Company's Performance

The Company's share price performance shown in the below graph is a reflection of the Company's performance during the year. The graph below shows the Company's share price performance during the financial year ended 30 June 2017.



Below is information on the Consolidated Entity's performance for the previous four financial years and for the current year ended 30 June 2017.

	<b>(Restated)</b>				
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Basic profit/(loss) per share (cents)	17.81	29.93	23.73	15.42	17.75
Dividends per share (cents)	11	9	7.5	1	1
Share price (cents)	150	233	110	83	57

# CI RESOURCES LIMITED

## Directors' report

### Remuneration report (Audited) (continued)

#### C Service Agreements

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 1 year plus 1 year, expiring on 30 June 2018.
- Base fee of \$2,500 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.

*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

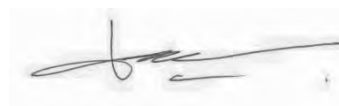
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

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.



David Somerville  
Chairman



Lai Ah Hong  
Managing Director

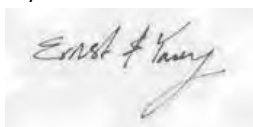
Perth, Western Australia  
30 August 2017

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

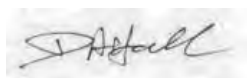
As lead auditor for the audit of CI Resources Limited for the financial year ended 30 June 2017, I declare to the best of my knowledge and belief, there have been:

- 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  
30 August 2017



# 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. An evaluation of Board members took place in August 2017.

To assist it in carrying out its responsibilities, the Board had three Board Committees each chaired by an Independent Director as at 30 June 2017:

- 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 Non-English speaking background largely of Chinese and Malay descent and 15% are from English speaking background.

As at 30 June 2017 the Company has 18% proportion of females in employment and 11% of the Board and Company Secretaries are female. 21% 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

## **CI RESOURCES LIMITED**

### **Corporate Governance Disclosures**

workplace and human resources practices, handling of confidential information, insider trading, risk 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 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))

## CI RESOURCES LIMITED

### Corporate Governance Disclosures

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 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 2017

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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 30 August 2017. 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 2017

	Notes	2017 \$'000s	Restated 2016 \$'000s
<b>Revenue</b>	4(a)	149,812	188,982
Cost of sales	4(b)	(109,315)	(126,556)
<b>Gross Profit</b>		<b>40,497</b>	<b>62,426</b>
Other income	4(c)	2,550	2,324
Other expenses	4(d)	(14,896)	(17,494)
Finance costs	4(e)	(301)	(5)
Change in fair value of biological asset		236	203
<b>Profit before income tax</b>		<b>28,086</b>	<b>47,454</b>
Income tax expense	5	(7,500)	(12,857)
<b>Profit for the period after income tax</b>		<b>20,586</b>	<b>34,597</b>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net currency translation differences		(4,110)	(2,183)
Other comprehensive income for the year		(4,110)	(2,183)
<b>Total comprehensive income for the year</b>		<b>16,476</b>	<b>32,414</b>
<b>Profit is attributable to:</b>			
Non-controlling interest		-	-
Members of CI Resources Limited		20,586	34,597
		<b>20,586</b>	<b>34,597</b>
<b>Total comprehensive income for the year is attributable to:</b>			
Non-controlling interest		-	-
Members of CI Resources Limited		16,476	32,414
		<b>16,476</b>	<b>32,414</b>
Earnings per share for profit attributable to the ordinary equity holders of the parent:			
Basic earnings per share	6	17.81 cents	29.93 cents
Diluted earnings per share		17.81 cents	29.93 cents

# CI RESOURCES LIMITED

## Consolidated Statement of Financial Position As at 30 June 2017

		2017	Restated 2016
	Notes	\$'000s	\$'000s
<b>Current assets</b>			
Cash and cash equivalents	7	37,038	57,696
Term deposits		15,302	11,553
Trade and other receivables	8	46,518	39,303
Inventories	9	19,141	12,495
Biological asset	14(a)	217	193
Forward exchange contract receivable	10	348	-
Prepayments		36	161
Income tax receivable		2,144	468
<b>Total current assets</b>		<b>120,744</b>	<b>121,869</b>
<b>Non-current assets</b>			
Other financial assets	11	7,274	10,376
Property, plant & equipment	12	73,419	72,790
Goodwill	13	7,158	7,158
Biological assets	14(b)	6,641	8,013
Deferred tax assets	5	9,229	9,663
<b>Total non-current assets</b>		<b>103,721</b>	<b>108,000</b>
<b>Total assets</b>		<b>224,465</b>	<b>229,869</b>
<b>Current liabilities</b>			
Trade and other payables	16	9,990	9,349
Borrowings	17	12	160
Income tax payable		-	5,453
Provisions	18	6,121	8,061
<b>Total current liabilities</b>		<b>16,123</b>	<b>23,023</b>
<b>Non-current liabilities</b>			
Borrowings	17	48	-
Deferred tax liabilities	5	8,418	9,756
Provisions	18	19,217	20,193
<b>Total non-current liabilities</b>		<b>27,683</b>	<b>29,949</b>
<b>Total liabilities</b>		<b>43,806</b>	<b>52,972</b>
<b>Net assets</b>		<b>180,659</b>	<b>176,897</b>
<b>Equity</b>			
Contributed equity	19	72,160	72,160
Reserves	20	5,108	9,218
Retained earnings	21	103,391	95,519
		<b>180,659</b>	<b>176,897</b>
Non-controlling interest		-	-
<b>Total equity</b>		<b>180,659</b>	<b>176,897</b>

