

CI Resources Limited

Financial Report

**For the six month period ended 30 June
2008**

CI Resources Limited ACN 006 788 754

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CI RESOURCES LIMITED

Corporate directory

Directors

Mr Clive Brown – *Chairman*

Prof. Anthony Brennan

Mr Tee Lip Sin

Mr Phuar Kong Seng

Mr Lai Ah Hong

Mr Willy See Khiang Teo

Secretaries

Mr Desmond Kelly

Ms Janelle Burns

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

BDO Kendalls Audit & Assurance (WA) Pty Ltd

128 Hay Street

Subiaco WA 6008

Solicitors

Steinepreis Paganin Lawyers

Level 4 Next Building

16 Milligan Street

Perth WA 6000

Bankers

Bankwest

54 Adelaide Street

Fremantle WA 6160

Stock exchange listings

CI Resources Limited shares are

listed on the Australian Securities Exchange

Ordinary fully paid shares (ASX code CII)

Principal registered office in Australia

C/- BDO Kendalls

128 Hay Street

Subiaco WA 6009

Telephone +61 8 9485 7222

Email info@ciresources.com.au

Website www.ciresources.com.au

CI RESOURCES LIMITED

Chairman's report

We are pleased to present to you this financial report for the period 1 January to 30 June 2008. This annual report arises as a result of the Australian Securities and Investment Commission approving our application to change our financial year to one that ends on 30 June. This change was sought to bring our financial year into line with that of Phosphate Resources Limited and thereby reduce the high cost that would otherwise be involved in complying with the equity accounting requirements.

Continuing strong demand for phosphate has seen our major investment in Phosphate Resources produce a record after tax profit at \$7.6m. This is an excellent result and one that has the capacity to build strong returns in the years ahead.

Following from this record profit result Phosphate Resources has declared an increased dividend of 85 cents per Phosphate Resources share. This comes on top of an earlier interim dividend payment of 30 cents per share, taking the full year payout to \$1.15. These dividends will enhance CI Resource's cash position, during what is likely to be a difficult time in the market for access to additional funds.

Phosphate Resources has also been successful in having set aside by the Federal Court the previous Environment Minister's decision refusing approval for expanded mining on Christmas Island. Phosphate Resources will now seek formal approval from the new Commonwealth Government to explore and mine the additional 8 areas comprising a total of 256 hectares of land on Christmas Island. This represents less than 2% of the Christmas Island land mass.

Phosphate Resources has also taken initial steps to look beyond Christmas Island as a phosphate production base, utilising the management expertise gained from the existing phosphate operations.

The Board has given consideration to the company's long term relationship with Phosphate Resources and determined the best way to proceed at the present time is to seek to increase its shareholding at a pace permitted under the Corporations Act. To this end the Board has established a subcommittee of directors not associated with Phosphate Resources to acquire additional shares as and when they become available.

The Board has taken this decision having regard to the medium term outlook for phosphate prices and the prospect of the industry gradually moving to exploit lower grade phosphate with its attendant higher costs of production.

Turning to our investment in Xifeng International Pte Ltd and through it the joint venture fertiliser plant in the Peoples Republic of China, the board has been less satisfied with this investment, with it not yet meeting expected levels of return.

Discussions between the joint venture parties to improve the level of return have resulted in a proposed restructuring the investment. If implemented, our investment will be transferred to two existing phosphate mines producing around 100,000 tons of phosphate per year. This direct investment has the potential to turn around the losses that have been incurred in recent years and provides an administrative structure that is less cumbersome and expensive.

The company also continues to assess the opportunities to develop the Hunan Two project. Discussions were held with other parties on the possibility of a larger project being undertaken involving both a mine and fertiliser plant. These discussions and subsequent agreements and investigations by other parties were not ultimately fruitful; however more information was collected on the prospect of this project.

Hunan Two is not the only project the company has considered during the year. Other projects have been examined and thus far considered not worthy of investment. This is an ongoing process and one that will continue to occupy the Board's attention. In reviewing new prospects the Board sees the company as being more of a strategic investor – rather than an operator in the phosphate industry.

CI RESOURCES LIMITED

Chairman's report

The financial report also reflects the Board's policy of keeping its overheads to a minimum. Directors and the company secretaries undertake the bulk of the work with assistance from our financial advisers, legal counsel and appropriate consultants. While this could change, the Board does not see the need to engage a management team to review our existing investments and examine new prospects.

The annual general meeting will be asked to give consideration to increasing the total amount that may be paid to directors. In proposing this change, the Board does not intend to increase the fees payable to individual directors, but rather give the company the authority to pay the existing level of fees to all directors. The change is necessary to take account of the larger Board elected at the annual general meeting in May 2008.

CI RESOURCES LIMITED

Directors' report

Your directors present their report on the consolidated entity ("Group") consisting of CI Resources Limited ("CI" or "Company") and the entities it controlled at the end of, or during, the six month period 1 January to 30 June 2008. The Company changed year end from 31 December to 30 June. The comparative information is for the 12 months ended 31 December 2007.

Directors

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

Mr Clive Morris Brown

Prof. Anthony Brennan

Mr Tee Lip Sin

Mr Phuar Kong Seng was elected as a director on 30 May 2008 and continues as at the date of this report.

Mr Lai Ah Hong was elected as a director on 30 May 2008 and continues as at the date of this report.

Mr Willy See Khiang Teo was elected as a director on 30 May 2008 and continues as at the date of this report.

Dato Dr Mohamad Hashim Bin Ahmad Tajudin was a director from the beginning of the financial year until his resignation on 9 July 2008.

Principal activities

During the period the principal activities of the Consolidated Entity consisted of investment in the phosphate and fertiliser industries.

Dividends

No dividends were paid to members during the financial period and the directors do not recommend the payment of a dividend.

Review of operations

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

	Revenues	Results
	2008	2008
	\$	\$
Revenue from continuing operations	152,378	-
Profit before income tax expense		1,137,208
Income tax expense		-
Profit attributable to members of CI Resources Limited		1,137,208

CI RESOURCES LIMITED

Directors' report

Review of operations (continued)

Financial Position

At the end of the financial period the consolidated entity had net cash balances of \$5,059,596 and net assets of \$14,698,164.

Total liabilities amounted to \$225,163 being, trade and other creditors.

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 Prof. Anthony Brennan. Mr Lai Ah Hong and Mr Willy Teo are also directors of PRL.

PRL reported a post-tax profits of \$7.6 million for the year ended 30 June 2008 and has paid one dividend during the six months from 1 January to 30 June 2008.

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 loss of SGD 195,093 (AUD 152,284) for the six month period ended 30 June 2008.

Earnings per share

2008
Cents

Basic earnings per share

1.56

Significant changes in the state of affairs

1. The Company applied to the Australian Securities and Investments Commission ("ASIC"), and was granted, permission to change its financial year to a June end, bringing it in line with Phosphate Resources Limited. This has the effect of making audited financial statements available for equity accounting purposes and will remove the qualification from the Company's Independent Auditor's Report.
2. The Company's subsidiary, Xi Feng International Pte Ltd has also changed its year end to bring it in line with CIL.

