CI Resources Limited

Financial Report
For the financial year ended 30 June 2014

CI Resources Limited ACN 006 788 754

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CI RESOURCES LIMITED

Chairman's Letter

Dear Shareholder

I am pleased to provide the Annual Report for CI Resources Limited (Company) (CI Resources) for the year ended 30 June 2014, for the operations of the Company and its principal subsidiary Phosphate Resources Limited (PRL). The Company holds 63.05% of the issued shares in PRL and is represented on the Board of PRL by Mr Tee Lip Sin, Mr Tee Lip Jen and Dato' Kamaruddin bin Mohammed.

The reported Statement of Consolidated Income (Profit and Loss) for CI Resources reflects a Net Profit attributable to members of the Company of AUD $11.24 million (2013 AUD$12.93 million). This equates to an Earnings Per Share of 15.42 cents (2013 17.75 cents).

PRL Group consolidated 2014 post tax profit is $18.9 million (2013 $24.19 million) included $16.1 million profit attributed to the phosphate mining operations on Christmas Island and $2.0 million profit being achieved from palm oil plantation and milling operations in the Malaysian peninsula.

As advised by the Chairman of PRL, Mr Clive Brown, PRL has again produced a strong performance despite a softening of demand in the phosphate rock and palm oil markets. The company was pleased to advise that in June, 2014, the Minister for the Environment approved the return of 100 hectares of land to the mining program, relinquished for the failed space port project.

The Managing Director of PRL, Mr Lai Ah Hong, in his Managing Directors Report to Shareholders, reported the reduction in result from 2013 was due to a combination of factors, including a general weakening of demand from our main phosphate markets, an imposed refurbishment shutdown, and generally lower palm oil prices. Mr Lai confirmed that market pressure has continued for PRL's main markets of Malaysia and Indonesia, from Middle Eastern, North American and South American producers.

Both Mr Brown and Mr Lai expressed major concern over the Australian Department of the Environment's issue of a Draft Christmas Island Biodiversity Conservation Plan. The Plan, if implemented completely changes the environmental approval processes on the Island and serves to threaten the phosphate mining operations. PRL has expressed its concerns that the Plan is not in Australia's strategic interest or the preservation of the Christmas Island environment. The Plan removes the power of the Minister to approve mining or other developments which has the capacity to significantly restrict the company's mining and development plans. The Plan has substantial deficiencies including the assumption that the funds required to undertake various environmental

Chairman's Letter

programs to preserve the island's biodiversity will come from the very mining operations it threatens. The Board of PRL will continue to fight this proposed imposition.

PRL's subsidiary, CK Plantations achieved profit after tax of $2.0 million, against a period of weak CPO prices, and CI Maintenance Services continued to perform strongly.

During the year, The Board of CI Resources implemented an Investment Committee chaired by Dato' Kamaruddin bin Mohammed. The mandate for this Committee is to consider investment options, as the Company seeks to take a more active investment direction. This Committee is currently considering a number of investment options.

The Board of CI Resources continues to support and work in collaboration with the Board of PRL, with the clear intent to increase value to shareholders for both the short term and long term.

As Chairman of CI Resources, I would again like to thank the Board of CI Resources for their efforts over the year, and to recognise and thank the Board and Management of PRL for their strong leadership and performance over the year.

Yours sincerely

DAVID SOMERVILLE
Executive Chairman

Corporate directory

Directors
Mr David Somerville – Chairman

Mr Tee Lip Sin

Mr Tee Lip Jen

Mr Adrian Gurgone

Mr Kelvin Keh Feng Tan

Mr Dato' Kamaruddin

Stock exchange listings
CI Resources Limited shares are
listed on the Australian Securities

Ordinary fully paid shares (ASX code

Principal registered office in Australia
6 Thorogood Street
Burswood, Western Australia 6100

Telephone	+61 8 6250 4900

Email	info@ciresources.com.au

Website	www.ciresources.com.au

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

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

Bankers
National Australia Bank
1238 Hay Street
West Perth WA 6005

Directors' report

Your directors submit their report for the financial year ended 30 June 2014.

Directors -Current

The names of the Company's Directors in office during the financial year and until the date of this Annual Report are as follows. Directors were in office for the entire period unless otherwise stated.

MR DAVID SOMERVILLE *Chairman – Non-executive*
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 experience in a corporate capacity across a number of companies and a number of industry sectors including financial, resources and property development.

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

MR TEE LIP SIN *Director – Non-executive*
Experience and expertise
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.

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

MR TEE LIP JEN *Director – Non-executive*
Experience and expertise
Mr Tee 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.

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

MR ADRIAN GURGONE *Director – Non-executive*
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.

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

MR KELVIN KEH FENG TAN *Director – Non-executive*
Experience and expertise
Kelvin Tan Keh Feng holds a B. Sc (Hons) degree in Business Study from University of Bradford, England. He has been working in the Palm Oil industry for more than 26 years mainly in Sales and Marketing and recently has taken on the management of the Administration Dept of Prosper Sdn Bhd ("Prosper"). He is currently in charge of administrative, marketing and shipping of timber for the Prosper's Papua New Guinea project.

Other directorships
Mr Kelvin Keh Feng Tan held no other directorships of ASX listed companies during the last three years.

DATO' KAMARUDDIN bin MOHAMMED *Director – Non-executive*
Experience and expertise
Dato' 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 and YTL Cement Berhad.

Other directorships
Dato' Kamaruddin bin Mohammed 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 Tee Lip Sin	-	14,566,876	-	-
Mr Tee Lip Jen	-	-	-	-
Mr Kelvin Tan Keh Feng	-	12,600,000	-	-
Mr Adrian Gurgone	-	-	-	-
Dato' Kamaruddin bin Mohammed	-	-	-	-

Retirement, election and continuation in office of directors

In accordance with the Constitution David Somerville and Adrian Gurgone will retire, in rotation, as directors at the Annual General Meeting to be held in November 2014 and, being eligible, will offer themselves for re-election.

Company Secretary

MS ELIZABETH LEE, – B Bus, FCIS, Grad.Dip. Corp. Gov. ASX Listed Entities *Company Secretary*

Ms Lee has over 19 years experience in the areas of corporate governance and company secretarial functions. Prior to joining Questus, 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 Chartered Secretaries Australia, a Graduate Diploma in Corporate governance for ASX Listed Entities from Kaplan Financial Institute and is a Fellow member of the Chartered Secretaries in Australia.

Principal activities

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

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

Review and results of operations

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

	Results 2014 ***$'000s***
Revenue	151,601
Profit before income tax expense	26,018
Income tax expense	(7,756)
Net Profit after income tax expense	18,262
Profit attributable to members of CI Resources Limited	11,237

Financial Position

At the end of the financial period the consolidated entity had net cash balances of $45.78 million (2013: $40.58 million) and net assets of $127.0 million (2013: $111.8 million).

Total liabilities amounted to $53.8 million (2013: $57.51 million), being trade and other creditors, provisions, borrowings and taxation liabilities.

Phosphate Resources Limited

The Company is represented on the Board of PRL by Mr Tee Lip Sin, Mr Tee Lip Jen and Dato' Kamaruddin bin Mohammed.

PRL posted a post-tax profit of $18.9 million for the year ended 30 June 2014, and paid one dividend during this time. The Company received a total dividend of $0.9 million from PRL.

Earnings per share	**2014 Cents**	**2013 Cents**
Basic earnings per share	15.42	17.75

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 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 2014 that has significantly affected, or may significantly affect:

(a) the consolidated entity's operations in future financial years, or

(b) the results of those operations in future financial years, or

(c) the consolidated entity's state of affairs in future financial years.

Likely developments and expected results

Based on the current commercial and legislative parameters we are confident that there are sufficient indicated 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 forseeable future.

The Directors note that current strategies suggest that the 2015 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 2014 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 all the Directors of Phosphate Resources Limited against costs incurred in defending proceedings for conduct involving:

- a wilful breach of duty or
- a contravention of Sections 182 or 183 of the Corporations Act 2001, as permitted by Section 199B of the Corporations Act 2001.

