

APPENDIX 4D – HALF YEAR REPORT

PERIOD ENDED 31 DECEMBER 2017

**CI RESOURCES LIMITED
AND ITS CONTROLLED ENTITIES
ACN 006 788 754**

Reporting Period

This information should be read in conjunction with the 30 June 2017 annual financial report.

Current reporting period: 31 December 2017
Previous corresponding period: 31 December 2016

Results for announcement to the market

	31 Dec 2017 \$'000's	31 Dec 2016 \$'000's	% Change
Revenue from continuing operations	89,506	77,889	14.9%
Net profit for the period	11,523	10,022	15.0%
Profit from ordinary activities after tax attributable to members	11,523	10,022	15.0%
Total comprehensive income for the period attributable to members	14,047	4,750	195.7%

Earnings Per Share

	31 Dec 2017	31 Dec 2016
Basic and Diluted	9.97 cents	8.67 cents

Dividends

Dividends totalling 7 cents per share have been paid during the half year ended 31 December 2017. The Directors recommend the payment of an interim dividend of 3 cents per share.

Date the interim dividend is payable 18 April 2018
Record date to determine entitlements to the dividend 21 March 2018
Date interim dividend was declared 21 February 2018

APPENDIX 4D – HALF YEAR REPORT (Continued)

PERIOD ENDED 31 DECEMBER 2017

**CI RESOURCES LIMITED
AND ITS CONTROLLED ENTITIES
ACN 006 788 754**

Net Tangible Asset Backing Per Security

	31 Dec 2017	31 Dec 2016
Fully paid ordinary shares on issue at balance date	115,581,107	115,581,107
Net tangible asset backing per issued ordinary share as at balance date	155.3 cents	129.6 cents

Additional Appendix 4D disclosure requirements can be found in the directors' report and the 31 December 2017 half year report and accompanying notes.

Significant changes in the state of affairs of the Company

No significant changes took place during the period in the state of affairs of the consolidated entity.

Compliance Statement

The report is based on financial statements reviewed by the auditor, a copy of which is attached.

For and on behalf of the directors:



David Somerville
Director

Dated: 21 February 2018

CI Resources Limited

ACN 006 788 754

Half Year Report

For the half-year ended 31 December 2017

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CI RESOURCES LIMITED

Directors' report

Your directors present their half year report on the consolidated entity ("Group") consisting of CI Resources Limited ("CIL" or "Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2017.

Directors

The following persons were directors of CI Resources Limited for the whole of the half-year and up to the date of this report, unless otherwise stated:

Mr David Somerville

Mr Lai Ah Hong

Dato' Sri Tee Lip Sin

Mr Tee Lip Jen

Mr Adrian Gurgone

Dato' Sri Kamaruddin bin Mohammed

Mr Clive Brown

Dividends

Dividends totalling 7 cents per share have been paid during the half year ended 31 December 2017. The Directors propose paying a fully franked interim dividend of 3 cents per share issued with the record date being set at 21 March 2018 with payment to be made on the 18 April 2018.

Review of operations

The Consolidated Entity is reporting a net profit for the period of \$11.523M for the half-year ended 31 December 2017 (31 December 2016: \$10.022M).

Sales volumes from the Christmas Island operations were stronger than the same period in the prior year due to improved weather conditions in the first half of the financial year, compared to the unseasonal wet conditions in the prior year. This resulted in sales of approximately 350,000 tonnes for the half year, compared with 320,000 tonnes for the same period last year.

There was also an increase in sales volumes due to increased production from our palm oil plantation and palm oil processing activities.

Financial Position

At the end of the financial period the consolidated entity had net cash balances of \$42.432M (30 June 2017: \$37.038M) and net assets of \$186.615M (30 June 2017: \$180.659M).

Total liabilities amounted to \$42.475M (30 June 2017: \$43.806M), being trade and other creditors, provisions and taxation liabilities.

CI RESOURCES LIMITED

Directors' report

Earnings per share	December 2017 Cents	December 2016 (restated) Cents
Basic earnings per share	9.97	8.67

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

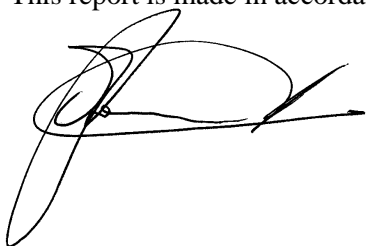
Rounding

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 Corporation (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The Company is an entity to which the Class Order applies.