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

Directors' report

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2008 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 of operations

Other than likely developments contained in the "Review of operations" and "Significant changes in the state of affairs", further information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

The Company's operations is subject to environmental regulations in the People's Republic of China in regard to its investment in the Guizhou Tiangfeng Chem-Phos Co Ltd .

Information on directors

MR CLIVE BROWN *Chairman – Non-executive*

Experience and expertise

Clive Brown was the Western Australian Minister for State Development from 2001-2005. He was responsible for the most significant changes to the Mining Act in the previous twenty five years. He provides strategic advice on business and government relations to a number of mining companies and Chairs a national steering committee of Australian government and mining industry organizations on developing a national framework for occupation health and safety in the mining industry.

Other directorships

Mr Brown was a director of Terrain Minerals Limited until 22 May 2008, an ASX listed company. Mr Brown has held no other directorships of ASX listed companies in the last three years.

PROF. ANTHONY BRENNAN LLB GDipLegPrac MAICD *Director – Non-executive*

Experience and expertise

Tony holds a Bachelor of Laws degree from the University of Queensland, a Graduate Diploma in Legal Practice and has practiced with one of Australia's largest private law firms as a solicitor in the area of corporate advisory, mergers and acquisitions and banking and finance. Having worked for local and state government bodies, Australian blue chip companies and national and international banks, Tony has experience in corporate banking and finance transactions including development finance and refinance transactions, infrastructure and project finance, loan facility and security documentation, general corporate banking matters and significant commercial property transactions. The projects he has been involved with range from tunnels, gas pipelines, international cruise ship terminals, agricultural projects and energy and resource projects.

Tony is a member of the Mining Law committee and Oil & Gas committee of the International Bar Association and is also one of the few Australia lawyers to have studied Capital Market Development and Regulation; Arbitration & Dispute Resolution and Debt Rescheduling with the Paris Club through the United Nations Institute of Training and Research.

Tony is an Adjunct Professor at Murdoch University where he teaches Business Law in the MBA program at Murdoch Business School and Company Law in Singapore at the SMa School of Management.

Other directorships

Prof. Brennan held no other directorships of ASX listed companies during the last three years

Directors' report

Information on directors (continued)

MR TEE LIP SIN *Director – Non-executive*

Experience and expertise

Tee Lip Sin holds 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 six palm oil mills and 50,000 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 PHUAR KONG SENG *Director – Non-executive*

Experience and expertise

Mr Phuar Kong Seng is an entrepreneur and businessman with many years of experience in running successful businesses. He has worked in the fertiliser and chemical industries since 1979 covering a spectrum of responsibilities ranging from accounts, sale, marketing and management.

Other directorships

Mr Phuar Kong Seng held no other directorships of ASX listed companies during the last three years.

MR LAI AH HONG *Director – Non-executive*

Experience and expertise

Mr Lai is the Managing Director of Phosphate Resources Limited. Mr Lai has had extensive experience in private enterprise on Christmas Island as well as with the union movement. He was appointed as Executive Chairman of Phosphate Resources Limited in March 2004. Mr Lai is a former president of the Union of Christmas Island Workers and has been involved in the phosphate industry for 27 years. He was also a founding director of Phosphate Resources Limited in 1991.

Other directorships

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

MR WILLY SEE KHIANG TEO *Director – Non-executive*

Experience and expertise

Mr Teo is an Executive Director of Phosphate Resources Limited. Mr Teo was Managing Director of Phosphate Resources Limited from 2000 until March 2004. He has vast experience and contacts within the shipping and logistics industries. Mr Teo has also worked in the areas of corporate planning, strategic development and marketing in Singapore and South East Asia for over 20 years.

Other directorships

Mr Willy See Khiang Teo held no other directorships of ASX listed companies during the last three years.

Directors' report

Company secretaries

DESMOND KELLY BComm, CPA, MAICD *Company Secretary*

Des Kelly has over 30 years financial and corporate management experience focused mainly in the resources sector. He was Dominion Mining's Group Chief Accountant in that company's key growth phase in the mid-eighties and, between 1994 and 1998 held the roles of Finance Director and Managing Director of Horizon Mining NL before establishing his own corporate management consulting business. Mr Kelly now contributes corporate and administration management expertise to several listed groups including Universal Resources Limited, CI Resources Limited, Nylex Limited and Avalon Minerals Ltd.

JANELLE BURNS Bbus (Acc/Law) *Company Secretary*

Ms Burns has 15 years experience in the resources sector. She was previously the Chief Group Accountant for Gallery Gold Limited and currently provides corporate and management services to several ASX listed companies, including CI Resources Limited, Universal Resources Limited, Avalon Minerals Ltd and Canadian miner IAMGOLD Corporation.

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 Clive Brown	-	-	-	-
Prof. Anthony Brennan	-	-	-	-
Mr Tee Lip Sin	-	12,377,440	-	-
Mr Phuar Kong Seng	520,000	9,904,410	-	-
Mr Lai Ah Hong	-	1,821,096	-	-
Mr Willy See Khiang Teo	2,190,618	148,572	-	-

Meetings of directors

The number of meetings of the company's board of directors held during the period 1 January to 30 June 2008 and the number of meetings attended by each director were:

	Full meetings of Directors	
	Held	Attended
Mr Clive Brown	9	9
Prof. Anthony Brennan	9	9
Mr Lip Sin Tee	9	8
Mr Phuar Kong Seng	3	3
Mr Lai Ah Hong	3	3
Mr Willy See Khiang Teo	3	3
Dr Mohd Hashim	9	9

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

Retirement, election and continuation in office of directors

Mr Clive Brown and Prof. Anthony Brennan were elected as directors at the Annual General Meeting held on 30 May 2007. In accordance with the Constitution Messrs Brown and Brennan will retire, in rotation, as directors at the Annual General Meeting to be held in November 2008 and, being eligible, will offer themselves for re-election.

Directors' report

Remuneration report (Audited)

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

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

The information in this section has been audited as required by section 308 3(c) 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 Company's operations, the board reviews the remuneration of directors on an annual basis and makes recommendations. The Company does not have a remuneration committee.

No 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 3 July 2007. 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 \$200,000.

Remuneration packages may contain the following key elements:

- Director's fees
- Consultancy fees
- Post employment benefits – superannuation

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.