Full details of the cover and premium are not disclosed as the insurance policy prohibits the disclosure.

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 2014 and the number of meetings attended by each director were:

	Full meetings of Directors	
	Held	**Attended**
Mr David Somerville	4	4
Mr Tee Lip Sin	4	4
Mr Tee Lip Jen	4	4
Mr Adrian Gurgone	4	4
Mr Kelvin Tan Keh Feng	4	2
Dato' Kamaruddin	4	3

Held – denoted the number of meetings held during the time the director held office.

Audit Committee

The members of the Audit Committee are Mr. Adrian Gurgone (chair), Dato' Kamaruddin and Mr David Somerville.

There were 3 audit committee meetings held during the year and all members attended each meeting.

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 Class Order 98/0100*. The Company is an entity to which the Class Order applies.

Dividends

Dividends totaling 1.0 cent per share have been declared and paid during the year ended 30 June 2014. The Directors do not recommend the payment of a final dividend in respect of the year ended 30 June 2014.

No final dividend has been declared or paid.

Non-audit services

No non-audit services were provided by the Auditors during the year ended 30 June 2014.

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 19.

Auditor

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

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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 reviews the remuneration of directors on an annual basis and makes recommendations. The Company does not have a remuneration committee.

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 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 with effect from 1st July 2013. 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

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.

Directors' report

Remuneration report (Audited) **(continued)**

- *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.

B Details of remuneration

During the financial year to 30 June 2014 the directors and key management personnel of the Company were:

Directors of CI Resources Limited

Mr David Somerville – *Non-executive Chairman*
Mr Tee Lip Sin – *Non-executive director*
Mr Tee Lip Jen – *Non-executive director*
Mr Adrian Gurgone – *Non-executive director*
Mr Kelvin Tan Keh Feng – *Non-executive director*
Dato' Kamaruddin bin Mohammed – *Non-executive director*

Other key management personnel of CI Resources Limited
Ms Elizabeth Lee – *Company Secretary*

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

2014	**Short-term benefits**			**Post-employment benefits**		
Name	**Cash fees and consulting $**	**Bonus $**	**Non-monetary benefits $**	**Superannuation $**	**Total $**	**Performance related**
Directors of CI Resources Limited						
Mr David Somerville	97,556	-	2,672	9,024	109,252	-
Mr Tee Lip Sin	48,507	-	2,672	-	51,179	-
Mr Tee Lip Jen	48,507	-	2,672	-	51,179	-
Mr Adrian Gurgone	37,565	-	2,672	25,000	65,237	-
Mr Kelvin Keh Feng Tan	48,507	-	2,672	-	51,179	-
Dato' Kamaruddin bin Mohammed*	69,665	-	2,672	-	72,337	-
Other key management personnel – CI Resources Limited						
Questus Administration Services Pty Ltd (Acctg and Secretarial)**	51,137	-	-	-	51,137	-
Cosec & Bookkeeping Contract Services Pty Ltd (Elizabeth Lee – Company Secretary)	8,455	-	-	-	8,455	-
Total	**409,899**	-	**16,032**	**34,024**	**459,955**	

* Includes $4,543 paid in the current year relating to the 2013 year
** David Somerville is a director of Questus Administration Services Pty Ltd

The non-monetary benefits include the provision of Directors and Officers insurance.

Directors' report

Remuneration report (Audited) (continued)

2013	Short-term benefits			Post-employment benefits		
Name	**Cash fees and consulting $**	**Bonus $**	**Non-monetary benefits $**	**Superannuation $**	**Total $**	**Performance related**
Directors of CI Resources Limited						
Mr David Somerville	71,500	-	2,920	-	74,420	-
Mr Tee Lip Sin	30,000	-	2,920	-	32,920	-
Mr Tee Lip Jen	30,000	-	2,920	-	32,920	-
Prof. Anthony Brennan	17,476	-	1,168	-	18,644	-
Mr Adrian Gurgone	44,000	-	2,920	-	46,920	-
Mr Kelvin Keh Feng Tan	31,916	-	2,920	-	34,836	-
Dato' Kamaruddin bin Mohammed	13,629	-	1,312	-	14,941	-
Other key management personnel – CI Resources Limited						
Questus Administration Services Pty Ltd (Acctg and Secretarial) *	87,026	-	-	-	87,026	-
Total	**325,547**	**-**	**17,080**	**-**	**342,627**	**-**

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 2014 and 30 June 2013.

Option holdings

No key management personnel held options over ordinary shares in the Group during the current year ended 30 June 2014 (2013: 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.

2014 Name	Balance at the start of the period	Received during the period on the exercise of options	Other changes during the period	Balance at the end of the period
Directors of CI Resources Limited				
Mr David Somerville	-	-	-	-
Mr Tee Lip Jen	-	-	-	-
Mr Tee Lip Sin	14,566,876	-	-	14,566,876
Mr Adrian Gurgone	-	-	-	-
Mr Kelvin Tan Keh Feng	12,000,000	-	600,000	12,600,000
Dato' Kamaruddin bin Mohammed	-	-	-	-
Other key management personnel				
Ms Elizabeth Lee	-	-	-	-

2013 **Name**	**Balance at the start of the period**	**Received during the period on the exercise of options**	**Other changes during the period**	**Balance at the end of the period**
Directors of CI Resources Limited				
Mr David Somerville	-	-	-	-
Mr Tee Lip Jen	-	-	-	-
Mr Tee Lip Sin	14,566,876	-	-	14,566,876
Prof. Anthony Brennan (ii)	-	-	-	-
Mr Adrian Gurgone	-	-	-	-
Mr Kelvin Tan Keh Feng	12,000,000	-	-	12,000,000
Dato' Kamaruddin bin Mohammed(i)	-	-	-	-
Other key management personnel				
Ms Elizabeth Lee	-	-	-	-

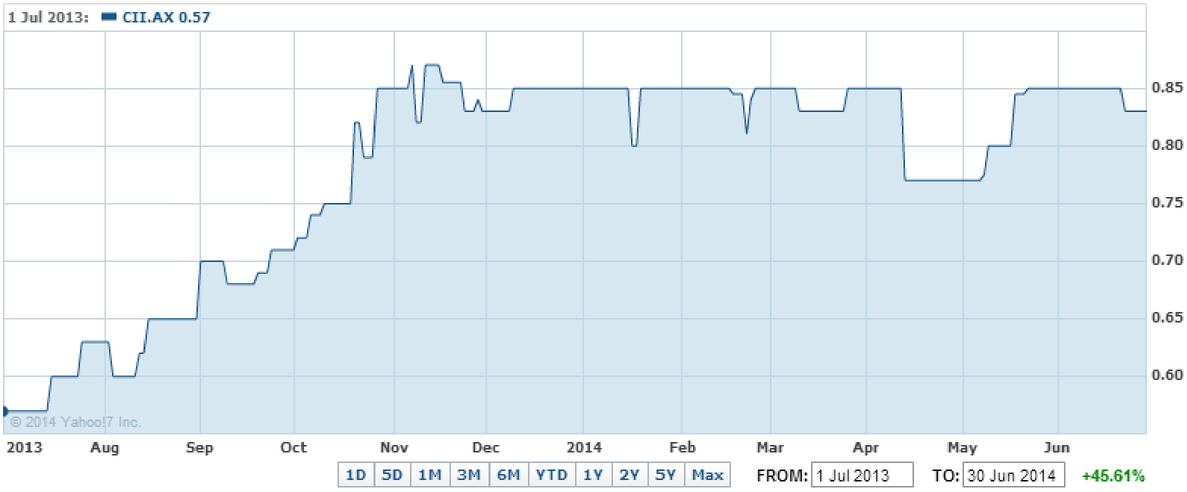
(i) Dato' Kamaruddin bin Mohammed was appointed on the 17 January 2013
(ii) Prof. Anthony Brennan resigned on the 23 November 2012

Other changes denote purchase of securities.