# CI RESOURCES LIMITED

## Consolidated Statements of Changes in Equity For the financial year ended 30 June 2017

	Contributed Equity \$'000s	Foreign currency translation Reserve \$'000s	Discount on Acquisition of NCI \$'000s	Retained earnings \$'000s	Owners of the Parent \$'000s	Non- controlling Interest \$'000s	Total \$'000s
<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>	-	<b>176,897</b>
Profit for the year	-	-	-	20,586	20,586	-	20,586
Other comprehensive income for the year	-	(4,110)	-	-	(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>	<b>-</b>	<b>16,476</b>
<i>Transactions with owners in their capacity as owners:</i>							
Dividends paid	-	-	-	(12,714)	(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>	<b>-</b>	<b>180,659</b>
<b>1 July 2015 (restated)</b>	<b>72,160</b>	<b>2,902</b>	<b>8,499</b>	<b>71,323</b>	<b>154,884</b>	-	<b>154,884</b>
Profit for the year	-	-	-	34,597	34,597	-	34,597
Other comprehensive income for the year	-	(2,183)	-	-	(2,183)	-	(2,183)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(2,183)</b>	<b>-</b>	<b>34,597</b>	<b>32,414</b>	<b>-</b>	<b>32,414</b>
<i>Transactions with owners in their capacity as owners:</i>							
Dividends paid	-	-	-	(10,401)	(10,401)	-	(10,401)
<b>30 June 2016 (restated)</b>	<b>72,160</b>	<b>719</b>	<b>8,499</b>	<b>95,519</b>	<b>176,897</b>	<b>-</b>	<b>176,897</b>



# CI RESOURCES LIMITED

## Consolidated Statement of Cash Flows For the financial year ended 30 June 2017

	Note	2017 \$'000s	Restated 2016 \$'000s
<b>Cash flows from operating activities</b>			
Receipts from customers		142,190	179,850
Payments to suppliers and employees (inclusive of goods and services tax)		(125,812)	(135,874)
Interest received		846	1,096
Borrowing Costs		(1)	(5)
Income taxes paid		(13,781)	(12,632)
<b>Net cash flows from operating activities</b>	27	<b>3,442</b>	<b>32,435</b>
<b>Cash flows from investing activities</b>			
Movement in term deposits		(647)	(3,203)
Proceeds from sale of property, plant and equipment		101	711
Purchase of property, plant and equipment		(10,042)	(16,679)
<b>Net cash flows used in investing activities</b>		<b>(10,588)</b>	<b>(19,171)</b>
<b>Cash flows from financing activities</b>			
Proceeds/(Repayment) of borrowings		(100)	144
Finance lease principal paid		-	-
Dividends paid		(12,714)	(10,401)
<b>Net cash flows used in financing activities</b>		<b>(12,814)</b>	<b>(10,257)</b>
<b>Net (decrease) / increase in cash and cash equivalents held</b>		<b>(19,960)</b>	<b>3,007</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>57,696</b>	<b>53,967</b>
Impact of foreign exchange		(698)	722
<b>Cash and cash equivalents at the end of the financial year</b>	7	<b>37,038</b>	<b>57,696</b>

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2017

### 1. Corporate Information

This financial report of CI Resources Limited ('Company') for the year ended 30 June 2017 comprises the Company and its subsidiaries ('Group'). The financial report of CI Resources Limited for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the directors on 30 August 2017.

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 2017, 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 2016, except for the adoption of new and amended Accounting Standards and Interpretations effective 1 July 2016, including:

- AASB 2014-3 : Amendments to Australian Accounting Standards –Accounting for Acquisition of Interest in Joint Operations (AASB 1 & AASB 11)
- AASB 2014-4 : Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)
- AASB 2014-6 : Amendments to Australian Accounting Standards – Agriculture: Bearer plants (AASB 101, AASB 116, AASB 117, AASB 123, AASB 136, AASB 140 & AASB 141)
- AASB 2014-9: Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements

### Notes to the financial statements For the year ended 30 June 2017

- AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 cycle
- AASB 2015-2 : Amendment to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101
- AASB 2015-5: Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception
- AASB 2015-9: Amendments to Australian Accounting Standards – Scope and Application Paragraphs [AASB 8, AASB 133 & AASB 1057]

Other than AASB 2014-6, the adoption of the above new and amended Accounting Standards and Interpretations did not have a material impact on the consolidated financial position or performance of the Group.

#### ***Impact of AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants***

Effective from 1 July 2016 the Group has adopted AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants, and the consequential amendments to AASB 116 Property, Plant and Equipment and AASB 141 Agriculture. These amendments distinguish bearer plants (i.e. palm oil trees), from other biological assets (i.e. fresh fruit bunches). The amended standards consider bearer plants, which are solely used to grow produce over their productive lives, to be similar to plant and equipment. Bearer plants are now accounted for under AASB 116. Previously, bearer plants and its agricultural produce were considered to be one asset prior to harvest and were carried at fair value less cost to sell both on initial recognition and subsequently. Agricultural produce growing on bearer plants remains within the scope of AASB 141 and continues to be measured at fair value less costs to sell.

Upon adoption of the amended standards, and in accordance with the transition provisions, the Group has elected to measure bear plants at their fair value at 1 July 2015 and deem this to be cost at that date.

#### ***New accounting policy – Property, Plant & Equipment (Bearer Plants)***

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.

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

#### ***Comparative financial information***

Comparative financial information has been restated to reflect the adoption of AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants in accordance with the relevant transitional requirements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

The changes reflect:

- Accounting for the Bearer Plants in accordance with AASB 116 Property, Plant and Equipment rather than AASB 141 Agriculture – refer to new accounting policy above;
- Depreciation expense in connection with Bearer Plants – refer to new accounting policy above; and
- The consequential tax impact of the above changes.