Retirement allowances for directors

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

CI RESOURCES LIMITED

Directors' report

Remuneration report (continued)

B Details of remuneration

During the six months to 30 June 2008 the directors and key management personnel of the company were:

Directors of CI Resources Limited

Mr Clive Brown – *Chairman (elected 30 May 2007)*

Prof. Anthony Brennan – *Non-executive director (elected 30 May 2007)*

Mr Tee Lip Sin – *Non-executive director (appointed 25 June 2007)*

Mr Phuar Kong Seng – *Non-executive director (elected 30 May 2008)*

Mr Lai Ah Hong – *Non-executive director (elected 30 May 2008)*

Mr Willy See Khiang Teo – *Non-executive director (elected 30 May 2008)*

Dr Mohd Hashim – *Non-executive director (appointed 6 November 2006, resigned 10 July 2008)*

Other key management personnel

Mr D J Kelly – *Joint Company Secretary (appointed 20 June 2007)*

Ms J P Burns – *Joint Company Secretary (appointed 20 June 2007)*

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

2008	Short-term benefits		Post-employment benefits	
Name	Cash fees and consulting \$	Non-monetary benefits \$	Superannuation \$	Total \$
<i>Directors of CI Resources Limited</i>				
Mr Clive Brown	27,500	1,768	2,475	31,743
Prof. Anthony Brennan	65,000	1,768	1,800	68,568
Mr Tee Lip Sin	16,350	1,768	-	18,118
Mr Phuar Kong Seng	-	208	-	208
Mr Lai Ah Hong	-	208	-	208
Mr Willy See Khiang Teo	-	208	-	208
Dr Mohd Hashim	16,350	1,768	-	18,118
<i>Other key management personnel</i>				
Mosman Management Pty Ltd (D Kelly & J Burns)	32,540	3,536	-	36,076
Total	157,740	11,232	4,275	173,247

CI RESOURCES LIMITED

Directors' report

Remuneration report (continued)

2007		Short-term benefits		Post-employment benefits	
Name	Cash fees and consulting \$	Non-monetary benefits \$	Superannuation \$	Total \$	
<i>Directors of CI Resources Limited</i>					
Mr Clive Brown	31,983	1,560	2,887	36,430	
Prof. Anthony Brennan	34,000	1,560	2,025	37,585	
Dr Mohd Hashim	38,150	4,602	-	42,752	
Mr Lip Sin Tee	16,350	1,560	-	17,910	
Kim Sun Oh	-	3,042	27,250	30,292	
Mr Mark Caruso	27,848	3,042	-	30,890	
Mr Peter Torre	10,000	3,042	-	13,042	
Mr Lim Say Chong	17,993	3,042	-	21,035	
<i>Other key management personnel</i>					
Mosman Management Pty Ltd (D Kelly & J Burns)	47,280	3,120	-	50,400	
Total	223,604	24,570	32,162	280,336	

There were no cash bonuses and no grants of options to any director or other key management personnel.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

2008

Name	Fixed remuneration	At risk - STI	At risk - LTI
<i>Directors of CI Resources Limited</i>			
Mr Clive Brown	100%	-	-
Prof. Anthony Brennan	100%	-	-
Mr Lip Sin Tee	100%	-	-
Mr Phuar Kong Seng	100%	-	-
Mr Lai Ah Hong	100%	-	-
Mr Willy See Khiang Teo	100%	-	-
Dr Mohd Hashim	100%	-	-
<i>Other key management personnel</i>			
Mosman Management Pty Ltd (D Kelly & J Burns)	100%	-	-

Directors' report

Remuneration report (continued)

2007

Name	Fixed remuneration	At risk - STI	At risk - LTI
<i>Directors of CI Resources Limited</i>			
Mr Clive Brown	100%	-	-
Prof. Anthony Brennan	100%	-	-
Dr Mohd Hashim	100%	-	-
Mr Lip Sin Tee	100%	-	-
Kim Sun Oh	100%	-	-
Mr Mark Caruso	100%	-	-
Mr Peter Torre	100%	-	-
Mr Lim Say Chong	100%	-	-
<i>Other key management personnel</i>			
Mosman Management Pty Ltd (D Kelly & J Burns)	100%	-	-

C Service Agreements

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

The agreement for the Company Secretaries provides for the provision of consulting fees.

Other major provisions of the agreements relating to remuneration are set out below.

Mosman Management Pty Ltd, Company Secretaries

- Term of agreement – For a period of 12 months with a notice period of two months. Redundancy clause 6 months.
- Base fee of \$4,400 per month for the provision of company secretarial services and an hourly rate of \$160 per hour for the provision of financial and administration services.

D Share-based compensation

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

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 Remuneration Report -

Shares issued on the exercise of options

There were no ordinary shares of CI Resources Limited issued during the period ended 30 June 2008 on the exercise of options.

Directors' report

Insurance of officers

During the period the Company paid a premium to insure the directors and officers of the Company. Under the terms of the policy the Company cannot publish amounts paid for premiums or the extent of the liabilities insured.

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*.

Non-audit services

The consolidated entity may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the consolidated entity are important.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the period are set out below.

The board of directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the board to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the consolidated entity, acting as advocate for the consolidated entity or jointly sharing economic risk and rewards.

2008

\$

During the year 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

Audit services

BDO Kendalls Audit & Assurance (WA) Pty Ltd:

Audit and review of financial report and other audit work under the *Corporations Act 2001*

27,500

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 17.

CI RESOURCES LIMITED

Directors' report

Auditor

BDO Kendalls Audit & Assurance (WA) Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

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



C Brown
Chairman
Perth, Western Australia

30 September 2008

30 September 2008

The Directors
CI Resources Limited
PO Box 449
BELMONT WA 6984

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF CI RESOURCES LIMITED

As lead auditor of CI Resources Limited for the six-month period ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

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



Glyn O'Brien
Director



BDO Kendalls Audit & Assurance (WA) Pty Ltd
Perth, Western Australia

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	None of the six board members are considered to be independent 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.
4	4.3	The board has established an audit committee, however, the structure of audit committees should be such that it consists of: • Only non-executive directors • A majority of independent directors • An independent Chairman, who is not the Chairman of the board, and • At least three members.	The CII Audit Committee consists of Messrs Brown and Brennan, both non-executive directors. The committee is chaired by Prof. Brennan. CII's directors do not consider that the Company's affairs are of such a size and complexity to merit the establishment of larger audit committee.
9	9.2	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 six month period ended 30 June 2008

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CI Resources Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office is:

C/- BDO Kendalls
128 Hay Street
Subiaco WA 6008

and principal place of business is:

Unit 1, 103 Campbell Street
Belmont WA 6104

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

The financial report was authorised for issue by the directors on 29 September 2008. 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 9485 7222 or e-mail info@ciresources.com.au

CI RESOURCES LIMITED
Income Statements
For the six month period ended 30 June 2008