Company's Performance

Company's share price 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 2014.



Remuneration report (Audited) **(continued)**

Below is information on the Consolidated Entity's performance for the previous four financial years and for the current year ended 30 June 2014.

	2014	**2013**	**2012**	**2011**	**2010**
Basic profit/(loss) per share (cents)	15.42	17.75	15.5	6.2	7.9
Dividends per share (cents)	1	1	1	1	4
Share price (cents)	83	57	53	47	72

Awards
No awards were paid or payable during the year.

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.

Questus Administration Services Pty Ltd - Company Secretary and Accounting
- Term of agreement – For a period of 3 years, expiring 8 June 2014. This agreement was terminated on 1 March 2014
- Base fee of $7,277 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.

Cosec & Bookkeeping Contract Services Pty Ltd - Company Secretary
- Term of agreement – For a period of 1 year, expiring on 28 February 2015.
- Base fee of $2,000 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
Given CI Resources Limited is involved in investment activities, the remuneration of the persons referred to above is not dependent on the satisfaction of a performance condition.

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 –

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.

D Somerville
Chairman
Perth, Western Australia

28 August 2014

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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

In relation to our audit of the financial report of CI Resources Limited for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

R J Curtin
Partner
Perth
28 August 2014

Corporate Governance disclosures

During the Consolidated Entity's financial period the Group has complied with the ASX Principles and Recommendations other than in relation to the matters specified below:

Principle Ref.	Recommendation Ref.	Notification of Departure	Explanation for Departure
2	2.1	A majority of board members are not independent directors	Three of the six board members are considered to be independent including the chairman in accordance with the ASX definition. In view of the size of the Company and the nature of its activities the board considers that the current board is a cost effective and practical method of directing and managing the Company.
2	2.4	The board has not established a nomination committee	The board has no formal nomination committee. Acting in its ordinary capacity from time to time as required, the board carries out the process of determining the need for, screening and appointment of new directors. In view of the size of the Company and resources available, it is not considered that a separate nomination committee would add any substance to this process.
8	8.1	The board has not established a remuneration committee	The full board is responsible for setting remuneration levels and individual performance targets. Due to the size of the Company it is considered to be efficient and cost effective. Advice from professional independent advisors will be sought where necessary.

CI Resources Limited

Financial report – For the financial year ended 30 June 2014

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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 28 August 2014. 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

For queries in relation to our reporting please call +61 8 6250 4900 or e-mail info@ciresources.com.au

CI RESOURCES LIMITED

Consolidated Statement of Comprehensive Income
For the financial year ended 30 June 2014

	Notes	2014 *$'000s*	2013 *$'000s*
Revenue	4(a)	**151,601**	**154,621**
Cost of sales	4(b)	**(108,789)**	**(102,822)**
Gross Profit		**42,812**	**51,799**
Other income	4(c)	328	842
Other expenses	4(d)	(16,146)	(16,909)
Finance costs	4(e)	(976)	(1,048)
Profit before income tax		**26,018**	**34,684**
Income tax expense	5	(7,756)	(10,322)
Profit for the period after income tax		**18,262**	**24,362**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Net currency translation differences		(1,778)	4,392
Other comprehensive income for the year		(1,778)	4,392
Total comprehensive income for the year		**16,484**	**28,754**
Profit is attributable to:			
Non-controlling interest		7,025	11,428
Members of CI Resources Limited		11,237	12,934
		18,262	**24,362**
Total comprehensive income for the year is attributable to:			
Non-controlling interest		6,368	13,020
Members of CI Resources Limited		10,116	15,734
		16,484	**28,754**
Earnings per share for profit attributable to the ordinary equity holders of the parent:			
Basic earnings per share		15.42 cents	17.75 cents
Diluted earnings per share		15.42 cents	17.75 cents

CI RESOURCES LIMITED

Consolidated Statement of Financial Position
As at 30 June 2014

	Notes	2014 *$'000s*	2013 *$'000s*
Current assets			
Cash and cash equivalents	7	45,783	40,582
Term deposits		7,421	-
Trade and other receivables	8	18,249	22,994
Inventories	9	14,492	9,920
Prepayments		2,040	2,769
Income tax receivable		1,209	449
Total current assets		**89,194**	**76,714**
Non-current assets			
Other financial assets	10	9,173	14,855
Property, plant & equipment	11	57,578	51,526
Goodwill	12	7,158	7,158
Biological assets	13	10,581	11,231
Deferred tax assets	5	7,184	7,831
Total non-current assets		**91,674**	**92,601**
Total assets		**180,868**	**169,315**
Current liabilities			
Trade and other payables	15	12,770	10,536
Borrowings	16	5,779	5,904
Income tax payable		-	877
Provisions	17	5,729	6,636
Total current liabilities		**24,278**	**23,953**
Non-current liabilities			
Borrowings	16	36	5,446
Deferred tax liabilities	5	10,530	10,337
Provisions	17	18,992	17,778
Total non-current liabilities		**29,558**	**33,561**
Total liabilities		**53,836**	**57,514**
Net assets		**127,032**	**111,801**
Equity			
Contributed equity	18	17,970	17,970
Reserves	19	10,092	11,212
Retained earnings	20	51,894	41,386
		79,956	**70,568**
Non-controlling interest		**47,076**	**41,233**
Total equity		**127,032**	**111,801**

Consolidated Statements of changes in Equity
For the financial year ended 30 June 2014

	Contributed Equity *$'000s*	Foreign currency translation Reserve *$'000s*	Gain on Acquis-ition of NCI *$'000s*	Retained earnings *$'000s*	Owners of the Parent *$'000s*	Non-controlling Interest *$'000s*	Total *$'000s*
1 July 2013	**17,970**	**2,713**	**8,499**	**41,386**	**70,568**	**41,233**	**111,801**
Profit for the year	-	-	-	11,237	11,237	7,025	18,262
Other comprehensive income for the year	-	(1,120)	-	-	(1,120)	(658)	(1,778)
Total comprehensive income for the year	**-**	**(1,120)**	**-**	**11,237**	**10,117**	**6,367**	**16,484**
Transactions with owners in their capacity as owners:							
Dividends paid	-	-	-	(729)	(729)	(524)	(1,253)
30 June 2014	**17,970**	**1,593**	**8,499**	**51,894**	**79,956**	**47,076**	**127,032**
1 July 2012	**17,970**	**(87)**	**1,740**	**29,181**	**48,804**	**48,333**	**97,137**
Profit for the year	-	-	-	12,934	12,934	11,428	24,362
Other comprehensive income for the year	-	2,800	-	-	2,800	1,592	4,392
Total comprehensive income for the year	**-**	**2,800**	**-**	**12,934**	**15,734**	**13,020**	**28,754**
Transactions with owners in their capacity as owners:							
Acquisition of Minority Interest	-	-	1,278	-	1,278	(2,978)	(1,700)
PRL Share Buyback							
- Return of Capital	-	-	5,481	-	5,481	(6,182)	(701)
- Dividend paid	-	-	-	-	-	(10,003)	(10,003)
Dividends paid	-	-	-	(729)	(729)	(957)	(1,686)
30 June 2013	**17,970**	**2,713**	**8,499**	**41,386**	**70,568**	**41,233**	**111,801**

Consolidated Statement of Cash Flows
For the financial year ended 30 June 2014

	Note	2014 *$'000s*	2013 *$'000s*
Cash flows from operating activities			
Receipts from customers		155,642	176,170
Payments to suppliers and employees (inclusive of goods and services tax)		(122,669)	(124,447)
Interest received		704	845
Borrowing Costs		(376)	(1,048)
Income taxes paid		(8,344)	(17,889)
Net cash flows from operating activities	26	**24,957**	**33,631**
Cash flows from investing activities			
Movement in term deposits		(1,739)	(1,840)
Proceeds from sale of property, plant and equipment		-	-
Purchase of property, plant and equipment		(11,688)	(11,387)
Disposal of property, plant and equipment		376	-
Acquisition of Shares in Phosphate Resources Limited		-	(1,700)
Net cash flows used in investing activities		**(13,051)**	**(14,927)**
Cash flows from financing activities			
Repayment of borrowings		(5,474)	(3,936)
Finance lease principal paid		(61)	(175)
Payments for buy-back of shares by a subsidiary		-	(10,704)
Dividends paid		(729)	(1,686)
Net cash flows used in financing activities		**(6,264)**	**(16,501)**
Net increase in cash and cash equivalents held		**5,642**	**2,203**
Cash and cash equivalents at the beginning of the financial year		**40,582**	**36,606**
Impact of foreign exchange		(441)	1,773
Cash and cash equivalents at the end of the financial year	7	**45,783**	**40,582**

1. Corporate Information

This financial report of CI Resources Limited ('Company') for the year ended 30 June 2014 comprises the Company and its subsidiaries ('Group'). The financial report of CI Resources Limited for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors on 28 August 2014.