Auditor

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

This report is made in accordance with a resolution of the directors.



D Somerville
Chairman
Perth, Western Australia

21 February 2018

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

As lead auditor for the review of CI Resources Limited for the half-year ended 31 December 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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



Ernst & Young



D A Hall
Partner
21 February 2018

CI RESOURCES LIMITED

Consolidated Statement of Comprehensive Income For the half-year ended 31 December 2017

	Notes	Consolidated	
		31 December 2017	31 December 2016
		\$'000s	\$'000s
Revenue from continuing operations	3a	89,506	77,889
Cost of sales	3b	(64,990)	(57,613)
Gross Profit		24,516	20,276
Other income	3c	2,574	1,536
Finance costs		(300)	(301)
Other expenses	3d	(10,435)	(7,706)
Share of loss of a joint venture		-	(38)
Profit before income tax		16,355	13,767
Income tax expense		(4,832)	(3,745)
Net profit for the period		11,523	10,022
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		2,524	(5,272)
		14,047	4,750
		Cents	Cents
Basic and diluted earnings/(loss) per share		9.97	8.67

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CI RESOURCES LIMITED

Consolidated Statement of Financial Position As at 31 December 2017

	Notes	Consolidated	
		31 December 2017 \$'000s	30 June 2017 \$'000s
Current assets			
Cash and cash equivalents	4	42,432	37,038
Other financial assets		8,135	15,302
Trade and other receivables		47,865	46,518
Inventories		18,486	19,141
Biological assets		292	217
Forward Exchange Contract Receivable	8	35	348
Prepayments		5,168	36
Income tax receivable		1,631	2,144
Total current assets		124,044	120,744
Non-current assets			
Other financial assets		6,346	7,274
Property, plant & equipment		76,768	73,419
Goodwill		7,158	7,158
Biological assets		6,606	6,641
Deferred tax assets		8,168	9,229
Total non-current assets		105,046	103,721
Total assets		229,090	224,465
Current liabilities			
Trade and other payables		10,546	9,990
Borrowings		12	12
Provisions		5,028	6,121
Total current liabilities		15,586	16,123
Non-current liabilities			
Borrowings		44	48
Deferred tax liabilities		8,901	8,418
Provisions		17,944	19,217
Total non-current liabilities		26,889	27,683
Total liabilities		42,475	43,806
Net assets		186,615	180,659
Equity			
Contributed equity		72,160	72,160
Reserves		7,632	5,108
Accumulated profits		106,823	103,391
Total equity		186,615	180,659

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

CI RESOURCES LIMITED

Consolidated Statements of Changes in Equity For the half-year ended 31 December 2017

2017 Consolidated	Contributed Equity \$'000s	Foreign currency translation Reserve \$'000s	Discount on acquisition of Non- controlling interest Reserve \$'000s	Retained earnings \$'000s	Total \$'000s
1 July 2017	72,160	(3,391)	8,499	103,391	180,659
Profit for the period	-	-	-	11,523	11,523
Other comprehensive income	-	2,524	-	-	2,524
Total comprehensive income for the period	-	2,524	-	11,523	14,047
Transactions with owners in their capacity as owners					
Dividends paid	-	-	-	(8,091)	(8,091)
31 December 2017	72,160	(867)	8,499	106,823	186,615

CI RESOURCES LIMITED

Consolidated Statements of Changes in Equity For the half-year ended 31 December 2017

2016 Consolidated	Contributed Equity \$'000s	Foreign currency translation Reserve \$'000s	Discount on acquisition of Non- controlling interest Reserve \$'000s	Retained earnings \$'000s	Total \$'000s
1 July 2016	72,160	717	8,499	95,277	176,653
Profit for the period	-	-	-	10,022	10,022
Other comprehensive income	-	(5,272)	-	-	(5,272)
Total comprehensive income for the period	-	(5,272)	-	10,022	4,750
Transactions with owners in their capacity as owners					
Dividends paid	-	-	-	(9,246)	(9,246)
31 December 2016	72,160	(4,555)	8,499	96,053	172,157