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2017

The following tables summarises the impact of the adjustments on the comparative financial information:

### *Consolidated Statement of Comprehensive Income for the year ended 30 June 2016 (extract):*

	30 June 2016 '000	Increase/ (decrease) '000	(Restated) 30 June 2016 '000
Cost of sales	(125,623)	(933)	(126,556)
Change in the fair value of biological asset	(997)	1,200	203
<b>Profit before income tax</b>	<b>47,186</b>	<b>268</b>	<b>47,454</b>
Income tax expense	(12,790)	(67)	(12,857)
<b>Net profit for the period</b>	<b>34,396</b>	<b>201</b>	<b>34,597</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations	(2,097)	(86)	(2,183)
Total comprehensive income for the period	32,299	115	32,414
Basic and diluted earnings/(loss) per share	29.76	0.17	29.93

### *Consolidated Statement of Financial Position as at 30 June 2016 (extract):*

	30 June 2016 '000	Increase/ (decrease) '000	(Restated) 30 June 2016 '000
<b>Current assets</b>			
Biological assets	-	193	193
<b>Non-current assets</b>			
Bearer plants	-	8,013	8,013
Biological assets	8,025	(8,025)	-
<b>Non-current liabilities</b>			
Deferred tax liabilities	9,689	67	9,756
<b>Equity</b>			
Reserves	9,304	(86)	9,218
Accumulated profits	95,318	201	95,519

It is impractical for the Group to disclose the impact of the pre-amended standard on the current year financial position and financial performance of the Group.

- 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 2017. These are outlined in the table below:

**Notes to the financial statements  
For the year ended 30 June 2017**

Title	Summary	Application date of standard	Application date for Group	Impact on Group Financial Report
AASB 15 Revenue from Contracts with Customers	<p>AASB 15 <i>Revenue from Contracts with Customers</i> replaces the existing revenue recognition standards AASB 111 <i>Construction Contracts</i>, AASB 118 <i>Revenue</i> and related Interpretations (Interpretation 13 <i>Customer Loyalty Programmes</i>, Interpretation 15 <i>Agreements for the Construction of Real Estate</i>, Interpretation 18 <i>Transfers of Assets from Customers</i>, Interpretation 131 <i>Revenue—Barter Transactions Involving Advertising Services</i> and Interpretation 1042 <i>Subscriber Acquisition Costs in the Telecommunications Industry</i>). AASB 15 incorporates the requirements of IFRS 15 <i>Revenue from Contracts with Customers</i> issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB).</p> <p>AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments). 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 the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:</p> <ol style="list-style-type: none"> <li>Step 1: Identify the contract(s) with a customer</li> <li>Step 2: Identify the performance obligations in the contract</li> <li>Step 3: Determine the transaction price</li> <li>Step 4: Allocate the transaction price to the performance obligations in the contract</li> <li>Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation</li> </ol> <p>AASB 2015-8 amended the AASB 15 effective date so it is now effective for annual reporting periods commencing on or after 1 January 2018. Early application is permitted.</p> <p>AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.</p> <p>AASB 2016-3 <i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i> amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence and provides further practical expedients on transition to AASB 15.</p>	1 January 2018	1 July 2018	<p>The Group has done an initial assessment of the impact of adopting AASB 15.</p> <p>In relation to the Sales revenue relating to sale of goods (Phosphate) the Group does not expect that the adoption of AASB 15 will have a material impact on the recognition and measurement of this revenue.</p> <p>In relation to revenue from rendering of services, the Group is still assessing the full impact of service revenue linked to contracts, however based on the initial assessment the Group does not expect that the adoption of AASB 15 will have a material impact on the recognition and measurement of this revenue.</p>
AASB 9 Financial Instruments	<p>AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.</p> <p>AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments.</p> <p>Classification and measurement</p> <p>AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets</p>	1 January 2018	1 July 2018	<p>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>

**Notes to the financial statements  
For the year ended 30 June 2017**

Title	Summary	Application date of standard	Application date for Group	Impact on Group Financial Report
	<p>compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities. The main changes are described below.</p> <p><b>Financial assets</b></p> <ol style="list-style-type: none"> <li>Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.</li> <li>Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</li> <li>Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</li> </ol> <p><b>Financial liabilities</b></p> <p>Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option.</p> <p>Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> <li>The change attributable to changes in credit risk are presented in other comprehensive income (OCI)</li> <li>The remaining change is presented in profit or loss</li> </ul> <p>AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.</p> <p><b>Impairment</b></p> <p>The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.</p> <p><b>Hedge accounting</b></p> <p>Amendments to AASB 9 (December 2009 &amp; 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.</p> <p>Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.</p>			

**Notes to the financial statements  
For the year ended 30 June 2017**

Title	Summary	Application date of standard	Application date for Group	Impact on Group Financial Report
	<p>AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014.</p> <p>AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.</p>			
AASB 16 Leases	<p>The key features of AASB 16 are as follows:</p> <p><b>Lessee accounting</b></p> <p>Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.</p> <p>A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.</p> <p>Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.</p> <p>AASB 16 contains disclosure requirements for lessees.</p> <p><b>Lessor accounting</b></p> <p>AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.</p> <p>AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. AASB 16 supersedes:</p> <ul style="list-style-type: none"> <li>(a) AASB 117 Leases</li> <li>(b) Interpretation 4 Determining whether an Arrangement contains a Lease</li> <li>(c) SIC-15 Operating Leases—Incentives</li> <li>(d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease</li> </ul> <p>The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.</p>	1 January 2019	1 July 2019	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.
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	<p>AASB 2014-10 amends AASB 10 <i>Consolidated Financial Statements</i> and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require:</p> <p>A full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not)</p> <ul style="list-style-type: none"> <li>(a) A partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.</li> </ul>	1 January 2018	1 July 2018	No material impact on Group

**Notes to the financial statements  
For the year ended 30 June 2017**

Title	Summary	Application date of standard	Application date for Group	Impact on Group Financial Report
	AASB 2014-10 also makes an editorial correction to AASB 10.  AASB 2015-10 defers the mandatory effective date (application date) of AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016.			
AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]	This Standard amends AASB 112 <i>Income Taxes</i> (July 2004) and AASB 112 <i>Income Taxes</i> (August 2015) to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.	1 January 2017	1 July 2017	No material impact on Group
AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	This Standard amends AASB 107 <i>Statement of Cash Flows</i> (August 2015) to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.	1 January 2017	1 July 2017	No material impact on Group
AASB 2016-5 (Amendments) Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transaction	This standard amends to 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>	1 January 2018	1 July 2018	No impact on Group
AASB Interpretation 22 Foreign Currency Transactions and Advance Consideration	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 transactions for each payment or receipt of advance consideration.	1 January 2018	1 July 2018	The Group has not assessed the impact.