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 2014, 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 authoritive 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. The financial report has also been prepared on an accruals basis and is based on historical costs except for derivatives and biological assets, which have been measured at fair value.

(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 and disclosures.

The accounting policies adopted are consistent with those of the previous financial year. The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretation:

- AASB 10 Consolidated Financial Statements, AASB 127 Separate Financial Statements
- AASB 11 Joint Arrangements, AASB 128 Investments in Associates and Joint Ventures
- AASB 12 Disclosure of Interests in Other Entities
- AASB 13 Fair Value Measurement
- AASB 19 Employee Benefits (Revised 2011)

The adoption of the standards has no material impact on 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 2014. These are outlined in the table below:

Reference	Title	Summary	Application date of standard*	Application date for Group*	Impact on Group financial report
AASB 2012-3	Amendments to Australian Accounting Standards - *Offsetting Financial Assets and Financial Liabilities*	AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	1 July 2014	No material impact on group.
Interpretation 21	*Levies*	This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation.	1 January 2014	1 July 2014	No material impact on group.
AASB 9/IFRS 9	*Financial Instruments*	On 24 July 2014 The IASB issued the final version of IFRS 9 which replaces IAS 39 and includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The final version of IFRS 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. The AASB is yet to issue the final version of AASB 9. A revised version of AASB 9 (AASB 2013-9) was issued in December 2013 which included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. AASB 9 includes requirements for a simplified approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. a. 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. b. 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. c. 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. d. Where the fair value option is used for financial	1 January 2018	1 July 2018	The impact on the group has not yet been assessed.

Reference	Title	Summary	Application date of standard*	Application date for Group*	Impact on Group financial report
		liabilities the change in fair value is to be accounted for as follows: • The change attributable to changes in credit risk are presented in other comprehensive income (OCI) • The remaining change is presented in profit or loss 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 caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss. 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.			
AASB 2013-3	*Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*	AASB 2013-3 amends the disclosure requirements in AASB 136 *Impairment of Assets*. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014	1 July 2014	No material impact on group.
AASB 2013-4	Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]	AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.	1 January 2014	1 July 2014	No material impact on group.
AASB 2013-5	Amendments to Australian Accounting Standards – Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]	These amendments define an investment entity and require that, with limited exceptions, an investment entity does not consolidate its subsidiaries or apply AASB 3 *Business Combinations* when it obtains control of another entity. These amendments require an investment entity to measure unconsolidated subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. These amendments also introduce new disclosure requirements for investment entities to AASB 12 and AASB 127.	1 January 2014	1 July 2014	No material impact on group.
AASB 2014-1 Part A -Annual Improvements 2010–2012 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2010–2012 Cycle	AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) *Annual Improvements to IFRSs 2010–2012 Cycle* and *Annual Improvements to IFRSs 2011–2013 Cycle.* Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items: • AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. • AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137. • AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets. • AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. • AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the	1 July 2014	1 July 2014	No material impact on group.

Notes to the financial statements
For the year ended 30 June 2014

Reference	Title	Summary	Application date of standard*	Application date for Group*	Impact on Group financial report
		detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.			
AASB 2014-1 Part A -Annual Improvements 2011–2013 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2011–2013 Cycle	Annual Improvements to IFRSs 2011–2013 Cycle addresses the following items: • AASB13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132. • AASB40 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of AASB 3 that includes an investment property. That judgment is based on guidance in AASB 3.	1 July 2014	1 July 2014	No material impact on group.
AASB 1031	*Materiality*	The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed. AASB 2014-1 Part C issued in June 2014 makes amendments to eight Australian Accounting Standards to delete their references to AASB 1031. The amendments are effective from 1 July 2014*.	1 January 2014	1 July 2014	No material impact on group.
AASB 2013-9	*Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*	The Standard contains three main parts and makes amendments to a number Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 Financial Instruments.	Part A -1 July 2014 Part B -1 July 2014 Part C -1 July 2015	Part A -1 July 2014 Part B -1 July 2014 Part C -1 July 2015	No material impact on group.
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 January 2016	1 July 2016	The impact on the group has not yet been assessed.
Amendments to IAS 16 and IAS 41 for bearer plants	Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	The amendments require that bearer plants such as grape vines, rubber trees and oil palms, should be accounted for in the same way as property, plant and equipment in IAS 16 Property, Plant and Equipment, because their operation is similar to that of manufacturing. Consequently, the amendments issued in June 2014 include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.	1 January 2016	1 July 2016	The impact on the group has not yet been assessed.

Notes to the financial statements
For the year ended 30 June 2014

Reference	Title	Summary	Application date of standard*	Application date for Group*	Impact on Group financial report
IFRS 15	Revenue from Contracts with Customers	In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*, which replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related Interpretations (IFRIC *13 Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue—Barter Transactions Involving Advertising Services*) The core principle of IFRS 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: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation Early application of this standard is permitted.	1 January 2017	1 July 2017	No material impact on group.
AASB 2014-2	Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements [AASB 1053]	The Standard makes amendments to AASB 1053 Application of Tiers of Australian Accounting Standards to: • clarify that AASB 1053 relates only to general purpose financial statements; • make AASB 1053 consistent with the availability of the AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors option in AASB 1 First-time Adoption of Australian Accounting Standards; • clarify certain circumstances in which an entity applying Tier 2 reporting requirements can apply the AASB 108 option in AASB 1; permit an entity applying Tier 2 reporting requirements for the first time to do so directly using the requirements in AASB 108 (rather that applying AASB 1) when, and only when, the entity had not applied, or only selectively applied, applicable recognition and measurement requirements in its most recent previous annual special purpose financial statements; and • specify certain disclosure requirements when an entity resumes the application of Tier 2 reporting requirements.	1 July 2014	1 July 2014	No material impact on group.

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

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of CI Resources Limited ("company" or "parent entity") as at 30 June 2014 and the results of its subsidiaries for the financial year then ended. Interests in associates are equity accounted.

CI Resources Limited and its subsidiaries together are referred to in this financial report as the Group or Consolidated Entity.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

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.

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 intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends have been eliminated in full.

All controlled entities have a June financial year-end.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

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.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

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 acquire are assigned to those units.

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

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

Losses are attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

(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(l) for accounting policy on recoverable amount).

The cost of fixed assets constructed within the economic entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation
The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land are depreciated on a straight line or diminishing balance basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The depreciation rates used for each class of depreciation assets are:

Class of Fixed Asset	*Depreciation Rate*
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	10 – 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(l) for accounting policy on recoverable amount).

(i) Restoration

Estimated rehabilitation 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 restoration 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 restoration 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.

(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.

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
- 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 "all other segments".

(s) Business Combination

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either 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.

(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.

(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) Plantation development costs

Costs incurred on land clearing are capitalised as plantation development costs and is amoritsed 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.

(z) Biological assets

Biological assets which include mature and immature oil palm plantations are stated at fair value less estimated point of sale costs except when the fair value cannot be measured reliably. In this instance, the biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses until such time as its fair value can be reliably measured.

