

APPENDIX 4E: PRELIMINARY FINAL REPORT

2007

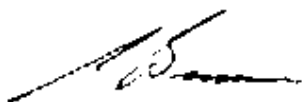
RESULTS FOR ANNOUNCEMENT TO THE MARKET

This Preliminary Final Report is provided to the Australian Securities Exchange (ASX) under Listing Rule 4.3A

Current reporting period: 31 December 2007

Previous corresponding period: 31 December 2006

For and on behalf of the directors



Mr Clive Brown
Chairman

Dated: 29 February 2007

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue and net profit		AUD \$'000's
Revenue from ordinary activities	up 31% to	715
Profit from ordinary activities after tax attributable to members	up 457% to	1,849
Net profit for the period attributable to members	up 457% to	1,849

Dividends

No dividends have been paid or declared during the financial year. The directors do not recommend the payment of a dividend in respect of the financial year.

COMMENTARY ON RESULTS AND OTHER SIGNIFICANT INFORMATION

Commentary

The Preliminary Final Report includes the results of CI Resources Limited (“Company” or “CI Resources”) and the Consolidated Entity (“Group”) which includes the Company’s subsidiary Xi Feng International Pte Ltd (“Xi Feng”). Xi Feng has an investment in Guizhou Tianfeng Chem-Phos Company Ltd (“GTFC”) which it equity accounts.

The Company’s other major asset is an investment in Phosphate Resources Limited (“PRL”) which the Company equity accounts.

The Consolidated Entity is reporting a profit of \$1,849,526.

Review of operations

Phosphate Resources Limited

The Board of CI Resources has worked towards maximising the value of its investment and is still the largest shareholder in PRL, holding 38.77%.

The Company is represented on the Board of PRL by Mr Clive Brown and Mr Anthony Brennan.

PRL reported a pre-tax profits of \$5.3 million for the year ended 30 June 2007 and \$5.2 million (un-audited – as per letter to shareholders) for the half-year ended 31 December 2007 and has paid two dividends during the calendar year to 31 December 2007.

PRL is continuing its attempts to obtain more land to mine on Christmas Island which will extend the mine life and its ability to provide returns to its shareholders particularly in the current market where the demand for Phosphate is strong.

Xi Feng International Pte Ltd

CI Resources holds a 51% interest in Xi Feng which in turn holds a 32% interest in GTFC. GTFC is a fertiliser manufacturer and also holds a 30% interest in the Teng Long Phosphate Mine. Xi Feng has reported a profit of SGD 217,684 (AUD 172,662) for the year ended 31 December 2007.

Significant changes in the state of affairs

1. The Company’s auditors now consider that CI Resources now has significant influence on Phosphate Resources Limited. Therefore the investment in PRL is now being equity accounted for the first time.
2. On 30 January 2008 the Company released the following statement to the market:

CI Resources Limited, owns a 51% interest in the Singaporean company, Xifeng International Pte Ltd, which in turn holds a 32% interest in Guizhou Tiangfeng Chem-Phos Co Ltd in the Peoples’ Republic of China.

Guizhou Tiangfeng Chem-Phos Co Ltd owns the Pingba fertiliser plant in Guizhou, which is capable of producing sulphuric acid, monammonium phosphate (MAP) and NPK (nitrogen/phosphorous/ potassium) fertilisers.

CI Resources Limited has been informed that the Qingzhen City Environmental Protection Court has identified pollutants being discharged from the gypsum waste dump at the Pingba plant, and has ordered the major shareholder to prevent this pollutant run-off.

The order requires the MAP plant to cease operations by 31 March 2008 if action is not taken to prevent the discharge.

The waste dump was established at least ten years before Xifeng International Pte Ltd invested in the plant, and certain environmental obligations rest with the former owner of the plant.

CI Resources Limited, through its investment in Xifeng International, is currently seeking to clarify the legal issues surrounding the court order.

The Board of CI Resources Limited confirms that the company is committed to upholding the highest standards of environmental responsibility.

Other than those matters shown above, no significant changes in the state of affairs of the Consolidated Entity occurred during the financial period.