The Group has not elected to early adopt any new standards or amendments that are issued but not yet effective.



## Notes to the financial statements For the year ended 30 June 2017

### (c) Basis of consolidation

The consolidated financial statements comprise the financial statements of CI Resources Limited (“company” or “parent entity”) as at 30 June 2017 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 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.

**Notes to the financial statements**  
**For the year ended 30 June 2017**

**(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.

**(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.

## CI RESOURCES LIMITED

### Notes to the financial statements

#### For the year ended 30 June 2017

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.

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).

**Notes to the financial statements**  
**For the year ended 30 June 2017**

**(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.

**(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.

**Notes to the financial statements  
For the year ended 30 June 2017**

**(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.

**(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.

## Notes to the financial statements For the year ended 30 June 2017

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.

### (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

### Notes to the financial statements For the year ended 30 June 2017

- 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.

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

## Notes to the financial statements For the year ended 30 June 2017

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.

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.



## CI RESOURCES LIMITED

### Notes to the financial statements For the year ended 30 June 2017

#### **(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.

#### **(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.

## Notes to the financial statements For the year ended 30 June 2017

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 are 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 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.

## Notes to the financial statements For the year ended 30 June 2017

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.

### (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).

## 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.

**Notes to the financial statements**  
**For the year ended 30 June 2017**

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:

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.

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.

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.

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2017

### 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.

	2017	2016 (Restated)
	\$'000s	\$'000s
<b>4. Revenue and expenses</b>		
<b>a) Revenue</b>		
Sales	139,511	176,823
Rendering of services	9,437	11,063
Interest income	864	1,096
	<b>149,812</b>	<b>188,982</b>
<b>b) Cost of sales</b>		
Production costs	84,546	97,264
Shipping & marketing	18,726	23,899
Depreciation	6,043	5,393
	<b>109,315</b>	<b>126,556</b>
<b>c) Other income</b>		
Net (loss)/gain on disposal of assets	27	(12)
Net foreign exchange gains	-	1,430
Reversal of decommissioning provision	-	906
Insurance claim	2,500	-
Other	23	-
	<b>2,550</b>	<b>2,324</b>
<b>d) Other expenses</b>		
Administration	12,223	15,838
Operating lease expense	647	585
Bad debt expense	1	-
Redundancy expense	847	1,011
Depreciation	101	60
Net foreign exchange loss	1,077	-
	<b>14,896</b>	<b>17,494</b>
<b>e) Finance costs</b>		
Accretion on decommissioning provision	300	-
Finance lease	1	5
	<b>301</b>	<b>5</b>
<b>f) Employee benefits expense</b>	<b>27,272</b>	<b>30,936</b>

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2017

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 \$2,476,000.

### 5. Income tax

	2017	2016
	\$'000s	(Restated) \$'000s
The major components of income tax are:		
<b>Statement of Comprehensive Income</b>		
<i>Current income tax</i>		
Current income tax charge	7,841	14,906
Adjustments in respect of current income tax of previous years	563	(403)
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	886	(805)
Adjustments in respect of deferred tax of previous years	(1,790)	(841)
Income tax expense reported in the Statement of Comprehensive Income	<b>7,500</b>	<b>12,857</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	28,086	47,454
At the Group's statutory income tax rate of 30% (2016: 30%)	8,426	14,236
Income/expenditure not allowable for income tax purposes:		
Add:		
- Adjustments in respect of current income tax of previous years	563	(403)
- Prior year adjustment in respect of temporary difference	(1,790)	(841)
- Effect of partial tax exemption and tax relief	(29)	
- Expenditure not allowable for income tax purposes	598	217
- Deferred tax asset not brought to account	125	162
Differences due to exchange rates applied to temporary differences and changes in tax rates	(117)	(236)
- Difference in global tax rates	(276)	(278)
Aggregate income tax expense	<b>7,500</b>	<b>12,857</b>

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2017

	<i>Statement of Financial Position</i>		<i>Statement of Comprehensive Income</i>	
	2017	2016 (Restated)	2017	2016 (Restated)
	\$'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>				
Consumables	(1,979)	(1,605)	374	(21)
Accelerated depreciation-fixed assets	(6,424)	(8,151)	(1,727)	408
Receivables	(15)	-	15	-
Gross deferred income tax liabilities	<b>(8,418)</b>	<b>(9,756)</b>		
<i>Deferred tax assets</i>				
Provisions and accruals	7,434	7,298	(136)	980
Depreciation – fixed assets	816	994	178	(201)
Forward currency contracts	263	418	155	(30)
Trading stock- intra group	399	711	312	492
Receivables	317	242	(75)	18
Gross deferred income tax assets	<b>9,229</b>	<b>9,663</b>		
Deferred tax income/(expense)			(904)	1,646

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

### 6. Earnings per share

	2017	2016 (Restated)
	Cents	Cents
Basic and diluted earnings per share	<b>17.81</b>	<b>29.93</b>

	2017 Number	2016 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

	2017 \$'000s	2016 (Restated) \$'000s
<b>Profit used in calculating basic and diluted losses per share</b>		
Net profit	20,586	34,597