		Consolidated		Parent entity	
	Notes	Six months to 30 June 2008	2007	Six months to 30 June 2008	2007
		\$	\$	\$	\$
Revenue from continuing operations	2	152,378	715,457	550,532	715,457
Share of net profits in associates		1,797,377	1,411,240	-	-
Depreciation expense		(375)	(765)	-	-
Foreign exchange loss		(4,232)	(12,228)	(3,608)	(10,291)
Directors remuneration and employee expenses		(85,072)	(168,208)	(85,072)	(168,208)
Accounting, audit, legal and other professional services		(333,544)	(351,441)	(294,631)	(276,427)
Administration, corporate and travel expenses	3	(87,545)	(129,428)	(86,135)	(120,424)
Other expenses		(265,436)	-	-	-
Share of net losses of associates		(110,962)	-	-	-
Profit before income tax		1,062,589	1,464,627	81,086	140,107
Income tax expense	4	-	-	-	-
Profit after income tax		1,062,589	1,464,627	81,086	140,107
Loss/(Profit) attributable to minority equity interests		74,619	(84,605)	-	-
Profit/(Loss) attributable to members of CI Resources Limited		1,137,208	1,380,022	81,086	140,107
		Cents	Cents		
Basic and diluted earnings/(loss) per share	5	1.56	1.89		

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

CI RESOURCES LIMITED
**Balance Sheets
As at 30 June 2008**

		Consolidated		Parent entity	
	Notes	30 June 2008	31 Dec 2007	30 June 2008	31 Dec 2007
		\$	\$	\$	\$
Current assets					
Cash and cash equivalents	6	5,059,596	5,005,399	5,043,099	4,974,823
Trade and other receivables	7	54,360	35,011	52,532	33,422
Total current assets		5,113,956	5,040,410	5,095,631	5,008,245
Non-current assets					
Plant & equipment	8	465	842	-	-
Investments accounted for using the Equity method	9	9,808,906	8,862,538	-	-
Other financial assets	10	-	-	6,468,944	6,451,253
Total non-current assets		9,809,371	8,863,380	6,468,944	6,451,253
Total assets		14,923,327	13,903,790	11,564,575	11,459,498
Current liabilities					
Trade and other payables	13	225,163	201,184	159,220	135,229
Total current liabilities		225,163	201,184	159,220	135,229
Total liabilities		225,163	201,184	159,220	135,229
Net assets		14,698,164	13,702,606	11,405,355	11,324,269
Equity					
Contributed equity	14	17,970,336	17,970,336	17,970,336	17,970,336
Reserves	15	(165,820)	(98,789)	-	-
Accumulated losses	16	(4,257,455)	(5,394,663)	(6,564,981)	(6,646,067)
		13,547,061	12,476,884	11,405,355	11,324,269
Minority equity interest		1,151,103	1,225,722	-	-
Total equity		14,698,164	13,702,606	11,405,355	11,324,269

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

CI RESOURCES LIMITED

Statements of changes in equity
For the six month period ended 30 June 2008

	Notes	Consolidated		Parent entity	
		Six months to 30 June 2008 \$	2007 \$	Six months to 30 June 2008 \$	2007 \$
Total equity at the beginning of the financial year		13,702,606	12,324,294	11,324,269	11,184,162
Translation of foreign entities and associates		(67,031)	(86,315)	-	-
Total income and expense recognised in equity		(67,031)	(86,315)	-	-
Profit/(loss) for the year		1,062,589	1,464,627	81,086	140,107
Total recognised income and expense for the year		995,558	1,378,312	81,086	140,107
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity net of transaction costs		-	-	-	-
Total equity at the end of the financial year		14,698,164	13,702,606	11,405,355	11,324,269

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

CI RESOURCES LIMITED

Cash flow Statements

For the six month period ended 30 June 2008

	Notes	Consolidated		Parent entity	
		Six months to	2007	Six months to	2007
		30 June 2008	\$	30 June 2008	\$
		\$		\$	
Cash flows from operating activities					
Payments to suppliers and employees (inclusive of goods and services tax)		(492,103)	(619,366)	(460,957)	(484,211)
Dividends received		398,154	464,513	398,154	464,513
Other		18,613	-	18,613	-
Interest received		133,765	250,944	133,765	250,944
Net cash inflow from operating activities	24	58,429	96,091	89,575	231,246
Cash flows from financing activities					
Loans to subsidiary		-	-	(17,691)	(129,611)
Net cash (outflow) from financing activities		-	-	(17,691)	(129,611)
Net increase (decrease) in cash and cash equivalents held		58,429	96,091	71,884	101,635
Cash and cash equivalents at the beginning of the financial year		5,005,399	4,921,536	4,974,823	4,883,479
Foreign exchange		(4,232)	(12,228)	(3,608)	(10,291)
Cash and cash equivalents at the end of the financial year	6	5,059,596	5,005,399	5,043,099	4,974,823

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

Notes to the Financial Statements
For the six month period ended 30 June 2008

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 six month period ended 30 June 2008, unless otherwise stated. The Company changed its year end from 31 December to 30 June.

(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, Australian Accounting Interpretations and the *Corporations Act 2001*.

The financial report covers the Consolidated Entity of CI Resources Limited and its controlled entity, and CI Resources Limited as an individual parent entity. The financial report has also been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

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).

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) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of the subsidiary of CI Resources Limited ("company" or "parent entity") as at 30 June 2008 and the results of the subsidiary 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.

Notes to the Financial Statements
For the six month period ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

(c) 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.

(d) 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.

(e) 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.

(f) Financial instruments

Recognition

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

Notes to the Financial Statements

For the six month period ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

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.

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.

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 reflected at fair value except investments in unlisted companies, which are held at cost. Unrealised gains and losses arising from the changes in fair value are taken directly to equity.

Financial liabilities

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

Fair value

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.

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. 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.

(g) Intangibles – Goodwill

Goodwill and goodwill on consolidation are 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 its net assets at the date of acquisition. Goodwill on the acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Notes to the Financial Statements
For the six month period ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

(h) 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 parent entity financial statements using the cost method and 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 income statement, 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.

(i) 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.

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.

Increases in the carrying amount arising on the revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity. All other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the assets original cost is transferred from the revaluation reserve to retained earnings.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Consolidated Entity commencing from the time the asset is held ready for use.

The depreciation rates used for plant and equipment range from 5% to 33%. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Notes to the Financial Statements
For the six month period ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

An asset's carrying value 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 gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(j) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of the group's entities is measured using the currency of the primary economic environment in which the 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 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 date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when the fair values were determined.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the loss or gain 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 on that reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- Retained profits are translated at the exchange rates prevailing at the date of the transaction.

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.

(k) 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.

(l) Comparative figures

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

The Consolidated entity has had approval from the Australian Securities and Investments Commission to change its financial year to a June end and thus the current statements represent six months only whereas the previous comparative period represents a full 12 months.

Notes to the Financial Statements
For the six month period ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

(m) 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.

(i) Interest income

Interest income is recognised when receivable. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(ii) Dividend income

Dividends are recognised as revenue when the right to receive payment is established.

(n) 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.

(o) 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).

(p) Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the consolidated entity and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The consolidated entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There were no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(q) 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.

Notes to the Financial Statements
For the six month period ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

(r) 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.

(s) Business combination

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.

(t) 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.

(u) 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.

(v) 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.

Notes to the Financial Statements
For the six month period ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

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.

(w) Employee benefits

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.