Net tangible asset backing

	31 Dec 2007	31 Dec 2006
	\$	\$
Net assets	14,172,110	12,324,294
Less intangible assets	-	-
Net tangible assets of the company	14,172,110	12,324,294
Fully paid ordinary shares on issue at balance date	72,874,102	72,874,102
Net tangible asset backing per issued ordinary share as at balance date (cents)	19.44	16.91

Earnings per share

Basic earnings/(loss) per share (cents)	2.53	(0.82)
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Audit details

The financial statements of CI Resources, its subsidiary Xi Feng and its associate GTFC are currently in the process of being audited. It is expected that the audit report of GTFC will include a qualification in relation to the uncertainty of the value of that company's investment in the Teng Long Phosphate Mine as the mine does not get audited in accordance with International Audit and Accounting Standards. The qualification will in turn flow through to the audit reports of Xi Feng and CI Resources. It is also expected that the Company's audit report will contain a qualification in regard to its investment in PRL due to PRL not being fully audited at 31 December 2007. PRL has a balance date of 30 June and thus is only subject to audit review at 31 December.

Income Statement
For the year ended 31 December 2007

	Notes	Consolidated		Parent entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
Revenue from continuing operations	2	715,457	545,166	715,457	136,085
Share of net profits in associates		1,880,744	-	-	-
Purchase of finished goods		-	(390,650)	-	-
Depreciation expense		(765)	-	-	-
Foreign exchange loss		(12,228)	-	(10,291)	-
Directors remuneration and employee expenses		(168,208)	(226,557)	(168,208)	(168,861)
Accounting, audit, legal and other professional services		(351,441)	(140,187)	(276,427)	(119,662)
Administration, corporate and travel expenses	3	(129,428)	(109,355)	(120,424)	(173,622)
Impairment of investment		-	-	-	(468,000)
Share of net losses of associates		-	(439,840)	-	-
Profit/(Loss) before income tax		1,934,131	(775,580)	140,107	(716,100)
Income tax expense	4	-	-	-	-
Profit/(Loss) after income tax		1,934,131	(775,580)	140,107	(716,100)
(Profit)/Loss attributable to minority equity interests		(84,605)	258,374	-	-
Profit/(Loss) attributable to members of CI Resources Limited		1,849,526	(517,206)	140,107	(716,100)
		Cents	Cents		
Basic and diluted earnings/(loss) per share	5	2.53	(0.82)		

The above Income Statements should be read in conjunction with the accompanying notes.

Balance Sheet
As at 31 December 2007

	Notes	Consolidated		Parent entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
Current assets					
Cash and cash equivalents	6	5,005,399	4,921,536	4,974,823	4,883,479
Trade and other receivables	7	35,011	24,282	33,422	118,454
Total current assets		5,040,410	4,945,818	5,008,245	5,001,933
Non-current assets					
Plant & equipment	8	842	1,607	-	-
Investments accounted for using the Equity method	9	9,332,042	2,511,859	-	-
Other financial assets	10	-	5,034,393	6,451,253	6,222,870
Total non-current assets		9,332,884	7,547,859	6,451,253	6,222,870
Total assets		14,373,294	12,493,677	11,459,498	6,222,870
Current liabilities					
Trade and other payables	11	201,184	169,383	135,229	40,642
Total current liabilities		201,184	169,383	135,229	40,642
Total liabilities		201,184	169,383	135,229	40,642
Net assets		14,172,110	12,324,294	11,324,269	11,184,161
Equity					
Contributed equity	12	17,970,336	17,970,336	17,970,336	17,970,336
Reserves	13	(98,789)	(12,475)	-	-
Accumulated losses	14	(4,925,159)	(6,774,685)	(6,646,067)	(6,786,175)
		12,946,388	11,183,176	11,324,269	11,184,161
Minority equity interest		1,225,722	1,141,118	-	-
Total equity		14,172,110	12,324,294	11,324,269	11,184,161

The above Balance Sheets should be read in conjunction with the accompanying notes.