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2017

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>2017</b>	<b>2016</b>
<b>\$'000s</b>	<b>\$'000s</b>

### 7. Cash and cash equivalents

Cash at bank and on hand	37,038	57,696
	<b>37,038</b>	<b>57,696</b>

### 8. Trade and other receivables

Trade debtors	42,622	37,983
Other receivables	3,896	1,320
	<b>46,518</b>	<b>39,303</b>

Trade debtors are non-interest bearing and are generally on 30-150 day terms. As at 30 June 2017, no trade receivables were considered impaired (2016: nil). There were debtors amounting to \$9.5 million that were past due, but not considered impaired. Subsequent to year end \$6.9 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:

		Neither past	Past due but not impaired			
	Total	due nor impaired	< 30 days	30-60 days	61-90 days	> 91 Days
	\$000	\$000	\$000	\$000	\$000	\$000
2017	42,622	33,171	4,377	4,888	90	96
2016	37,983	25,492	6,537	5,876	-	78

### 9. Inventories

	<b>2017</b>	<b>2016</b>
	<b>\$'000s</b>	<b>\$'000s</b>
Consumable materials and stores	5,796	4,615
Finished goods	13,345	7,880
	<b>19,141</b>	<b>12,495</b>

### 10. Forward exchange contracts receivable

Foreign exchange contracts	<b>348</b>	<b>-</b>
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## CI RESOURCES LIMITED

### Notes to the financial statements For the year ended 30 June 2017

#### *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	
	2017 \$'000s	2016 \$'000s	2017	2016
<b>Sell US\$/buy Australian \$</b>				
<i>Consolidated</i>				
Sell US\$ maturity 0 to 12 months	9,463	-	0.7397	-

These contracts are fair valued by comparing the contracted rate to the market rates for contracts with the same length of maturity. All movements in fair value are recognised in profit or loss in the period they occur. The net fair value gain on foreign currency derivatives during the year were \$0.343 million for the Group (2016: loss of \$1.010 million). There were no outstanding forward exchange contracts as at 30 June 2016.

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

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

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

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

2017	Level 1 '000	Level 2 '000	Level 3 '000	Total '000
Forward currency contracts – held for trading	-	348	-	-

#### **Transfer between categories:**

There were no transfers between level 1 and level 2 during the year.

## 11. Other Financial Assets

	2017 \$'000s	2016 \$'000s
Trust fund term deposit	7,274	7,813
Demolition bonds	-	2,563
	<b>7,274</b>	<b>10,376</b>

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 \$7,274,000 (2016: \$7,813,000). The interest earned on the term deposit of \$194,389 (2016: \$230,872) has been added to the term deposit.

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2017

### 12. Property, Plant & equipment

	2017 \$'000s	2016 \$'000s
<i>Leasehold Land</i>		
At cost	29,717	32,822
Accumulated depreciation	(2,995)	(2,736)
	<u>26,722</u>	<u>30,086</u>
<i>Leasehold buildings</i>		
At cost	8,022	3,921
Accumulated depreciation	(559)	(439)
	<u>7,463</u>	<u>3,482</u>
<i>Land and buildings</i>		
At cost	11,755	7,835
Accumulated depreciation	(2,798)	(2,312)
	<u>8,957</u>	<u>5,523</u>
<i>Strata title properties</i>		
At cost	1,545	1,600
Accumulated depreciation	(365)	(359)
	<u>1,180</u>	<u>1,241</u>
<i>Plant and equipment</i>		
At cost	77,642	76,528
Accumulated depreciation and impairment	(58,660)	(55,131)
	<u>18,982</u>	<u>21,397</u>
<i>Plant and equipment under lease</i>		
At cost	433	480
Accumulated depreciation	(263)	(405)
	<u>170</u>	<u>75</u>
<i>Construction in progress</i>	<u>9,945</u>	<u>10,986</u>
<i>Total property, plant and equipment</i>		
At cost	139,059	134,172
Accumulated depreciation and impairment	<u>(65,640)</u>	<u>(61,382)</u>
Net carrying amount	<u><b>73,419</b></u>	<u><b>72,790</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	30,086	27,498
Additions	-	3,905
Depreciation expense	(528)	(521)
Foreign exchange difference	(2,836)	(796)
	<u>26,722</u>	<u>30,086</u>

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2017

	2017 \$'000s	2016 \$'000s
<i>Leasehold buildings</i>		
Carrying amount at beginning	3,482	3,313
Transfer from construction in progress	4,467	346
Transfer to land and buildings	-	-
Additions	4	-
Disposals	-	-
Depreciation expense	(161)	(110)
Foreign exchange difference	(329)	(67)
	<u>7,463</u>	<u>3,482</u>
<i>Land and buildings</i>		
Carrying amount at beginning	5,523	5,874
Transfer from construction in progress	3,923	76
Transfer from leasehold buildings	-	-
Disposals	(3)	(202)
Depreciation expense	(486)	(225)
	<u>8,957</u>	<u>5,523</u>
<i>Strata title properties</i>		
Carrying amount at beginning	1,241	1,190
Depreciation expense	(18)	(15)
Foreign exchange difference	(43)	66
	<u>1,180</u>	<u>1,241</u>
<i>Plant and equipment</i>		
Carrying amount at beginning	21,397	22,229
Transfer from construction in progress	2,193	3,554
Additions	315	187
Transfer from/(to) equipment under lease	-	-
Disposals	(71)	(525)
Depreciation expense	(4,027)	(3,883)
Foreign exchange difference	(825)	(165)
	<u>18,982</u>	<u>21,397</u>
<i>Plant and equipment under lease</i>		
Carrying amount at beginning	75	102
Additions	117	-
Transfer from construction in progress	-	-
Transfer (to)/from plant and equipment	-	-
Depreciation expense	(15)	(24)
Foreign exchange difference	(7)	(3)
	<u>170</u>	<u>75</u>
<i>Construction in progress</i>		
Carrying amount at beginning	10,986	2,405
Additions	9,606	12,587
Transfers	(10,314)	(3,976)
Foreign exchange difference	(333)	(30)
	<u>9,945</u>	<u>10,986</u>

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2017

### 13. Goodwill

	2017	2016
	\$'000s	\$'000s
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 2017 was \$7,158,000 (2016: \$7,158,000) which includes an accumulated impairment charge of nil during the year (2016: 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% (2016: 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 (2016: 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.