Fresh fruit bunches (which are subsequently milled to become palm oil) is the harvested product of a biological asset and is measured at its fair value less estimated point of sale costs at the point of harvest.

Net 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 and restoration costs are shown in non current assets.

(ab) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the Australian Taxation Office, are presented as operating cash flow.

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

(ac) Financial instruments

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

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

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

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

(ad) Investments in associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the Statement of Comprehensive Income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statement, while in consolidated financial statements they reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(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 flows (cash generating units).

3. Judgments in applying accounting policies and key sources of estimation uncertainty

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.

<u>Assessment of mine life on Christmas Island</u>
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.

<u>Determination of mineral resources and ore reserves</u>
The Group's policy for estimating its mineral resources and ore reserves requires that the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 (the 'JORC code') be used as a minimum standard. The information on mineral resources and ore reserves were prepared by or under the supervision of Competent Persons as defined in the JORC code. The amounts presented are based on the mineral resources and ore reserves determined under the JORC code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves 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 and restoration.

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:

<u>Impairment of property, plant and equipment</u>
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 and restoration costs

Decommissioning and restoration 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 and restoration is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements or the emergence of new restoration 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 the oil palm plantations is estimated by reference to independent professional valuations using the discounted cash flows of the underlying biological assets. The expected cash flows from the whole life cycle of the oil palm plantations is determined using the market price and the estimated yield of the agricultural produce, being FFB, net of maintenance and harvesting costs and any costs required to bring the oil palm plantations to maturity. The estimated yield of the oil palm plantations is dependent on the age of the oil palm trees, location of the plantations, soil type and infrastructure. The market price of FFB is largely dependent on the prevailing market prices of crude palm oil and palm kernel.

4. Revenue and expenses

	2014	**2013**
	$'000s	***$'000s***
a) Revenue		
Sales of phosphate and oil	139,328	145,164
Rendering of services	11,569	8,623
Interest income	704	834
	151,601	**154,621**
b) Cost of sales		
Production costs	86,125	79,236
Shipping & marketing	18,255	19,821
Depreciation	4,409	3,765
	108,789	**102,822**
c) Other income		
Net gain on disposal of assets	328	15
Net foreign exchange gains	-	827
	328	**842**

	2014 $'000s	2013 $'000s
d) Other expenses		
Administration	14,266	13,263
Bad debt expense / (recovery) (other expenses) (i)	18	1,739
Change in fair value of biological assets	336	1,021
Redundancy expense	811	738
Net foreign exchange loss	657	11
Allowance for inventory obsolescence	-	84
Depreciation (other expenses)	58	53
	16,146	16,909

(i) In 2013, an outstanding amount was owed by Fertiliser Futures Ltd for the acquisition of the company's interest in Phosphate Resources (HauLi) Ltd. The payment of remaining consideration by Fertiliser Futures Ltd was based on the ability of Fertiliser Futures Ltd to consolidate its mining license with that of an adjoining mine. So far Fertiliser Futures Ltd has not been able to reach agreement with the other mine owner on the terms of a consolidation and has been prevented from mining by the Chinese Government until the consolidation of these mines is finalised. Based on these facts the Company's management assessed that the receipt of the remaining consideration seemed unlikely and consequently wrote off the amount owing as a bad debt expense of $1.739 million in the previous year.

	2014 $'000s	2013 $'000s
e) Finance costs		
Interest expense	344	448
Finance lease	32	-
Accretion on decommissioning and restoration provision	600	600
	976	1,048
f) Employee benefits expense	24,819	26,461

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.

5. Income tax

The major components of income tax are:

	2014	2013
Statement of Comprehensive Income		
Current income tax		
Current income tax charge	7,083	11,745
Adjustments in respect of current income tax of previous years	(167)	(54)
Deferred income tax		
Relating to origination and reversal of temporary differences	1,060	(1,369)
Adjustments in respect of deferred tax of previous years	(220)	-
Income tax expense reported in the Statement of Comprehensive Income	7,756	10,322

	2014 *$'000s*	2013 *$'000s*
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	26,018	34,684
At the Group's statutory income tax rate of 30% (2013: 30%)	7,805	10,405
Income/expenditure not allowable for income tax purposes:		
Add:		
- Adjustments in respect of current income tax of previous years	(170)	(54)
- Prior year adjustment in respect of temporary difference	(220)	-
- Expenditure not allowable for income tax purposes	432	47
- Deferred tax asset not bought to account	120	126
- Difference in global tax rates	(211)	(202)
Aggregate income tax expense	7,756	10,322

	Statement of Financial Position		*Statement of Comprehensive Income*	
	2014 *$'000s*	**2013** *$'000s*	**2014** *$'000s*	**2013** *$'000s*
Deferred income tax				
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
Deferred tax liabilities				
Consumables	(1,575)	(1,207)	368	(417)
Accelerated depreciation-fixed assets	(8,955)	(9,130)	(175)	445
Forward currency contracts	-	-	-	(115)
Gross deferred income tax liabilities	(10,530)	(10,337)		
Deferred tax assets				
Provisions and accruals	5,435	5,412	(23)	(338)
Depreciation – fixed assets	1,526	1,625	99	(278)
Forward currency contracts	-	435	435	(435)
Receivables	223	359	136	(231)
Gross deferred income tax assets	7,184	7,831		
Deferred tax income/(expense)			840	(1,369)

This 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 entity has made non-current provisions for decommissioning and restoration of $9,304,000 (2013: $8,704,000) and employee redundancies of $8,153,000 (2013: $8,052,000). The future income tax benefit relating to the provision for decommissioning and restoration and the provision for employee redundancy is not probable of being fully recovered, as it is believed that when the provisions are required the entity may not have future taxable income to utilise the tax benefit.

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

6. Earnings per share

	2014 Cents	2013 Cents
Basic earnings per share	15.42	17.75

	2014 Number	2013 Number
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share.	72,874,102	72,874,102

	2014 *$'000s*	2013 *$'000s*
Profit used in calculating basic and diluted losses per share		
Net profit	11,237	12,934

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.

Notes to the financial statements
For the year ended 30 June 2014

	2014 $'000s	2013 $'000s

7. Cash and cash equivalents

	2014 $'000s	2013 $'000s
Cash at bank and on hand	45,783	40,582
	45,783	**40,582**

8. Trade and other receivables

	2014 $'000s	2013 $'000s
Trade debtors	18,247	22,977
Other receivables	2	17
	18,249	**22,994**

Trade debtors are non-interest bearing and are generally on 30-90 day terms. As at 30 June 2014, no trade receivables were considered impaired (2013: nil).

9. Inventories

	2014 $'000s	2013 $'000s
Consumable materials and stores	4,461	3,251
Finished goods	10,031	6,669
	14,492	**9,920**

10. Other Financial Assets

	2014 $'000s	2013 $'000s
Trust fund term deposit	6,779	6,091
Demolition and restoration bonds	2,394	2,326
Other term deposits	-	6,438
	9,173	**14,855**

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. It is supplemented by a minimum amount of $500,000 annually. The trust fund term deposit currently stands at $6,779,000 (2013: $6,091,000). The interest earned on the term deposit of $249,613 (2013: $356,513) has been added to the term deposit.

Other term deposits have varying maturities all greater than 12 months and earn interest at commercial rates.