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.

Share-based payments

The fair value of options granted to employees 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.

(x) 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.

Notes to the Financial Statements
For the six month period ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

(y) New accounting standards and interpretations

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for six month period ended 30 June 2008. They have not been adopted in preparing the financial report for the six month period ended 30 June 2008 and are expected to impact the entity in the period of initial application. In all cases the entity intends to apply these standards from application date as indicated in the table below.

STANDARDS LIKELY TO HAVE A FINANCIAL IMPACT

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 123 (revised June 2007)	Borrowing Costs	To the extent that borrowing costs are directly attributable to the acquisition, construction or production of a qualifying asset, the option of recognising borrowing costs immediately as an expense has been removed. Consequently all borrowing costs for qualifying assets will have to be capitalised.	Periods commencing on or after 1 January 2009	The transitional provisions of this standard only require capitalisation of borrowing costs on qualifying assets where commencement date for capitalisation is on or after 1 January 2009. As such, there will be no impact on prior period financial statements when this standard is adopted.

Notes to the Financial Statements
For the six month period ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
IFRS 3 (revised 2008)	Business Combinations	Released as part of long term international convergence project between IASB and FASB. The revised standard introduces more detailed guidance on accounting for step acquisitions, adjustments to contingent consideration, assets acquired that the purchaser does not intend to use, reacquired rights and share-based payments as part of purchase consideration. Also, all acquisition costs will have to be expensed instead of being recognised as part of goodwill.	Business combinations where the acquisition date is on or after the beginning of the first reporting period that commences 1 July 2009 or later	As there is no requirement to retrospectively restate comparative amounts for business combinations undertaken before this date, there is unlikely to be any impact on the financial statements when this revised standard is first adopted. However, due to the nature of some of the changes in the revised standard, business combinations that the entity undertakes after this date may in future impact negatively on the results of the entity. For example, acquisition costs will have to be expensed instead of being recognised as part of goodwill. Specific changes in respect of step acquisitions and sell downs may introduce situations whereby adopting the revised standard may improve profitability.
IAS 27 (revised 2008)	Consolidated and Separate Financial Statements	The revised standard clarifies that changes in ownership interest which result in control being retained are accounted for within equity as transactions with owners. Losses will be attributed to the non-controlling interest even if this results in a debit balance for the non-controlling interest. Investments retained where there has been a loss of control will be recognised at fair value at date of sale.	Periods commencing on or after 1 July 2009	As there is no requirement to retrospectively restate the effect of these revisions, there is unlikely to be any impact on the financial statements when this revised standard is first adopted. However, Xi Feng International Pte Ltd may incur losses. To the extent that Xi Feng incurs losses for the financial year ending 31 December 2010, such losses will be attributed to the non-controlling interest. No adjustment will be made to comparatives for losses not previously attributed to the non-controlling interest.

Notes to the Financial Statements
For the six month period ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 8 (Issued Feb 2007) ¹	Operating Segments	Replaces the disclosure requirements of AASB 114: <i>Segment Reporting</i> .	Periods commencing on or after 1 January 2009	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, disclosures required for the operating segments will be significantly different to what is currently reported (business and geographical segment).
AASB 101 (Revised Sep 2007)	Presentation of Financial Statements	Amendments to presentation and naming of the financial statements.	Annual reporting periods commencing on or after 1 January 2009	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, there will be various changes to the way financial statements are presented and various changes to names of individual financial statements.

Notes to the Financial Statements
For the six month period ended 30 June 2008

	Consolidated		Parent entity	
	Six months to	2007	Six months to	2007
	30 June 2008	\$	30 June 2008	\$
	\$		\$	
Note 2. Revenue				
Revenue from continuing operations				
Dividends received	-	464,513	398,154	464,513
Interest received	133,765	250,944	133,765	250,944
Other income	18,613	-	18,613	-
	152,378	715,457	550,532	715,457

Note 3. Expenses

Profit/(Loss) before income tax includes the following expenses:

Administration, corporate and travel expenses includes the following

Travel and accommodation	45,940	48,678	45,940	48,678
ASIC and ASX fees	2,320	27,448	2,320	27,448
Rental expense	4,960	3,375	4,960	2,400

Other expenses

Prior year dividend transferred to equity accounted investment	265,436	-	-	-
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Note 4. Income tax**(a) Income tax expense**

Tax at the Australian tax rate of 30%	318,777	439,388	24,326	42,032
Add/(Less) tax effect of:				
Dividend income received	199,077	-	-	-
Franking credits on gross income	51,191	59,723	51,191	59,723
Other non-deductible items	9,334	26,262	9,334	25,680
Other deductible items	-	(3,931)	-	(3,931)
Share of associates net profits	(505,925)	(345,557)	-	-
	72,454	175,885	84,851	123,504
Franking credits	(84,851)	(123,504)	(84,851)	(123,504)
Loss from excess franking credits	(85,786)	-	(85,786)	-
Deferred tax assets not brought to account	98,183	-	85,786	-
Utilisation of prior period tax losses	-	(52,381)	-	-
Income tax expense attributable to parent entity	-	-	-	-

Notes to the Financial Statements
For the six month period ended 30 June 2008

	Consolidated		Parent entity	
	Six months to	2007	Six months to	2007
	30 June 2008	\$	30 June 2008	\$
	\$		\$	

Note 4. Income tax (continued)

(b) The components of tax expense comprise:

Current tax	-	(52,381)	-	-
Utilisation of prior period tax losses	-	52,381	-	-
	-	-	-	-

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

Revenue losses	1,628,237	1,530,054	1,326,170	1,240,384
Capital losses	528,218	528,218	528,218	528,218
	2,156,455	2,058,272	1,854,388	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

	Six months to
	30 June 2008
	Cents
Basic earnings per share	1.56
	2008
	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
	Six months to
	30 June 2008
	\$
Profit used in calculating basic and diluted losses per share	
Net profit	1,137,208

Notes to the Financial Statements
For the six month period ended 30 June 2008

Note 5. Earnings per share (continued)

	2007 Cents
Basic earnings per share	1.89
	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.	72,874,102
	2007 \$

Loss used in calculating basic losses per share

Net loss	1,380,022
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	Consolidated		Parent entity
	30 June 2008	31 December	30 June 2008
	\$	2007	\$
		\$	2007
			\$

Note 6. Current assets – Cash and cash equivalents

Cash at bank and on hand	3,110,773	3,124,693	3,094,276	3,094,117
Deposits at call	1,948,823	1,880,706	1,948,823	1,880,706
	5,059,596	5,005,399	5,043,099	4,974,823

Cash at bank bears floating interest rates between 4.2% and 6.5% (2007: 4.2% and 5%). Deposits at call are for 30 days and bear 6.5% interest (2007: 5%) and have an average maturity of 30 days. The Group's and the Parent Entity's exposure to interest rate risk is discussed in Note 25.

Note 7. Current assets – Trade and other receivables

Other debtors	54,360	35,011	52,532	33,422
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The payment period of other debtors is 30 days.