CI RESOURCES LIMITED

Consolidated Statement of Cash Flows For the half-year ended 31 December 2017

	Notes	Consolidated	
		31 December 2017 \$'000s	31 December 2016 \$'000s
Cash flows from operating activities			
Receipts from customers		88,829	75,676
Payments to suppliers and employees		(76,142)	(67,441)
Interest received		676	408
Income taxes paid		(4,130)	(8,379)
Net cash inflow from operating activities		9,233	264
Cash flows from investing activities			
Decrease/(Increase) in financial assets		8,095	(549)
Proceeds from sale of property, plant and equipment		40	293
Purchase of property and equipment		(3,804)	(6,254)
Investment in joint venture		-	(200)
Net cash inflow/(outflow) from investing activities		4,331	(6,710)
Cash flows from financing activities			
Repayments of interest bearing loans and borrowings		(4)	(160)
Dividends paid		(8,091)	(9,246)
Net cash outflow from financing activities		(8,095)	(9,406)
Net increase/ (decrease) in cash and cash equivalents		5,469	(15,852)
Cash and cash equivalents at the beginning of the financial year		37,038	57,696
Impact of foreign exchange		(75)	355
Cash and cash equivalents at the end of the period	4	42,432	42,199

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

CI RESOURCES LIMITED

Notes to the financial statements For the half-year ended 31 December 2017

1 Corporate Information

The half-year financial statements of CI Resources Limited and its subsidiaries ('Group') for the six months ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 22 February 2018.

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 Basis of Preparation and Accounting Policies

Basis of preparation

This half-year financial statements for the half-year ended 31 December 2017 are general purpose condensed financial statements prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The half-year financial statements does not include all notes of the type normally included within the Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial statements should be read in conjunction with the Annual Financial Report of CI Resources Limited as at 30 June 2017.

Apart from the adoption of new or revised standards noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Changes in accounting policy

The accounting policies adopted in the preparation of the half-year report are consistent with those followed in the preparation of the Group's Annual Financial Report for the year ended 30 June 2017, except for the adoption of new standards and interpretation which has had and no material impact on the financial position or performance of the Group, and the disclosures in the half-year report.

Issued but not yet effective accounting standards

The Group has not elected to early adopt any new standards or amendments that are not mandatorily effective. The assessments of the new standard or amendments remains consistent with the impact outlined in the Group's Annual Financial Report.

CI RESOURCES LIMITED

Notes to the financial statements For the half-year ended 31 December 2017

	Consolidated	
	31 December 2017 \$'000s	31 December 2016 \$'000s
3 Revenue and Expenses		
(a) Revenue		
Phosphate sales	52,284	49,856
Palm oil sales	22,965	14,500
Finance revenue – interest	677	408
Rendering of services	6,427	4,299
Other sales	7,153	8,826
	89,506	77,889
(b) Cost of sales		
Cost of production:		
Production and purchase costs	48,701	43,871
Royalties	875	812
Environment levy	860	732
Insurance	1,086	928
	51,522	46,343
Shipping costs:		
Shipping charges	8,393	7,158
Port charges	1,301	1,085
	9,694	8,243
Handling and warehousing costs	813	372
Depreciation:		
Plant and equipment	2,961	2,655
Total cost of sales	64,990	57,613
(c) Other income		
Foreign exchange gain	-	1,100
Change in fair value of biological asset	64	428
Insurance claim	2,500	-
Other	10	8
	2,574	1,536

CI RESOURCES LIMITED

Notes to the financial statements For the half-year ended 31 December 2017

	Consolidated	
	31 December 2017 \$'000s	31 December 2016 \$'000s
3 Revenue and Expenses (continued)		
(d) Other expenses		
Redundancy expense	3,135	499
Foreign exchange loss	228	-
Depreciation	50	46
Administration and other	7,022	7,161
	10,435	7,706
4 Reconciliation of Cash and Cash Equivalents		
Cash at bank	42,432	37,038
5 Dividends Paid and Proposed		
Franked dividends declared and paid during the half-year on ordinary shares to the owners of the parent: \$0.07 (December 2016: \$0.08)	(8,091)	(9,246)
Dividends proposed and not yet recognised as a liability	(3,467)	(3,467)
	(11,558)	(12,713)

6 Commitments and Contingencies

As at the reporting date the consolidated entity had no expenditure commitments.
Since the last annual reporting date, there has been no material change to any contingent liabilities or contingent assets.

7 Events after the Balance Sheet Date

No matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect, the operations of CI Resources Limited and its controlled entities, or the state of affairs of CI Resources Limited and its controlled entities in subsequent periods.