**Statement of changes in equity
For the year ended 31 December 2007**

	Notes	Consolidated		Parent entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
Total equity at the beginning of the financial year		12,324,294	10,362,262	11,184,161	9,140,261
Translation of foreign entities and associates		(86,315)	(22,388)	-	-
Profit/(loss) for the year		1,934,131	(775,580)	140,107	(716,100)
Total recognised income and expense for the year		1,847,816	(797,968)	140,107	(716,100)
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity net of transaction costs		-	2,760,000	-	2,760,000
Total equity at the end of the financial year		14,172,110	12,324,294	11,324,269	11,184,161

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Cash flow Statement
For the year ended 31 December 2007

	Notes	Consolidated		Parent entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
Cash flows from operating activities					
Receipts from customers		-	409,082	-	-
Payments to suppliers and employees (inclusive of goods and services tax)		(619,366)	(838,320)	(484,211)	(375,496)
Dividends received		464,513	-	464,513	-
Interest received		250,944	136,085	250,945	136,085
Net cash inflow/(outflow) from operating activities	28	96,091	(293,153)	231,245	(239,411)
Cash flows from investing activities					
Refund of investment costs		-	13,887	-	-
Net cash inflow from investing activities		-	13,887	-	-
Cash flows from financing activities					
Loans to subsidiary		-	-	(129,611)	(98,772)
Loans to related parties		-	(2,957)	-	-
Proceeds from borrowings		-	57,826	-	-
Repayment of borrowings		-	(84,862)	-	-
Proceeds from share issue		-	2,760,000	-	2,760,000
Net cash (outflow)/inflow from financing activities		-	2,730,007	(129,611)	2,661,228
Net increase (decrease) in cash and cash equivalents held		96,091	2,450,640	101,635	2,421,817
Cash and cash equivalents at the beginning of the financial year		4,921,536	2,471,014	4,883,479	2,461,662
Foreign exchange		(12,228)	(118)	(10,291)	-
Cash and cash equivalents at the end of the financial year	6	5,005,399	4,921,536	4,974,823	4,883,479

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

Note 1. 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 year ended 31 December 2007, unless otherwise stated.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Equivalents to International Financial Accounting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issued Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRSs

Australian Accounting Standards include AIFRSs. Compliance with AIFRSs ensures that the financial statements and notes of CI Resources Limited comply with International Financial Reporting Standards (IFRSs).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit and loss, certain classes of property, plant and equipment and investment property.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the consolidated entity's accounting policies.

(b) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

(d) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(e) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(f) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the consolidated entity's identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(g) 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).

(h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(i) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 120 days from the date of recognition.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(j) Investments and other financial assets

The consolidated entity classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) 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 balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the consolidated entity's management has the positive intention and ability to hold to maturity.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date - the date on which the consolidated entity commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the consolidated entity establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The consolidated entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(k) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the consolidated entity is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

(l) Plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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 consolidated entity 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 is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Furniture, fittings and equipment	5 years
- Computer and electronic equipment	3 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) Provisions

Provisions for legal claims are recognised when: the consolidated entity has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(o) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Retirement benefit obligations

The consolidated entity contributes to various defined contribution funds for its employees.

Contributions to the defined contribution funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Share-based payments

Share-based compensation benefits are provided to employees via the Employee Share Option Scheme.

The fair value of options granted under the Employee Share Option Scheme is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

The market value of shares issued to employees for no cash consideration under the employee share scheme is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

(p) 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.

(q) 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.

(r) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred by or on behalf of the consolidated entity is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration and evaluation expenditure for each area of interest, other than that acquired from the purchase of another mining consolidated entity, is carried forward as an asset provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and evaluation 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 and significant operations in relation to the area are continuing.

Expenditure which fails to meet at least one of the conditions outlined above is written off, furthermore, the directors regularly review the carrying value of exploration and evaluation expenditure and make write downs if the values are not expected to be recoverable.

Identifiable exploration assets acquired from another mining consolidated entity are recognised as assets at their cost of acquisition, as determined by the requirements of AASB 6 *Exploration for and evaluation of mineral resources*. Exploration assets acquired are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions referred to in AASB 6 is met.

Exploration and evaluation expenditure incurred subsequent to acquisition in respect of an exploration asset acquired, is accounted for in accordance with the policy outlined above for exploration expenditure incurred by or on behalf of the entity.

Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

Expenditure is not carried forward in respect of any area of interest/mineral resource unless the consolidated entity's rights of tenure to that area of interest are current.

(s) 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.

(t) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of CI Resources Limited ("company" or "parent entity") as at 31 December 2007 and the results of all the subsidiaries for the financial period then ended.

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

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

(u) Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

(v) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the income statement over the period of the borrowing using the effective interest rate method.