Note 8. Non-current assets – Plant and equipment

Plant & equipment

Plant & equipment – at cost	3,258	3,258	-	-
Less: accumulated depreciation	(2,793)	(2,416)	-	-
	465	842	-	-

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	842	1,607	-	-
Depreciation expense	(377)	(765)	-	-
Closing net book amount	465	842	-	-

Notes to the Financial Statements

For the six month period ended 30 June 2008

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 (Note 11)

Guizhou Tianfeng Chem-Phos Company	2,488,869	2,676,288	-	-
Phosphate Resources Limited	7,320,037	6,186,250	-	-
	9,808,906	8,862,538	-	-

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

(b) Reconciliation

At the beginning of the year	8,862,538	2,511,859	-	-
Investments equity accounted for the first time	-	5,034,393	-	-
Share of associated company's profit/(loss)			-	-
Guizhou Tianfeng Chem-Phos Company	(110,962)	259,383	-	-
Less: Minority interest	74,619	(84,605)	-	-
Phosphate Resources Limited	1,797,377	1,151,857	-	-
Equity accounted dividends	(663,590)	-	-	-
Foreign currency adjustments	(151,076)	(10,349)	-	-
	9,808,906	8,862,538	-	-

(c) These investments are not recorded at fair value because their fair values cannot be reliably measured. Fair values cannot be readily determined as there is no publicly available information to support the fair values. The directors have determined that at 30 June 2008 and 31 December 2007, there is no readily available and ascertainable information and therefore cannot disclose the requirements of paragraph 30 (c) of AASB 7. It is the intention of the Board to review its equity holdings in Xi Feng and GTFC. The Board intends to maintain the equity holdings in PRL and does not intend to dispose of this investment in the foreseeable future.

Note 10. Non-current assets – Other financial assets

Shares in unlisted companies – at cost	-	-	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	-	-	246,074	228,383
	-	-	6,468,944	6,451,253

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.

Notes to the Financial Statements
For the six month period ended 30 June 2008

	Consolidated		Parent entity	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	\$	\$	\$	\$

Note 11. Investments in associates

(a) Carrying amounts

Information relating to associates is set out below:

Name of company	Principal activity	Ownership interest				
<i>Unlisted</i>						
Phosphate Resources Limited ¹	Mining	38.77%	7,320,037	6,186,250	5,034,393	5,034,393
Xi Feng International Pte Ltd	Investment	51%	-	-	1,188,477	1,188,477
Guizhou Tianfeng Chem-Phos Company	Mining	N/A ²	2,488,869	2,676,288	-	-

¹ The above associate is incorporated in Australia ² 32% indirect interest through Xi Feng International Pte Ltd.

(b) Movements in carrying amounts

	Consolidated	
	30 June 2008	31 December 2007
	\$	\$
<i>Phosphate Resources Limited</i>		
Carrying amount at the beginning of the financial year	6,186,250	5,034,393
Share of profits/(losses) after income tax	1,797,377	1,151,857
Equity accounted dividends	(663,590)	-
Carrying amount at the end of the financial year	7,320,037	6,186,250
<i>Guizhou Tianfeng Chem-Phos Company</i>		
Carrying amount at the beginning of the financial year	2,676,288	2,511,859
Share of profits/(losses) after income tax	(36,343)	-
Foreign currency adjustments	(151,076)	164,429
Carrying amount at the end of the financial year	2,488,869	2,676,288

(c) Share of associates profits or losses

<i>Phosphate Resources Limited</i>		
Profit/(loss) before income tax	2,198,647	1,878,019
Income tax expense	(401,270)	(726,162)
Profit after income tax	1,797,377	1,151,857
<i>Guizhou Tianfeng Chem-Phos Company</i>		
Profit/(loss) before income tax	(36,343)	164,429
Income tax expense	-	-
Profit/(loss) after income tax	(36,343)	164,429

Notes to the Financial Statements
For the six month period ended 30 June 2008

Note 11. Investments in associates (continued)

(d) Summarised financial information of associates

	Assets \$	Group's share of: Liabilities \$	Revenues \$	Profit/(Loss) \$
30 June 2008				
Phosphate Resources Limited	AUD 19,666,470	AUD 9,280,375	AUD 15,972,852	AUD 1,797,377
Guizhou Tianfeng Chem-Phos Company	CNY 41,396,099	CNY 24,381,298	CNY 28,507,459	CNY (714,345)
31 December 2007				
Phosphate Resources Limited	AUD 17,534,340	AUD 8,708,460	AUD 14,308,140	AUD 1,151,857
Guizhou Tianfeng Chem-Phos Company	CNY 45,579,192	CNY 30,496,727	CNY 69,814,786	CNY 1,648,763

(e) Share of associates expenditure commitments, other than for the supply of inventories

	Consolidated	
<i>Phosphate Resources Limited</i>	2008 \$	2007 \$
Capital commitments	241,925	308,180
Lease commitments	179,117	379,171
	421,042	687,351
<i>Guizhou Tianfeng Chem-Phos Company</i>	2008 CNY	2007 CNY
Capital commitments	-	-
Lease commitments	-	-
	-	-

(f) Contingent liabilities of associates

	Consolidated	
<i>Phosphate Resources Limited</i>	2008 \$	2007 \$
Share of contingent liabilities incurred jointly with other investors	310,160	379,171
<i>Guizhou Tianfeng Chem-Phos Company</i>	2008 CNY	2007 CNY
Share of contingent liabilities incurred jointly with other investors	-	-

Notes to the Financial Statements
For the six month period ended 30 June 2008

Note 12. 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.

	Consolidated		Parent entity	
	30 June 2008	31 December	30 June 2008	31 December
	\$	2007	\$	2007
		\$		\$

Note 13. Current liabilities – Trade and other payables

Trade payables	74,127	141,830	30,190	75,875
Other payables	151,036	59,354	129,030	59,354
	225,163	201,184	159,220	135,229

Note 14. Contributed equity

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

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price \$	\$
1 January 2007	Opening balance	72,874,102		17,970,336
31 December 2007	Closing balance	72,874,102		17,970,336
30 June 2008	Closing balance	72,874,102		17,970,336

(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.

	Consolidated		Parent entity	
	30 June 2008	31 December	30 June 2008	31 December
	\$	2007	\$	2007
		\$		\$

Note 15. Reserves

Foreign exchange translation reserve	(165,820)	(98,789)	-	-
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Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in note 1(j). The reserve is recognised in profit and loss when the net investment is disposed of.