### 14. 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 25,590 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

	2017	2016
	\$'000s	(Restated) \$'000s
<b>Carrying amount at beginning of period</b>	193	258
Production costs	1,665	2,040
Harvested during the period	(1,858)	(2,298)
Fair value adjustment	236	203
Effect of foreign exchange	(19)	(10)
<b>Carrying amount at end of period</b>	<b>217</b>	<b>193</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:

	2017	2016
CPO Price (RM per tonne)	2,602	2,340
PK Price (RM per tonne)	2,014	2,421
Extraction rate (CPO)	19.15%	19.50%
Extraction rate (PK)	5.80%	6.00%

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2017

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)

	2017	2016 (Restated)
	\$'000s	\$'000s
Carrying amount/deemed cost at beginning of period	8,013	9,038
Depreciation	(636)	(675)
Effect of foreign exchange	(736)	(350)
Carrying amount at end of period	<u>6,641</u>	<u>8,013</u>

## 15. 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	
			2017 %	2016 %
- 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	Trading	Singapore	51	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

### (b) Financial information of subsidiary that has material non-controlling interest are provided below:

	2017 \$'000s	2016 \$'000s
Accumulated balances of material non-controlling interest	<u>-</u>	<u>-</u>
Profit/(loss) allocated to material non-controlling interest	<u>-</u>	<u>-</u>

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2017

### 16. Trade and other payables

	2017 \$'000s	2016 \$'000s
Trade payables	<u>9,990</u>	<u>9,349</u>

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

### 17. Interest bearing loans and borrowings

	Notes	2017 \$'000s	2016 \$'000s
<b>Current</b>			
Lease liabilities	25	<u>12</u>	<u>160</u>
		<b>12</b>	<b>160</b>
<b>Non-current</b>			
Lease liabilities	25	<u>48</u>	<u>-</u>
		<b>48</b>	<b>-</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:

	2017 \$'000s	2016 \$'000s
Total facilities	500	500
Facilities utilised at reporting date	-	-
Facility unused at reporting date	<u>500</u>	<u>500</u>

### 18. Provisions

		2017 \$'000s	2016 \$'000s
<b>Current</b>			
Employee entitlements		<u>6,121</u>	<u>8,061</u>
		<b>6,121</b>	<b>8,061</b>
<b>Non-current</b>			
Redundancy	(a)	8,160	9,588
Employee entitlements		<u>1,759</u>	<u>1,607</u>
		9,919	11,195
Decommissioning	(b)	<u>9,298</u>	<u>8,998</u>
		<b>19,217</b>	<b>20,193</b>

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2017

### (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 \$1,428,000 during the year ended 30 June 2017 (2016: \$606,000).

### (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.

	2017 \$'000s	2016 \$'000s
(c) <i>Movement in provisions</i>		
<i>Provision for decommissioning:</i>		
Carrying amount at the beginning of the financial year	8,998	9,904
Change in net present value of provision:		
- (Credited)/Debited to profit or loss	300	(906)
Carrying amount at the end of the financial year	9,298	8,998

## 19. Contributed equity

	Number of Shares	\$'000s
(a) <i>Share capital</i>		
Ordinary shares – fully paid	115,581,107	72,160

### (b) *Movements in ordinary share capital*

Date	Details	Number of shares	\$'000s
1 July 2015	Opening balance	115,581,107	72,160
	Movement	-	-
30 June 2016/1 July 2016	Closing balance/Opening balance	115,581,107	72,160
	Movement	-	-
30 June 2017	<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 11 cents per share (2016: 9 cents per share) have been paid during the year.

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2017

	2017	2016 (Restated)
	\$'000s	\$'000s
<b>20. Reserves</b>		
Foreign exchange translation reserve	(3,391)	719
Acquisition reserve	8,499	8,499
	<b>5,108</b>	<b>9,218</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**

	2017	2016 (Restated)
	\$'000s	\$'000s
<i>Foreign exchange translation reserve</i>		
Balance at the beginning of the year	719	2,902
Foreign exchange on translation of financial report	(4,110)	(2,183)
Balance at the end of the period	<b>(3,391)</b>	<b>719</b>

	2017	2016
	\$'000s	\$'000s
<i>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>

## **21. Retained earnings**

	2017	2016 (Restated)
	\$'000s	\$'000s
Accumulated profit at the beginning of the year	95,519	71,323
Net profit attributable to members of CI Resources Limited	20,586	34,597
Dividends paid	(12,714)	(10,401)
Accumulated profit at the end of the financial year	<b>103,391</b>	<b>95,519</b>

## **22. Key management personnel disclosures**

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

	2017	2016
	\$'000s	\$'000s
Short term employee benefits	2,862	2,834
Post employment benefits	224	214
	<b>3,086</b>	<b>3,048</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 2017

### (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 (2016: \$30,507).
- (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 for three years ending 1 January 2018. Mr Lai Ah Hong received a total rent of \$21,956 during the year (2016:\$20,910).
- (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 \$12,536 (2016: \$9,469) during the year.