11. Property, Plant & equipment

	2014 $'000s	2013 $'000s
Leasehold Land		
At cost	28,569	31,665
Accumulated depreciation	(1,641)	(3,415)
	26,928	28,250
Leasehold buildings		
At cost	3,714	5,432
Accumulated depreciation	(249)	(2,243)
	3,465	3,189
Land and buildings		
At cost	2,606	383
Accumulated depreciation	(214)	(146)
	2,392	237

	2014 $'000s	2013 $'000s
Strata title properties		
At cost	1,337	1,341
Accumulated depreciation	(277)	(264)
	1,060	1,077
Plant and equipment		
At cost	68,893	66,795
Accumulated depreciation and impairment	(48,511)	(50,399)
	20,382	16,396
Plant and equipment under lease		
At cost	1,892	1,358
Accumulated depreciation	(449)	(355)
	1,443	1,003
Construction in progress	1,908	1,374
Total property, plant and equipment		
At cost	108,919	108,348
Accumulated depreciation and impairment	(51,341)	(56,822)
Net carrying amount	57,578	51,526

(a) Assets pledged as security:

Included in all balances above are assets of Phosphate Resources Limited, Phosphate Resources Properties Pty Ltd and strata title properties of Phosphate Resources (Singapore) Pte Ltd over which first and second mortgages have been granted as security. The terms of the mortgages preclude the assets being sold or being used as security for further mortgages without the permission of the first mortgage holder. The shares in Cheekah-Kemayan Plantation Sdn Bhd are pledge as a security on a USD bank loan and the assets of Cheekah-Kemayan Plantation Sdn Bhd are pledged as a security over a bank overdraft facility. The net book values of the assets pledged are $53,728,000 (2013: $54,998,000).

(b) Reconciliations

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

	2014 $'000s	2013 $'000s
Leasehold Land		
Carrying amount at beginning	28,250	26,174
Foreign exchange difference	(526)	2,625
Depreciation expense	(796)	(549)
	26,928	28,250
Leasehold buildings		
Carrying amount at beginning	3,189	2,776
Foreign exchange difference	(87)	269
Transfer from construction in progress	-	30
Additions	448	217
Disposals	-	(1)
Depreciation expense	(85)	(102)
	3,465	3,189

	2014	2013
	$'000s	*$'000s*
Land and buildings		
Carrying amount at beginning	237	237
Transfer from construction in progress	2,223	-
Depreciation expense	(68)	-
	2,392	237
Strata title properties		
Carrying amount at beginning	1,077	988
Foreign exchange difference	(3)	(13)
Depreciation expense	(14)	102
	1,060	1,077
Plant and equipment		
Carrying amount at beginning	16,396	10,956
Transfer from construction in progress	6,764	6,054
Foreign exchange difference	(223)	638
Additions	205	436
Transfer from/(to) equipment under lease	-	1,341
Disposals	(48)	(10)
Depreciation expense	(2,712)	(3,019)
	20,382	16,396
Plant and equipment under lease		
Carrying amount at beginning	1,004	1,503
Foreign exchange difference	(13)	10
Additions	97	-
Transfer from construction in progress	1,417	965
Transfer (to)/from plant and equipment	-	(1,341)
Depreciation expense	(1,062)	(134)
	1,443	1,003
Construction in progress		
Carrying amount at beginning	1,374	2,369
Additions	10,938	6,054
Transferred to plant and equipment	(10,404)	(7,049)
	1,908	1,374

12. Goodwill

Carrying amount at the beginning	7,158	7,158
Impairment	-	-
Impact of foreign exchange	-	-
	7,158	**7,158**

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 2014 was $7,158,000 (2013: $7,158,000) which includes an accumulated impairment charge of nil during the year (2013: nil).

The recoverable amount of the Farming CGU has been determined using a value in use calculation using cash flow projections. The pre-tax discount rates applied to cash flow projections is 10.5% (2013: 11%) and the cash flows are based on the financial budget approved by management for the upcoming year and applying a growth rate of 2.1% p.a (2013: 1.6%) for the follwing 4 years and a terminal value.

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

13. Biological Assets

	2014	2013
	$'000s	*$'000s*
Carrying amount at beginning of period	11,231	11,135
Harvest/amortization	-	-
Effect of foreign exchange	(314)	1,117
Fair value adjustment	(336)	(1,021)
Carrying amount at end	10,581	11,231

Biological assets consist of mature oil palm trees. The Group grows oil palm trees to produce palm oil. The plantation is located in Malaysia. At 30 June 2014 the group held oil palm trees on approximately 1,643 hectares of land.

A valuation was conducted by Jones Lang Wootton, an independent professional valuer, on a subsidiary's oil palm estate development comprising land, ancillary facilities and biological assets, for the purposes of revaluing the biological assets of the subsidiary as at 30 June 2014. Significant assumptions applied in the determination of fair value are:

	2014	2013
Average remaining life of oil palm trees	9	10
Average annual yield per hectare	25	21
Average life span of trees (years)	25	25
Post tax discount rate	10.5%	11%
Fresh Fruit Bunch (FFB) price (RM per tonne)	485	604
Annual rate of inflation	2.1%	1.2%

The Group is exposed to risks in respect of agricultural activity. The agricultural activity of the Group consists of the plantation development and cultivation of palm products.

The primary risk associated with this activity occurs due to the length of time between expending cash on the purchase of planting and maintenance of oil palm plantation and in harvesting, and ultimately receiving cash from 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.

14. Investments in controlled entities

CI Resources Limited owns 63.05% of Phosphate Resources Limited which is incorporated in Australia. The voting power in respect to Phosphate Resources is in proportion to ownership.

(a) Carrying amounts

Information relating to controlled entities is set out below:

Name of company	Principal activity	Ownership interest	
		2014	**2013**
Unlisted			
Phosphate Resources Limited and its controlled entities	Mining	63.05%	63.05%

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

Proportion of equity interest held by non-controlling interests:

Name of company	Country of incorporation	2014	2013
Unlisted			
Phosphate Resources Limited and its controlled entities	Australia	36.95%	36.95%

	2014	2013
	$'000s	*$'000s*
Accumulated balances of material non-controlling interest:	47,076	41,233
Profit/(loss) allocated to material non-controlling interest	7,025	11,428

The summarised financial information of these subsidiaries is provided below. The information is based on amounts before inter-company eliminations.

Summarised statement of profit or loss for year ending 30 June	2014	2013
	$'000s	*$'000s*
Revenue	151,585	154,586
Cost of sales	(108,789)	(102,822)
Administrative expenses	(15,217)	(16,208)
Finance costs	(975)	(1,048)
Profit before tax	26,604	34,508
Income tax	(7,753)	(10,322)
Profit for the year from continuing operations	18,851	24,186
Exchange differences on translation of foreign subsidiaries	(1,774)	5,037
Total comprehensive income	17,077	29,223
Attributable to non-controlling interests	6,368	13,020
Dividends paid to non-controlling interests	524	957

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Summarised statement of financial position as at 30 June for 2014	**2014**	**2013**
	$'000s	***$'000s***
Current assets	88,707	75,286
Non-current assets	91,674	92,601
Current liabilities	(24,219)	(23,365)
Non-current liabilities	(29,558)	(33,561)
Total equity	126,604	110,961
Attributable to:		
Equity holders of parent	79,528	69,728
Non-controlling interest	47,076	41,233

Summarised cash flow information for year ending 30 June	**2014**	**2013**
	$'000s	***$'000s***
Operating	26,157	34,097
Investing	(13,051)	(13,227)
Financing	(6,969)	(17,269)
Net increase/(decrease) in cash and cash equivalents	6,137	3,601

15. Trade and other payables

	2014	**2013**
	$'000s	***$'000s***
Trade payables[(a)]	12,770	9,087
Foreign exchange contracts payable[(b)]	-	1,449
	12,770	**10,536**

[(a)] Trade creditors are non-interest bearing and are normally settled on 30-60 terms.

[(b)] *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**	
	2014	**2013**	**2014**	**2013**
	$'000s	***$'000s***		
Sell US$/buy Australian $				
Consolidated				
Sell US$ maturity 0 to 12 months	-	20,842	n/a	0.9836

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 gains on foreign currency derivatives during the year were $1.449 million for the Group (2013: gain of $1.833 million).

There were no outstanding forward currency contracts at 30 June 2014.

16. Interest bearing loans and borrowings

	Notes	2014 $'000s	2013 $'000s
Current			
Bank loan	(a),(b), (c),(d)	5,308	5,391
Lease liabilities		471	513
		5,779	**5,904**
Non-current			
Bank loan	(a),(b), (c),(d)	-	5,391
Lease liabilities		36	55
		36	**5,446**

(a) Interest rate risk and liquidity risk
Details regarding interest rate risk and liquidity risk are disclosed in Note 27.