Notes to the Financial Statements
For the six month period ended 30 June 2008

	Consolidated		Parent entity	
	30 June 2008	31 December	30 June 2008	31 December
	\$	2007	\$	2007
		\$		\$

Note 15. Reserves (continued)

Movements in reserves

Foreign exchange translation reserve

Balance at the beginning of the year	(98,789)	(12,475)	-	-
FX on translation of financial report	(67,031)	(86,314)	-	-
Balance at the end of the period	(165,820)	(98,789)	-	-

Note 16. Accumulated losses

Accumulated losses at the beginning of the year	(5,394,663)	(6,774,685)	(6,646,067)	(6,786,174)
Net profit/(loss) attributable to members of CI Resources Limited	1,137,208	1,380,022	81,086	140,107
Accumulated losses at the end of the financial year	(4,257,455)	(5,394,663)	(6,564,981)	(6,646,067)

Note 17. 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

Non-executive directors

Prof. Anthony Brennan

Dato Dr Mohamad Hashim Bin Ahmad Tajudin

Mr Tee Lip Sin

Mr Phuar Kong Seng (elected 30 May 2008)

Mr Lai Ah Hong (elected 30 May 2008)

Mr Willy Teo (elected 30 May 2008)

(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 to the Financial Statements
For the six month period ended 30 June 2008

Notes	Consolidated		Parent entity	
	Six months to 30 June 2008	2007	Six months to 30 June 2008	2006
	\$	\$	\$	\$

Note 17. Key management personnel disclosures (continued)

(c) Key management personnel compensation

Short term employee benefits	168,972	248,174	168,972	248,174
Post employment benefits	4,275	32,162	4,275	32,162
	173,247	280,336	84,475	280,336

(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 six months ended 30 June 2008 and the financial year ended 31 December 2007.

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.

2008						
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
Directors of CI Resources Limited						
Mr Clive Morris Brown	-	-	-	-	-	-
Prof. Anthony Brennan	-	-	-	-	-	-
Dato Dr Mohamad Hashim Bin Ahmad Tajudin	-	-	-	-	-	-
Mr Tee Lip Sin	-	-	-	-	-	-
Mr Phuar Kong Seng	-	-	-	-	-	-
Mr Lai Ah Hong	-	-	-	-	-	-
Mr Willy Teo	-	-	-	-	-	-
Other key management personnel						
Mr Desmond John Kelly	-	-	-	-	-	-
Ms Janelle Burns	-	-	-	-	-	-

Notes to the Financial Statements
For the six month period ended 30 June 2008

Note 17. Key management personnel disclosures (continued)

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	-	-	-	-	-	-
Prof. Anthony Brennan	-	-	-	-	-	-
Dato Dr Mohamad Hashim Bin Ahmad Tajudin	-	-	-	-	-	-
Mr Tee Lip Sin	-	-	-	-	-	-
<i>Other key management personnel</i>						
Mr Desmond John Kelly	-	-	-	-	-	-
Ms Janelle Burns	-	-	-	-	-	-

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.

2008				
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	-	-	-	-
Prof. Anthony Brennan	-	-	-	-
Dato Dr Mohamad Hashim Bin Ahmad Tajudin *	12,000,000	-	-	12,000,000
Mr Lip Sin Tee **	11,616,000	-	761,440	12,377,440
Mr Phuar Kong Seng***	-	-	10,424,410	10,424,410
Mr Lai Ah Hong****	-	-	1,821,096	1,821,096
Mr Willy Teo*****	-	-	2,487,762	2,487,762
<i>Other key management personnel</i>				
Mr Desmond John Kelly	-	-	-	-
Ms Janelle Burns	-	-	-	-

* 12,000,000 ordinary shares are held by CCM International Sdn Bhd, a company of which Dato Dr Mohd Hashim is a director.

** 12,377,440 ordinary shares are held by Prosper Trading Sdn Bhd, a company of which Mr Tee Lip Sin is a director.

*** 7,287,410 ordinary shares are held by Destinasi Emas Sdn Bhd, a company of which Mr Phuar Kong Seng is a director.

**** 1,644,724 ordinary shares are held by Kluang Pty Ltd and 176,372 ordinary shares are held by The Lai Super Fund, entities of which Mr Lai Ah Hong is a director and joint trustee, respectively.

***** 148,572 ordinary shares are held by the spouse of Mr Willy Teo.

Notes to the Financial Statements
For the six month period ended 30 June 2008

Note 17. Key management personnel disclosures (continued)

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
Directors of CI Resources Limited				
Mr Clive Morris Brown	-	-	-	-
Prof. 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
Other key management personnel				
Mr Desmond John Kelly	-	-	-	-
Ms Janelle Burns	-	-	-	-

* 12,000,000 ordinary shares are held by CCM International Sdn Bhd, a company of which Dato Dr Mohd Hashim is a director.

** 11,616,000 ordinary shares are held by Prosper Trading Sdn Bhd, a company of which Mr Lip Sin Tee is a director.

(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 Prof. 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 was terminated on 30 May 2008.

Notes	Consolidated		Parent entity	
	Six months to 30 June 2008	2007	Six months to 30 June 2008	2006
	\$	\$	\$	\$

Note 18. Remuneration of auditors

During the year 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

Audit services

BDO Kendalls Audit & Assurance (WA) Pty Ltd:
 Audit and review of financial reports and other audit work under the *Corporations Act 2001*

27,500	43,370	27,500	43,370
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Audit services

Other auditors of subsidiaries:

Audit and review of financial reports of subsidiaries

17,623	50,231	-	-
45,123	93,601	27,500	43,370

Notes to the Financial Statements
For the six month period ended 30 June 2008

Note 19. Contingent liabilities

As at 30 June 2008 the Consolidated Entity had no contingent liabilities.

Note 20. Commitments for expenditure

As at 30 June 2008 the Consolidated Entity has no commitments for expenditure.

Note 21. Related party transactions

Directors and other key management personnel

Disclosures relating to directors and other key management personnel are set out in note 17.

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 23

Note 22. Events occurring after reporting date

There are no matters or circumstances that have arisen since 30 June 2008 that has significantly affected, or may significantly affect:

- (d) the consolidated entity's operations in future financial years, or
- (e) the results of those operations in future financial years, or
- (f) the consolidated entity's state of affairs in future financial years.

Note 23. Subsidiaries

Name of entity	Country of incorporation	Class of shares	Equity holding 2008
Xi Feng International Pte Ltd	Singapore	Ordinary	51%

Notes to the Financial Statements
For the six month period ended 30 June 2008

Notes	Consolidated		Parent entity	
	Six months to 30 June 2008 \$	2007 \$	Six months to 30 June 2008 \$	2006 \$
Note 24. Reconciliation of profit(loss) from ordinary activities after income tax to net cash outflow from operating activities				
Operating profit (loss) after income tax	1,137,208	1,380,022	81,086	140,107
Equity accounted dividend	663,590			
Share of associates net (profits)/losses	(1,686,415)	(1,411,240)	-	-
Minority interest	(74,619)	84,605	-	-
Depreciation	377	765	-	-
Other	13,658	20,867	3,608	-
Change in operating assets and liabilities				
(Increase)/decrease in receivables	(19,349)	(10,729)	(19,110)	(3,449)
Increase/(decrease) in payables	23,979	31,801	23,991	94,587
Net cash inflow/(outflow) from operating activities	58,429	96,091	89,575	231,245

Note 25. Financial instruments and financial risk management

CI Resources is exposed to risks from movements in interest rates and foreign exchange risks that affect its assets and liabilities. Financial risk management aims to limit these market risks through focusing on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company and the Group.