### 23. Remuneration of auditors

	2017 \$'000s	2016 \$'000s
Amounts received or due and receivable by EY (Australia) for:		
- audit of the financial report of the parent entity and the consolidated entity	133	168
- review of the half year financial report of the consolidated entity	56	57
- other services		
	<hr/> 189	<hr/> 225
Amounts received or due and receivable by related practices of EY (Australia) for the audit of the financial statements	75	70
	<hr/> 75	<hr/> 70
Amounts received or due and receivable by auditors other than EY for:		
- an audit or review of the financial report of a controlled entity	-	-
	<hr/> 264	<hr/> 295

### 24. Contingent liabilities

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

### 25. Commitments for expenditure

	2017 \$'000s	2016 \$'000s
(a) Lease expenditure commitments		
<i>Operating leases</i>		
- not later than one year	654	602
- later than one year and not later than five years	711	581
- total minimum payments	<hr/> 1,365	<hr/> 1,183

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

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2017

### Finance leases

	2017		2016	
	Minimum Lease Payments \$'000s	Present Value of Lease Payments \$'000s	Minimum Lease Payments \$'000s	Present Value of Lease Payments \$'000s
<b>CONSOLIDATED</b>				
Within one year	17	12	162	160
After one year but not more than five years	61	48	-	-
Total minimum lease payments	78	60	162	160
Less amounts representing future finance charges	(18)	-	(2)	-
Present value of minimum lease payments	60	60	160	160

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

- The Company provides a guarantee and indemnity to the Commonwealth Government of Australia (Commonwealth) to ensure the performance of Indian Ocean Oil Company Pty Ltd's obligations under the terms of a 20 year fuel lease arrangement.
- The Company has committed to undertake various environmental management targets and objectives as detailed in the Christmas Island Phosphates Environmental Management Plan.
- The Company has provided a bank guarantee of \$2 million to the Commonwealth Government under the terms of the Mining Lease Agreement.
- The Company has capital commitments of \$3.846 million (2016: \$3.160 million) for items of plant on order but not yet delivered.

## 26. Related party transactions

### Directors and other key management personnel

Disclosures relating to directors and other key management personnel are set out in note 22.

### 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 15.

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

	2017	2016 (Restated)
	\$'000s	\$'000s
Operating profit after income tax	20,586	34,597
<i>Adjustment for non-cash items</i>		
Accretion of decommissioning provision	300	-
Net loss/(gain) on disposal of assets	(27)	12
Bad debts	-	-
Change in fair value of biological assets	(236)	(203)
Depreciation	6,144	5,453
Unrealised foreign exchange (gain) / loss	719	(1,801)
Reversal of contingent consideration	-	-

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2017

	2017	2016
		(Restated)
	\$'000s	\$'000s
<i>Change in operating assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	(7,215)	(9,132)
Movement in deferred tax balances	(904)	(1,647)
(Increase)/decrease in inventories	(6,646)	423
Increase/(decrease) in trade creditors and accruals	641	(1,559)
(Decrease)/Increase in provisions	(2,916)	417
Decrease in prepayments	125	2,492
(Decrease)/increase in tax payable	(7,129)	3,383
Net cash inflow from operating activities	<b>3,442</b>	<b>32,435</b>

## 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 2017

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

#### Consolidated

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

Year ended 30 June 2016	≤6 months	6-12 months	1-5 years	>5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>					
Cash	57,696	-	-	-	57,696
Trade and other receivables	39,303	-	-	-	39,303
Term deposits	11,553	-	-	-	11,553
Other financial assets	10,376	-	-	-	10,376
<b>Financial liabilities</b>					
Trade and other payables	9,349	-	-	-	9,349
Interest bearing loans and borrowings	160	-	-	-	160

#### (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 with the results that the Group's exposure to bad debts is not significant.

#### (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 10, forward currency contracts designated as held for trading that are subject to fair value movements through profit or loss as foreign exchange rates move.

## CI RESOURCES LIMITED

### Notes to the financial statements For the year ended 30 June 2017

At 30 June 2017, 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:*

	Post tax profit and equity Higher/(Lower)	
	2017 \$'000s	2016 \$'000s
<i>Consolidated</i>		
AUD/USD + 10%	(860)	-
AUD/USD - 10%	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 2017 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 2017

#### 29. Parent entity information

	2017 \$'000s	2016 \$'000s
Current assets	7,013	5,078
Total assets	73,953	72,020
Current liabilities	116	53
Total liabilities	116	53
Issued capital	72,160	72,160
Retained earnings	1,677	(193)
Total shareholders' equity	73,837	71,967
Profit of the parent entity	14,583	9,448
Total comprehensive income	14,583	9,448

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 2017

	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

	Year ended 30 June 2016 (Restated)			
	Mining	Farming	Unalloc./ Elimination	Total
	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>				
Revenue	129,104	33,329	-	162,433
Interest income	590	213	293	1,096
Rendering of services	-	-	11,063	11,063
Fuel sales	-	-	14,390	14,390
Total segment revenue	129,694	33,542	25,746	188,982
<b>Result</b>				
Segment net operating profit after tax (attributable to parent)	30,168	588	3,841	34,597
Depreciation and amortisation	3,415	1,363	675	5,453
Income tax expense	11,078	183	1,596	12,857
<b>Assets and Liabilities</b>				
Segment assets	144,571	55,148	30,150	229,869
Segment liabilities	44,632	5,172	3,168	52,972
<b>Other disclosure</b>				
Capital expenditure	14,114	329	2,236	16,679

## CI RESOURCES LIMITED

### Notes to the financial statements For the year ended 30 June 2017

Revenue from external customers by geographical locations is detailed below:

	2017 \$'000s	2016 \$'000s
Australia	104,197	131,341
Malaysia	44,407	53,662
Singapore	1,208	3,979
	<u>149,812</u>	<u>188,982</u>

#### *Major customers*

The Group has a number of customers to which it provides the products. Revenue within the consolidated entity from one customer amounted to \$42.06 million and from another amounted to \$12.46 million in the mining segment. No other customers had sales exceeding 10% of revenue.