(b) Fair value
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.

(c) Defaults and breaches
During the current there were no defaults or breaches on any of the loans.

	2014 $'000s	2013 $'000s
(d) Financing facilities available At reporting date, the following financing facilities had been negotiated and were available**:**		
Total facilities	5,808	11,282
Facilities utilised at reporting date	(5,308)	(10,782)
Facility unused at reporting date	500	500

17. Provisions

		2014 $'000s	2013 $'000s
Current			
Employee entitlements		**5,729**	**6,636**
Non-current			
Redundancy	(a)	8,153	8,052
Employee entitlements		1,535	1,022
		9,688	9,074
Decommissioning and restoration	(b)	9,304	8,704
		18,992	**17,778**

(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 increased by a net amount of $101,000 during the year ended 30 June 2014 (2013: $770,000).

(b) *Provision for decommissioning and restoration*

Based on the Mining Lease Agreement between the Commonwealth Government and Phosphate Resources Limited a provision for decommissioning and restoration 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 and restoration obligations are based on anticipated technology and legal requirements and future costs, which have been discounted to their present value. In determining the decommissioning and restoration provision, the entity has assumed no significant changes will occur in the relevant Federal and State legislation in relation to demolition or restoration of such mines in the future.

(c) *Movement in provisions*

	2014	**2013**
	$'000s	***$'000s***
Provision for decommissioning and restoration :		
Carrying amount at the beginning of the financial year	8,704	8,104
Change in net present value of provision:		
- Credited to profit or loss	600	600
Carrying amount at the end of the financial year	**9,304**	**8,704**

18. Contributed equity

(a) Share capital	**Number of Shares**	***$'000s***
Ordinary shares – fully paid	**72,874,102**	**17,970**

(b) Movements in ordinary share capital

Date	**Details**	**Number of shares**	***$'000s***
01 July 2012	Opening balance	72,874,102	17,970
30 June 2013	Closing balance	72,874,102	17,970
30 June 2014	**Closing balance**	**72,874,102**	**17,970**

(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.

19. Reserves

	2014	**2013**
	$'000s	***$'000s***
Foreign exchange translation reserve	1,593	2,713
Acquisition reserve	8,499	8,499
	10,092	**11,212**

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.

	2014	2013
	$'000s	***$'000s***
Movements in reserves		
Foreign exchange translation reserve		
Balance at the beginning of the year	2,713	(87)
FX on translation of financial report	(1,120)	2,800
Balance at the end of the period	**1,593**	**2,713**
Acquisition reserve		
Balance at the beginning of the year	8,499	1,740
Gain on acquisition of minority interest	-	1,278
Share buy-back by PRL	-	5,481
Balance at the end of the period	**8,499**	**8,499**

20. Retained earnings

	2014	2013
Accumulated profit at the beginning of the year	41,386	29,181
Net profit attributable to members of CI Resources Limited	11,237	12,934
Dividends paid	(729)	(729)
Accumulated profit at the end of the financial year	**51,894**	**41,386**

21. Key management personnel disclosures

(a) Key management personnel compensation

	2014	2013
Short term employee benefits	**426**	**343**
Post employment benefits	**34**	**-**
	460	**343**

(b) Loans to key management personnel

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

(c) Other transactions with key management personnel

There were no other transactions with key management personnel.

22. Remuneration of auditors

	2014 $’000s	2013 $’000s
Amounts received or due and receivable by Ernst & Young (Australia) for:		
- audit of the financial report of the parent entity and the consolidated entity	180	185
- review of the half year financial report of the consolidated entity	72	72
- other services	-	-
	252	257
Amounts received or due and receivable by related practices of Ernst & Young (Australia) for the audit of the financial statements	52	45
	52	45
Amounts received or due and receivable by auditors other than Ernst & Young for:		
- an audit or review of the financial report of a controlled entity	-	-
	304	302

23. Contingent liabilities

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

24. Commitments for expenditure

	2014 $’000s	2013 $’000s
(a) Lease expenditure commitments		
Operating leases		
- not later than one year	592	469
- later than one year and not later than five years	497	521
- total minimum payments	1,089	990

Operating leases are entered into as a means of providing residential accommodation and office premises for Phosphate Resources Limited; residential accommodation for Indian Ocean Stevedores Pty Ltd and office equipment for Phosphate Resources (Singapore) Pte Ltd.

Finance leases	*2014*		*2013*	
CONSOLIDATED	***Minimum Lease Payments $’000s***	***Present Value of Lease Payments $’000s***	***Minimum Lease Payments $’000s***	***Present Value of Lease Payments $’000s***
Within one year	476	472	543	513
After one year but not more than five years	36	36	62	55
Total minimum lease payments	512	508	605	568
Less amounts representing future finance charges	(4)	-	(37)	-
Present value of minimum lease payments	508	508	568	568

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

(a) The Company provides a guarantee and indemnity to the Commonwealth Government of Australia (Commonwealth) to ensure the performance of Indian Ocean Oil Company Pty Ltd's obligations under the terms of a 20 year fuel lease arrangement.

(b) The Company has committed to undertake various environmental management targets and objectives as detailed in the Christmas Island Phosphates Environmental Management Plan.

(c) The Company has provided a bank guarantee of $2 million to the Commonwealth Government under the terms of the Mining Lease Agreement.

(d) The Company has capital commitments of $0.564 million (2013: $0.059 million) for items of plant on order but not yet delivered.

25. Related party transactions

Directors and other key management personnel
Disclosures relating to directors and other key management personnel are set out in note 20.

Questus Administration Services Pty Ltd a company which David Somerville is a director of was paid $57,137 in fees for the provision of Company Secretarial and Accounting services.

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

Ownership interests in related parties
Interests held in the following classes of related parties are set out in the following Notes:
Controlled entities – Note 14

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

	2014	2013
	$'000s	*$'000s*
Operating profit (loss) after income tax	18,262	24,362
Adjustment for non-cash items		
Accretion of decommissioning and restoration provision	600	600
Net gain on disposal of assets	(328)	-
Bad debts	18	1,739
Change in fair value of biological assets	336	1,021
Depreciation	4,467	3,818
Unrealised foreign exchange (gain) / loss	(515)	390
Change in operating assets and liabilities		
Decrease in trade and other receivables	4,745	5,406
Movement in deferred tax balances	840	(1,369)
(Increase)/decrease in inventories	(4,572)	2,188
Increase in trade creditors and accruals	1,705	858
Increase in provisions	307	2,438
Decrease/(increase) in prepayments	729	(1,941)
Decrease in tax payable	(1,637)	(5,879)
Net cash inflow/(outflow) from operating activities	**24,957**	**33,631**

27. 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

The Group's exposure to market interest rates relates primarily to the Group's long term debt obligations. 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 are fixed and there is no material risk for interest bearing assets. There is no other financial asset or liability bearing interest rate risk except for interest bearing loans and borrowings, the sensitivity of which is disclosed below.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date:

At 30 June 2014, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity would have been affected as follows:

	Higher/(Lower)	
	2014	**2013**
	$'000s	***$'000s***
Judgments of reasonably possible movements:		
Post tax profit		
+1.0% (100 basis points)	**561**	**431**
-1.0% (100 basis points)	**(561)**	**(431)**

Reasonable possible movements in interest rates were determined based on the Group's mix of debt in Australia and foreign countries, relationship with financial institutions and review of last two years' historical movements and economic forecaster's expectations.

CI Resources, both parent and group, is exposed to interest rate risks in Australia. To minimise the effects of the potential adversities, the management attempt to limit these effects through constant reviewing of the financial markets.

(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.

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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.