Borrowings are classified as current liabilities, unless the entity has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings and amortisation of ancillary costs incurred in connection with arrangement of borrowings. Borrowing costs are expensed as incurred except when it related to a qualifying asset in which case it would be capitalised.

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$	\$	\$	\$

Note 2. Revenue

Revenue from continuing operations

Sales revenue	-	409,081	-	-
Dividends received	464,513	-	464,513	-
Interest received	250,944	136,085	250,944	136,085
	715,457	545,166	715,457	136,085

	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$	\$	\$	\$

Note 3. Expenses

Loss before income tax includes the following expenses:

Cost of sales	-	390,650	-	-
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Administration, corporate and travel expenses includes the following

Travel and accommodation	48,678	34,348	48,678	26,430
ASIC and ASX fees	27,448	25,433	27,448	25,433
Rental expense	3,375	823	2,400	-

Note 4. Income tax

(a) Income tax expense

Tax at the Australian tax rate of 30%	554,859	(232,674)	42,032	(214,830)
Add/(Less) tax effect of:				
Other non-deductible items	3,668	7,227	3,087	7,227
Other non-deductible items	-	(35,795)	-	(35,795)
Share of associates net profits	(538,842)	(131,952)	-	-
Impairment of investment	-	-	140,400	-
	19,685	(393,194)	45,119	(102,998)
Deferred tax liability/(asset) not brought to account	19,685	(393,194)	45,119	(102,998)
Income tax expense attributable to parent entity	-	-	-	-

(b) The components of tax expense comprise:

Current tax	19,685	(393,194)	45,119	(102,998)
Deferred tax not brought to account	(19,685)	393,194	(45,119)	102,998
	-	-	-	-

(c) The estimated potential deferred tax benefits not brought to account at 30%

Revenue losses	1,537,315	1,557,000	1,195,265	1,240,384
Capital losses	528,218	528,218	528,218	528,218
	2,065,533	2,085,218	1,723,483	1,768,602

The potential future income tax benefit will only be obtained if:

- (i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised;
- (ii) the Company continues to comply with the conditions for deductibility imposed by law; and
- (iii) no changes in tax legislation adversely affect the Company in realising the benefit.

Note 5. Earnings per share

	2007 Cents
Basic and diluted earnings per share	2.53
	2007 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.	<u>72,874,102</u>
	2007 \$
Profit used in calculating basic and diluted losses per share	
Net profit	<u>1,849,526</u>
	2006 Cents
Basic and diluted earnings per share	(0.82)
	2006 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.	<u>62,879,582</u>
	2006 \$
Loss used in calculating basic and diluted losses per share	
Net loss	<u>(517,206)</u>

	Notes	Consolidated		Parent entity	
		2007	2006	2007	2006
		\$	\$	\$	\$

Note 6. Current assets – Cash and cash equivalents

Cash at bank and on hand	3,124,693	3,160,418	3,094,117	3,122,361
Deposits at call	1,880,706	1,761,118	1,880,706	1,761,118
	<u>5,005,399</u>	<u>4,921,536</u>	<u>4,974,823</u>	<u>4,883,479</u>

Notes	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$	\$	\$	\$

Note 7. Current assets – Trade and other receivables

Other debtors	35,011	7,408	33,422	103,244
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Note 8. Non-current assets – Plant and equipment

Plant & equipment

Plant & equipment – at cost	3,258	3,160	-	-
Less: accumulated depreciation	(2,416)	(1,553)	-	-
	842	1,607	-	-

Reconciliation

Reconciliation of the carrying amounts of plant and equipment at the beginning and end of the current financial period is set out below.

Plant & equipment

At the beginning of the year	1,607	2,696	-	-
Depreciation expense	(765)	(665)	-	-
Other	-	(424)	-	-
Closing net book amount	842	1,607	-	-

Note 9. Non-current assets – Investments accounted for using the equity method

The Consolidated Entity has a 32% interest in the ordinary shares of Guizhou Tianfeng Chem-Phos Company Ltd, a fertilizer manufacturing company incorporated in China, and also a 38.77% interest in the ordinary shares of Phosphate Resources Limited which operates a phosphate mine on Christmas Island.