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

Australia	36,970	35,967
Malaysia	49,027	50,704
Singapore	1,221	1,290
	<u>87,218</u>	<u>87,961</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 2017

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 2017 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 2017 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 2017.

On behalf of the board



David Somerville  
Chairman



Lai Ah Hong  
Managing Director

Perth, Western Australia  
30 August 2017

## 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 2017, 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 2017 and of its consolidated financial performance for the year ended on that date; and
- 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 CGU non-current assets

Why significant	How our audit addressed the key audit matter
<p>At 30 June 2017, the Group held net assets of \$48.031 million, inclusive of goodwill of \$7.158 million recorded on the consolidated statement of financial position in relation to the Farming CGU.</p> <p>The matter was considered significant to our audit given that the Farming CGU is a material CGU to the Group as disclosed in Note 30: Segment Reporting.</p> <p>As outlined in Note 13 Goodwill, the recoverable amount of the Farming CGU has been determined using a value in use (VIU) calculation using cash flow projections, which requires the Group to exercise judgment 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 13, the Group concluded that no impairment existed at 30 June 2017 because the recoverable value of the CGU exceeded the carrying amount.</p>	<p>Our procedures to address the key audit matter included evaluating and assessing the assumptions and methodologies used by the Group in calculation of the recoverable amount of the Farming CGU using the VIU model.</p> <p>We involved our valuation specialists to evaluate the key assumptions and methodologies used by the Group.</p> <p>We compared the Group's assumptions to our own assessments, and externally derived data, for key inputs such as projected growth, commodity price, cost inflation and discount rates. We considered the historical reliability of the Group's cash flow forecasting process.</p> <p>We assessed the Group's sensitivities, which included analysis of their break-even assumptions.</p> <p>We assessed the adequacy of the disclosures concerning goodwill as described in Note 13 to the Group financial report.</p>

## Amendments to AASB 141 Agriculture

Why significant	How our audit addressed the key audit matter
<p>As outlined in note 2, effective from 1 July 2016 the Group was required to adopt AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants, and the consequential amendments to AASB 116 Property, Plant and Equipment and AASB 141 Agriculture.</p> <p>This matter is considered significant to our audit given that the application of the amendments results in a change in accounting policy that impacts the classification and valuation of assets (bearer plants and their produce) that are material to the Group and required a restatement of comparative financial information. The amendments require that bearer plants be accounted for as property, plant &amp; equipment at cost in accordance with AASB 116 and their produce be accounted for as a biological asset measured at fair value in accordance with AASB 141.</p> <p>The net impact of the restatement on the prior year comparative figures was a \$0.201m reduction in net profit after tax.</p> <p>The Group has disclosed the impact of the amendments in Note 2(b)(i), including outlining the new accounting policy in relation to bearer plants and the impact on the comparative financial information and included current year disclosures relating to bearer plants and produce in Note 14 Biological Assets.</p>	<p>Our procedures to address the key audit matter included evaluating and assessing:</p> <ul style="list-style-type: none"> <li>▶ the application of the amendments to AASB 141 Agriculture, including evaluating the Group's determination of the deemed cost of bearer plants and fair value of produce at 1 July 2015, being the opening date of the comparative period disclosed in the financial report.</li> <li>▶ the restatement of comparative financial information.</li> <li>▶ the assumptions and methodologies used by the Group in the calculation of the fair value of produce at reporting date.</li> </ul> <p>We assessed the adequacy of the disclosures relating to the change in accounting policy in Note 2(b)(i) and the disclosures in Note 14 <i>Biological Assets</i>.</p>

## Recoverability of debtors

Why significant	How our audit addressed the key audit matter
<p>At outlined in Note 8, at 30 June 2017, the Group had trade debtors totaling \$42.622 million, including \$9.5 million that were past due, but not considered impaired.</p> <p>The matter is considered significant given that there is a material amount of debtors that are past due, but not considered impaired. This assessment requires a degree of judgement by management in assessing the recoverability of past due debtors.</p>	<p>In performing our procedures to address the key audit matter, we:</p> <ul style="list-style-type: none"> <li>▶ performed procedures on the existence of debtors, including agreeing a sample of outstanding amounts at balance date to delivery documents.</li> <li>▶ assessed the Group's evaluation of recoverability of debtors that were past due but not impaired, including consideration of the contractual agreements, past payment practices of those debtors and consideration of the credit-worthiness of counterparties and amounts received from these debtors post balance date.</li> </ul>

## 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 2017 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.

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

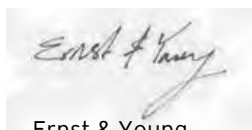
### Opinion on the remuneration report

We have audited the Remuneration Report included in pages 15 to 20 of the directors' report for the year ended 30 June 2017.

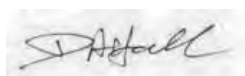
In our opinion, the Remuneration Report of CI Resources Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

### 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  
30 August 2017

# 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 10 August 2017:

<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 10 August 2017 there were 489 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	102
1,001 - 5,000	99
5,001 - 10,000	100
10,001 - 100,000	71
100,001 - and over	<u>117</u>
	<b><u>489</u></b>

There were 61 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 10 August 2017)

Holder name	Ordinary Shares	
	Number	%
CITICORP NOMINEES PTY LIMITED	34,470,429	29.82
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	2,307,069	2.00
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
MS WAI FUN LEE	1,470,950	1.27
C & H LAI SUPER PTY LTD <LAI SUPERANNUATION FUND A/C>	870,875	0.75
CHAIN YEE TEE	826,150	0.71
CHIN ENG LIM	806,000	0.70
	<b>85,676,096</b>	<b>74.12</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.





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