Notes to the financial statements
For the half-year ended 31 December 2017

8 Financial Instruments

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

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

(a) Forward currency contracts – held for trading

The Group has entered into forward exchange contracts which are economic hedges but do not satisfy the requirements for hedge accounting.

	Notional amounts		Average exchange rate	
	\$AUD			
	31 Dec 2017	30 June 2017	31 Dec 2017	30 June 2017
	\$'000s	\$'000s		
Sell US\$/buy Australian \$				
Consolidated				
Sell US\$ maturity 0 to 12 months	1,318	9,463	0.7589	0.7397

These contracts are fair valued by comparing the contracted rate to the forward market rates for contracts with the same remaining term, discounted at a market interest rate. All movements in fair value are recognised in profit or loss in the period they occur. The net fair value losses on foreign currency derivatives during the half-year were \$0.218 million for the Group.

(b) Capital notes – available-for-sale

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

	Fair Value	
	\$AUD	
	31 Dec 2017	30 June 2017
	\$'000s	\$'000s
Capital notes \$		
Australian capital notes	996	-

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

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

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

Level 2: the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the 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

	Level 1	Level 2	Level 3	Total
	'000	'000	'000	'000
Forward currency contracts – classified as held for trading	-	35	-	35
Capital notes – classified as available-for- sale	996	-	-	996
	996	35	-	1,031

Transfer between categories:

There were no transfers between levels during the half-year.

CI RESOURCES LIMITED

Notes to the financial statements For the half-year ended 31 December 2017

9 Segment reporting (continued)

	Half-Year ended 31 December 2016			
	Mining	Farming	Unallocated/ Elimination	Total
	\$'000s	\$'000s	\$'000s	\$'000s
Revenue				
Revenue from external customers	49,856	14,500	-	64,356
Interest income	218	75	115	408
Rendering of services	-	-	4,936	4,936
Other sales	-	-	8,189	8,189
Total segment revenue	50,074	14,575	13,240	77,889
Result				
Segment net operating profit after tax (attributable to parent)	8,092	699	1,231	10,022
Depreciation and amortisation	1,427	910	364	2,701
Income tax expense	3,348	101	296	3,745
As at 30 June 2017				
Assets and Liabilities				
Segment assets	143,066	51,476	29,923	224,465
Segment liabilities	37,711	3,445	2,650	43,806

Revenue from external customers by geographical locations is detailed below. Revenue is attributed to geographic location based on the location of the customers. The Company does not have external revenues from external customers that are attributable to any foreign country other than as shown:

	1 July 2017 to 31 December 2017 \$'000s	1 July 2016 to 31 December 2016 \$'000s
Australasia	15,007	14,072
Malaysia	64,027	49,981
Indonesia	-	13,428
Singapore	9,795	-
	88,829	77,481

Major customers

The Group has a number of customers to which it provides the products. There are 3 (2016: 2) customers of the Group who each account for more than 10% of total external revenue for the half years ended.

CI RESOURCES LIMITED

Notes to the financial statements For the half-year ended 31 December 2017

9 Segment reporting (continued)

Non-Current Assets by geographical regions:

	Consolidated	
	31 December 2017 \$'000s	30 June 2017 \$'000s
Australia	38,612	36,970
Malaysia	50,728	49,027
Singapore	1,192	1,221
	90,532	87,218

10 Related parties

The Group has a policy that all transactions with related parties are conducted on commercial terms and conditions.

No material related party transactions occurred other than the remuneration of Directors and Key Management Personnel.

11 Changes in composition of the entity

There has been no material change in the composition and nature of the Group during the interim period, including business combinations, obtaining or losing control of subsidiaries and long-term investments, restructurings and discontinued operations.

Directors' Declaration

In the directors' opinion:

- (a) The financial statements comprising the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and accompanying notes are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standard AASB 134: Interim Financial Reporting, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the company and the consolidated entity's financial position as at 31 December 2017 and of their performance, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to be 'D Somerville', written over a horizontal line.

D Somerville
Chairman

Perth
21 February 2018

Independent auditor's review report to the Directors of CI Resources Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of CI Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not 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 31 December 2017 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the half-year financial report

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

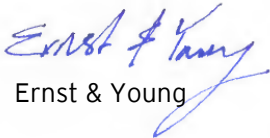
Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2017 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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



Ernst & Young

Ernst & Young



D A Hall
Partner
21 February 2018