(a) Associated companies	9,332,042	2,511,859	-	-
(b) Reconciliation				
At the beginning of the year	2,511,859	2,986,487	-	-
Investments equity accounted for the first time	5,034,393	-	-	-
Share of associated company's profit/(loss)	1,796,138	(439,840)	-	-
Foreign currency adjustments	(10,348)	(34,788)	-	-
	9,332,042	2,511,859	-	-

Note 10. Non-current assets – Other financial assets

Shares in unlisted companies – at cost	-	5,034,393	5,034,393	5,034,393
Shares in controlled entities – at cost	-	-	1,656,477	1,656,477
Provision for impairment	-	-	(468,000)	(468,000)
Amounts receivable from controlled entities	-	-	228,383	-
	-	5,034,393	6,451,253	6,222,870

The fair value shares in unlisted companies and shares in controlled entities cannot be reliably measured as variability in the range of reasonable fair value estimates is significant. As a result, all unlisted investments are reflected at cost. Management has determined that the estimate of total consolidated fair values for unlisted investments would range in values exceeding the cost of the total investment. Unlisted investments exist within markets which would permit the assets to be disposed of if required.

Note 11. Controlled entities

CI Resources Limited owns 51% of Xi Feng International Pte Ltd which is incorporated in Singapore. The voting power in respect to Xi Feng International Pte Ltd is in proportion to ownership.

Notes	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$	\$	\$	\$

Note 12. Current liabilities – Trade and other payables

Trade payables	141,830	13,392	75,875	13,392
Other payables	59,354	127,791	59,354	27,250
Amounts payable to other related parties	-	28,200	-	-
	<u>201,184</u>	<u>169,383</u>	<u>135,229</u>	<u>40,642</u>

Note 13. Contributed equity

(a) Share capital	Number of shares	\$
Ordinary shares – fully paid	<u>72,874,102</u>	<u>17,970,336</u>

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price \$	\$
1 January 2006	Opening balance	60,874,102		15,210,336
31 October 2006	Placement of shares	<u>12,000,000</u>	0.23	<u>2,760,000</u>
31 December 2006	Closing balance	<u>72,874,102</u>		<u>17,970,336</u>
31 December 2007	Closing balance	<u>72,874,102</u>		<u>17,970,336</u>

(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.

Notes	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$	\$	\$	\$

Note 14. Reserves

Foreign exchange translation reserve	<u>(98,789)</u>	<u>(12,475)</u>	-	-
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Movements in reserves

Foreign exchange translation reserve

Balance at the beginning of the year	(12,475)	(1,055)	-	-
FX on translation of financial report	<u>(86,314)</u>	<u>(11,420)</u>	-	-
Balance at the end of the year	<u>(98,789)</u>	<u>(12,475)</u>	-	-

Notes	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
Note 15. Accumulated losses				
Accumulated losses at the beginning of the year	(6,774,685)	(6,257,479)	(6,786,175)	(6,070,075)
Net profit/(loss) attributable to members of CI Resources Limited	1,849,526	(517,206)	140,107	(716,100)
Accumulated losses at the end of the financial year	(4,925,159)	(6,774,685)	(6,646,067)	(6,786,175)

Note 16. Key management personnel disclosures

(a) Directors

The following persons were directors of CI Resources Limited during the whole of the financial year, unless otherwise stated:

Chairman - non-executive

Mr Clive Morris Brown (appointed 30 May 2007)

Non-executive directors

Mr Anthony Brennan (appointed 30 May 2007)

Dato Dr Mohamad Hashim Bin Ahmad Tajudin

Mr Lip Sin Tee (appointed 25 June 2007)

Mr Mark Victor Caruso (resigned 30 May 2007)

Mr Kim Sun Oh (resigned 30 May 2007)

Dato Lim Say Chong (resigned 30 May 2007)

Mr Peter Patrick Torre (resigned 30 May 2007)

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, during the financial period:

Name	Position
Desmond John Kelly	Joint Company Secretary
Janelle Burns	Joint Company Secretary

Notes	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$	\$	\$	\$

(c) Key management personnel compensation

Short term employee benefits	213,943	156,750	213,943	156,750
Post employment benefits	39,030	11,655	39,030	11,655
	252,973	168,405	252,973	168,405

(d) Equity instrument disclosures relating to key management personnel

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 31 December 2007 or 31 December 2006.