Maturity analysis of financial assets and liabilities based on contractual maturity

Consolidated

Year ended 30 June 2014	**≤6 months**	**6-12 months**	**1-5 years**	**>5 years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets					
Cash	45,783	-	-	-	45,783
Trade and other receivables	18,249	-	-	-	18,249
Term deposits	7,421	-	-	9,173	16,594
Financial liabilities					
Trade and other payables	12,770	-	-	-	12,770
Interest bearing loans and borrowings	236	5,543	36	-	5,815

Year ended 30 June 2013	**≤6 months**	**6-12 months**	**1-5 years**	**>5 years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets					
Cash	40,582	-	-	-	40,582
Trade and other receivables	26,212	-	-	-	26,212
Term deposits	14,855	-	-	-	14,855
Financial liabilities					
Trade and other payables	9,087	-	-	-	9,087
Interest bearing loans and borrowings	356	5,754	5,277	-	11,387
Foreign exchange contracts (gross settled)					
- (Inflow)	(16,756)	(2,637)	-	-	(19,393)
- Outflow	18,151	2,691	-	-	20,842
Net foreign exchange contracts	1,395	54	-	-	1,449

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

At 30 June 2014, 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**	
	2014	**2013**
	$'000s	**$'000s**
Consolidated		
AUD/USD + 10%	-	(1,910)
AUD/USD - 10%	-	1,706

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 2014 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.

<u>Capital risk management</u>

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.

28. Parent entity information

	2014	2013
	$'000s	*$'000s*
Current assets	487	977
Total assets	12,671	13,162
Current liabilities	57	139
Total liabilities	57	139
Issued capital	17,970	17,970
Retained earnings	(5,356)	(4,947)
Total shareholders' equity	12,614	13,023
Profit of the parent entity	320	741
Total comprehensive income	320	741

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.

29. 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.

	Year ended 30 June 2014			
	Mining	Farming	Unalloc/ Elimination	Total
	$'000	$'000	$'000	$'000
Revenue				
Revenue	91,517	47,115	-	138,632
Interest income	520	-	184	704
Stevedoring	-	-	1,341	1,341
Rendering of services	-	-	10,228	10,228
Other sales	-	-	696	696
Total segment revenue	92,037	47,115	12,449	151,601
Result				
Segment net operating profit after tax (attributable to parent)	16,177	2,010	75	18,262
Depreciation and amortisation	2,899	1,288	222	4,409
Income tax expense	5,984	902	870	7,756
Assets and Liabilities				
Segment assets	97,052	62,090	21,726	180,868
Segment liabilities	37,134	14,086	2,616	53,836
Other disclosure				
Capital expenditure	8,656	896	2,136	11,688

	Year ended 30 June 2013			
	Mining	Farming	Unalloc/ Elimination	Total
	$'000	$'000	$'000	$'000
Revenue				
Revenue	101,556	42,775	-	144,331
Interest income	624	-	210	834
Stevedoring	-	-	1,578	1,578
Rendering of services	-	-	7,045	7,045
Other sales	-	-	833	833
Total segment revenue	102,180	42,775	9,666	154,621
Result				
Segment net operating profit after tax (attributable to parent)	20,884	2,078	1,400	24,362
Depreciation and amortisation	2,470	1,074	221	3,765
Income tax expense	8,614	1,122	586	10,322
Assets and Liabilities				
Segment assets	91,224	65,254	12,837	169,315
Segment liabilities	40,351	13,568	3,595	57,514
Other disclosure				
Capital expenditure	6,707	534	4,146	11,387

Revenue from external customers by geographical locations is detailed below:

	2014 $'000s	2013 $'000s
Australia	103,782	111,012
Malaysia	47,115	42,775
	150,897	153,787

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 $29.7 million and from another amounted to $19.2 million in the mining segment. No other customers had sales exceeding 10% of revenue.

Non-Current Assets by geographical regions:

	2014 $'000s	2013 $'000s
Australia	40,469	40,734
Malaysia	44,021	44,036
	84,490	84,770

30. Information relating to subsidiaries

The consolidated financial statements of the Group include:

Name	Principal Activities	Country of Incorporation	% Equity interest 2014 %	% Equity interest 2013 %
- Phosphate Reources Ltd	Mining	Australia	63.05	63.05
- CI Maintenance Services Pty Ltd (i)	Maintenance Services	Australia	63.05	63.05
- Phosphate Resources Properties Pty Ltd (i)	Properties	Australia	63.05	63.05
- Indian Ocean Stevedores Pty Ltd (i)	Stevedoring Services	Australia	63.05	63.05
- Phosphate Resources (Singapore) Pte Ltd (i)	Shipping Services	Singapore	63.05	63.05
- Indian Ocean Oil Company Pty Ltd (i)	Fuel Services	Australia	63.05	63.05
- Indian Ocean Mechanical Services Pty Ltd (i)	Dormant	Australia	63.05	63.05
- Phosphate Resources Laos Pty Ltd (i)	Dormant	Australia	63.05	63.05
- Phosphate Resources Plantations Pty Ltd (i)	Dormant	Australia	63.05	63.05
- Phosphate Resources (Malaysia) Sdn Bhd (i)	Marketing Services	Malaysia	63.05	63.05
- Cheekah-Kemayan Plantation Sdn Bhd (i)	Palm Oil Estate, Milling and Sales	Malaysia	63.05	63.05

(i) These companies are wholly owned subsidiaries of Phospate Resources Limited

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.

Directors' Declaration
For the year ended 30 June 2014

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 2014 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 2014 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 2014

On behalf of the board

D Somerville
Chairman

Perth
28 August 2014

Independent audit report to the members

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Independent auditor's report to the members of CI Resources Limited

Report on the financial report

We have audited the accompanying financial report of CI Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Independent audit report to the members

Opinion

In our opinion:

a. the financial report of CI Resources Limited is 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 2014 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. 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.

Opinion

In our opinion, the Remuneration Report of CI Resources Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

R J Curtin
Partner
Perth
28 August 2014

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 20 August 2014:

Holders	Ordinary shares
Prosper Trading Sdn Bhd	14,566,876
Keen Strategy Sdn Bhd	12,600,000
Destinasi Emas Sdn Bhd	7,437,410

Class of shares and voting rights

At 18 August 2014 there were 337 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

Category		Ordinary shares
1 -	1,000	63
1,001 -	5,000	68
5,001 -	10,000	112
10,001 -	100,000	62
100,001 -	and over	32
		337

There were 59 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.

ASX Additional Information

Unquoted securities

The Company does not have any unquoted securities

Twenty largest holders of ordinary shares (as at 20 August 2014)

Holder name	Ordinary shares Number	%
CITICORP NOMINEES PTY LIMITED	34,308,867	47.08
KEEN STRATEGY SDN BHD	12,600,000	17.29
PROSPER TRADING SDN BHD	11,616,000	15.94
MR WILLY SEE KHIANG TEO	2,866,476	3.92
KLUANG PTY LTD	1,280,988	1.76
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	847,678	1.16
MS MEE YUEN YONG	835,572	1.15
RIVERTREE PTY LTD <THE PHOENIX ACCOUNT>	711,293	0.98
MR PHILIP TUCK SANG WOO	605,715	0.83
MR HANG PHOO TAN	500,000	0.69
MR AH HONG LAI & MRS WAI CHING LAI & MR WENG KIN LAI <LAI SUPER FUND A/C>	422,000	0.58
MR XU YI HAO	378,657	0.52
FULLONG WORLDWIDE LIMITED	311,750	0.43
GREAT PIONEER CONSULTANTS LTD	311,750	0.43
ARP HOLDINGS PTY LTD <EXECUTIVE SUPER PLAN A/C>	300,000	0.41
AMIT’S ENTERPRISES PTY LTD <SANDHU SUPER FUND A/C>	350,000	0.48
KSL SUPER PTY LTD <KSL FAMILY SUPER FUND A/C>	210,000	0.29
MR MASLI SADIRAN	207,000	0.28
DBS VICKERS SECURITIES (SINGAPORE) PTE LTD <CLIENT ACCOUNT>	190,000	0.26
VISON PTY LTD <PHILIP GARRATT FAMILY A/C>	163,000	0.22
	69,016,746	**94.70**

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.