Option holdings

The numbers of options over ordinary shares in the company held during the financial year by each director of CI Resources Limited and other key management personnel of the company, including their personally-related parties, are set out below.

2007						
Name	Balance at the start of the period	Granted during the period as remuneration	Exercised during the period	Other changes during the period	Balance at the end of the period	Vested and exercisable at the end of the period
<i>Directors of CI Resources Limited</i>						
Mr Clive Morris Brown	-	-	-	-	-	-
Mr Anthony Brennan	-	-	-	-	-	-
Dato Dr Mohamad Hashim Bin Ahmad						
Tajudin	-	-	-	-	-	-
Mr Lip Sin Tee	-	-	-	-	-	-
<i>Other key management personnel</i>						
Mr Desmond John Kelly	-	-	-	-	-	-
Ms Janelle Burns	-	-	-	-	-	-

2006						
Name	Balance at the start of the period	Granted during the period as remuneration	Exercised during the period	Other changes during the period	Balance at the end of the period	Vested and exercisable at the end of the period
<i>Directors of CI Resources Limited</i>						
Dato Dr Mohamad Hashim Bin Ahmad						
Tajudin	-	-	-	-	-	-
Mr Mark Victor Caruso	-	-	-	-	-	-
Mr Kim Sun Oh	-	-	-	-	-	-
Dato Lim Say Chong	-	-	-	-	-	-
Mr Peter Patrick Torre	-	-	-	-	-	-

No options were vested and unexercisable at the end of the financial year.

Share holdings

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.

2007				
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
<i>Directors of CI Resources Limited</i>				
Mr Clive Morris Brown	-	-	-	-
Mr Anthony Brennan	-	-	-	-
Dato Dr Mohamad Hashim Bin Ahmad Tajudin	12,000,000	-	-	12,000,000
Mr Lip Sin Tee	-	-	11,616,000	11,616,000
<i>Other key management personnel</i>				
Mr Desmond John Kelly	-	-	-	-
Ms Janelle Burns	-	-	-	-

2006				
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
<i>Directors of CI Resources Limited</i>				
Dato Dr Mohamad Hashim Bin Ahmad Tajudin	-	-	12,000,000	12,000,000
Mr Mark Victor Caruso	50,000	-	-	50,000
Mr Kim Sun Oh	11,616,000	-	-	11,616,000
Dato Lim Say Chong	-	-	-	-
Mr Peter Patrick Torre	-	-	-	-

(e) Loans to key management personnel

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

(f) Other transactions with key management personnel

The Company has entered into a project specific contract with Mr Anthony Brennan whereby he will provide consulting services for a specific project at a fee of \$7,500 +GST per month. The contract dates from 1 December 2007 and will terminate on completion of the project.

Notes	Consolidated		Parent entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
Note 17. Remuneration of auditors				
During the period the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms.				
Assurance services				
<i>Audit services</i>				
BDO Kendalls Audit & Assurance (WA) Pty Ltd: Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	43,370	17,189	43,370	17,189
<i>Audit services</i>				
Other auditors of subsidiaries: Audit and review of financial reports of subsidiaries	50,231	4,998	-	-
	93,601	22,187	43,370	17,189

Note 18. Contingent liabilities

As at 31 December 2007 the Consolidated Entity had no contingent liabilities.

Note 19. Commitments for expenditure

As at 31 December 2007 the Consolidated Entity has no commitments for expenditure.

Note 20. Related party transactions

Directors and other key management personnel

Disclosures relating to directors and other key management personnel are set out in note 16.

Other related party transactions

During the financial year the Company paid fees for office management services, accounting and company secretarial to Prospero Corporate, an entity of which Mr Peter Torre is the principal. This arrangement ceased on 30 May 2007.

Controlling entities

The ultimate parent entity in the wholly-owned 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 22

Note 21. Events occurring after reporting date

No matters or circumstances that have arisen since 31 December 2007 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.

Note 22. Subsidiaries

Name of entity	Country of incorporation	Class of shares	Equity holding 2007
Xi Feng International Pte Ltd	Singapore	Ordinary	51%
		Consolidated	Parent entity
		2007	2006
		\$	\$

Note 23. Reconciliation of profit(loss) from ordinary activities after income tax to net cash outflow from operating activities

Operating profit (loss) after income tax	1,849,526	(775,580)	140,107	(341,008)
Share of associates net (profits)/losses	(1,796,139)	439,840	-	-
Depreciation	765	665	-	-
Other	20,867	2,355	-	-
Impairment of investment	-	-	-	468,000
Change in operating assets and liabilities				
(Increase)/decrease in receivables	(10729)	5,808	(3,449)	5,808
(Increase)/decrease in other operating assets	-	(1,197)	-	(1,197)
Increase/(decrease) in payables	31,801	34,956	94,587	4,078
Net cash inflow/(outflow) from operating activities	96,091	(293,153)	231,245	(239,411)

Note 24. Financial instruments and financial risk management

The Company's activities expose it to a variety of financial risks; market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk, foreign exchange and cash flow interest rate risk.

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out by the board of directors under policies approved by the Board.

The board identifies and evaluates financial risks and provides written principles for overall risk management.

(i) Foreign currency risk

The group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and receivables from subsidiaries and associates.

(ii) Credit Risk

The Company's maximum exposures to credit risk at the reporting date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet.

The Company trades only with recognised, credit worthy third parties. The Company has no significant concentrations of credit risk.

(iii) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash to meet commitments as and when they fall due.

(iv) Fair Values

All assets and liabilities recognised on the balance sheet, whether they are carried at cost or at fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

(v) Interest Rate Risk

The following table sets out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk.

2007					
Financial Instruments	Floating interest rate	Fixed interest rate maturing in: 1 year or less	Non-interest bearing	Total	Weighted average effective interest rate
Consolidated Entity and Parent	\$	\$	\$	\$	%
<i>(i) Financial assets</i>					
Cash assets	3,124,693	1,880,706	-	5,005,399	6.5
Trade and other receivables	-	-	35,011	35,011	-
Investments – equity accounted	-	-	9,332,042	9,332,042	-
Total financial assets	3,124,693	1,880,706	9,367,053	14,372,452	
<i>(ii) Financial liabilities</i>					
Trade and other payables	-	-	201,184	201,184	-
Total financial liabilities	-	-	201,184	201,184	

2006 Financial Instruments	Floating interest rate	Fixed interest rate maturing in: 1 year or less	Non-interest bearing	Total	Weighted average effective interest rate
Consolidated Entity and Parent	\$	\$	\$	\$	%
<i>(i) Financial assets</i>					
Cash assets	3,160,418	1,761,118	-	4,921,536	6.2
Trade and other receivables	-	-	7,408	7,408	
Investments – equity accounted	-	-	2,511,859	2,511,859	
Other financial assets	-	-	5,034,393	5,034,393	
Total financial assets	3,160,418	1,761,118	7,553,660	12,475,196	
<i>(ii) Financial liabilities</i>					
Trade and other payables	-	-	169,383	169,383	-
Total financial liabilities	-	-	169,383	169,383	
		Australia \$	Singapore \$	Eliminations \$	Consolidated \$

Note 25. Segment reporting

Primary reporting – geographical segments

2007

Revenue

Interest	250,944	-	-	250,944
Dividends	464,513	-	-	464,513
Total revenue from continuing operations	715,457	-	-	715,457

Result

Segment result	140,107	(86,720)	-	53,387
Share of net losses of equity accounted associates	1,621,361	259,383	(84,605)	1,796,139
Profit before income tax				1,849,526
Income tax expense				-
Profit after income tax				1,849,526

Assets

Segment assets	11,459,499	2,709,294	204,501	14,373,294
Total assets				14,373,294

Liabilities

Segment liabilities	135,229	294,338	(228,383)	201,184
Total liabilities				201,184

2006

Revenue

Interest	136,085	-	-	136,085
Sales	-	409,081	-	409,081
Total revenue from continuing operations	136,085	409,081	-	545,166

Result

Segment result	(716,100)	(87,640)	468,000	(335,740)
Share of net losses of equity accounted associates	-	(439,840)	-	(439,840)
Loss before income tax				(775,580)
Income tax expense				-
Loss after income tax				(775,580)

Assets

Segment assets	11,692,804	2,556,122	1,755,249	12,493,677
Total assets				12,493,677

Liabilities

Segment liabilities	40,642	227,513	(98,772)	169,383
Total liabilities				169,383

Secondary reporting – business segments

The Consolidated Entity operates predominantly in the investment sector.