(i) Interest rate risk

The Group's exposure to interest rates related primarily to the Group's cash and cash equivalents.

At balance date, the Group had the following exposure to Australian variable interest rate risk.

	Consolidated		Parent entity	
	2008 \$	2007 \$	2008 \$	2007 \$
Financial assets				
Cash and cash equivalents	5,059,596	5,005,399	5,043,099	4,974,823

The following sensitivity analysis is based on the interest rate risk exposure in existence at the balance sheet date. The 1% sensitivity is based on reasonably possible changes over a financial year, using the observed range of actual historical rates for the preceding five year period.

At 30 June 2008, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit would have been affected as follows:

Notes to the Financial Statements
For the six month period ended 30 June 2008

Note 25. Financial instruments and financial risk management (continued)

	Consolidated Higher/(Lower)		Parent entity Higher/(Lower)	
	2008	2007	2008	2007
	\$	\$	\$	\$
Judgments of reasonably possible movements:				
<i>Post tax profit</i>				
+1.0% (100 basis points)	50,424	49,842	50,063	47,753
-1.0% (100 basis points)	(50,424)	(49,842)	(50,063)	(47,753)

The movements in profit are due to higher/lower interest income from cash balances. The movements in 2008 are more sensitive than in 2007 due to the cash balances being for a part year rather than a full year as in 2007.

The Group deals with financial institutions that have a AA rating or better.

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.

2008 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	3,110,773	1,948,823	-	5,059,596	2.66
Trade and other receivables	-	-	54,360	54,360	-
Investments – equity accounted	-	-	9,808,906	9,808,906	-
Total financial assets	3,110,773	1,948,823	9,863,266	14,922,862	
<i>(ii) Financial liabilities</i>					
Trade and other payables	-	-	225,163	225,163	-
Total financial liabilities	-	-	225,163	225,163	

Notes to the Financial Statements
For the six month period ended 30 June 2008

Note 25. Financial instruments and financial risk management (continued)

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	-	-	8,862,538	8,862,538	-
Total financial assets	3,124,693	1,880,706	8,897,549	13,902,948	
<i>(ii) Financial liabilities</i>					
Trade and other payables	-	-	201,184	201,184	-
Total financial liabilities	-	-	201,184	201,184	

(ii) Foreign currency risk

The Group and parent are exposed to fluctuations in the Australian dollar against the Singaporean dollar. The risk is managed by reference to potential adverse effects in the market. For the Group and parent, directors believe the potential exchange rate effects would not have a material effect to the income statement or equity.

(iii) Liquidity Risk

The Group has no significant exposure to liquidity risk as there is effectively no debt, however should there be a risk of a non-material nature then the group manages liquidity risk by monitoring forecast cash flows.

The Group nor the parent is not subject to any other risks other than those described above.

Capital risk management

The Group and the parent entity'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.

As at 30 June 2008 and 31 December 2007 the entity attempted to ensure the parent and the Group was debt free, the gearing ratios for both the parent and Group was:

	Consolidated		Parent entity	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	\$	\$	\$	\$
Total debt	-	-	-	-
Total equity	14,698,164	13,702,606	11,405,355	11,324,269
Gearing ratio	0%	0%	0%	0%

Notes to the Financial Statements
For the six month period ended 30 June 2008

	Australia \$	Singapore \$	Eliminations \$	Consolidated \$
Note 26. Segment reporting				
<i>Primary reporting – geographical segments</i>				
30 June 2008				
Revenue				
Interest	133,765	-	-	133,765
Sundry	18,613	-	-	18,613
Total revenue from continuing operations	152,378	-	-	152,378
Result				
Segment result	81,086	(41,322)	-	39,764
Equity accounted dividend	(663,590)	-	-	(663,590)
Share of net profits/(losses) of equity accounted associates	1,797,377	(110,962)	74,619	1,761,034
Profit before income tax	1,214,873	(152,284)	74,619	1,137,208
Income tax expense	-	-	-	-
Profit after income tax	1,214,873	(152,284)	74,619	1,137,208
Assets				
Segment assets	11,564,575	2,507,659	851,093	14,923,327
Total assets	11,564,575	2,507,659	851,093	14,923,327
Liabilities				
Segment liabilities	159,220	312,017	(246,074)	225,163
Total liabilities	159,220	312,017	(246,074)	225,163
31 December 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	1,151,857	259,383	(84,605)	1,326,635
Profit before income tax	1,291,499	(172,663)	(84,605)	1,380,022
Income tax expense	-	-	-	-
Profit after income tax	1,291,964	(172,663)	(84,605)	1,380,022
Assets				
Segment assets	11,459,498	2,709,294	(265,002)	13,903,790
Total assets	11,459,498	2,709,294	(265,002)	13,903,790
Liabilities				
Segment liabilities	135,229	294,338	(228,383)	201,184
Total liabilities	135,229	294,338	(228,383)	201,184

Notes to the Financial Statements
For the six month period ended 30 June 2008

Note 27. Differences from preliminary final report

In accordance with Listing Rule 4.5A, set out below are certain differences between information contained in the Appendix 4E lodged with the ASX and this financial report.

On completion of the audit of the Consolidated Entity audit adjustments were made for dividends received and an equity accounted investment. Revenue has decreased by \$398,154 as has profit. The corresponding investment's carrying balance has also decreased by the same amount. The investment has also been adjusted for a dividend from a prior period, increasing expenses by \$265,436. The corresponding investment's consolidated carrying balance has also decreased by the same amount.

Also adjusted on audit was the share of profit taken up from Phosphate Resources Limited. Initially profit taken up was \$2,881,386, however this was profit for the full financial year to June 2008. The Consolidated Entity had previously taken up the six months to December 2007 in its 31 December 2007 financial statements. Phosphate Resources also had an increase on audit to its profit after tax. The adjusted profit taken up in these financial statements is \$1,797,377.

In conclusion:

The consolidated profit after income tax has decreased from \$2,884,807 to \$1,137,208.

Consolidated earnings per share has decreased from 3.95 cents per share to 1.56 cents per share.

Total assets of the group has decreased from \$16,670,926 to \$14,923,327, and net assets from \$16,445,763 to \$14,698,164.

Directors' Declaration

In the directors' opinion:

- (a) The financial statements and notes set out on pages 20 to 51 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the company and the consolidated entity's financial position as at 30 June 2008 and of their performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial period ended on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (c) the audited remuneration disclosures set out on pages 11 to 14 of the directors' report comply with Accounting Standards AASB 124 *Related Party Disclosures and the Corporations Regulations 2001*; and

The directors have been given the declarations by the chief executive officer and the chief financial officer required by section 295A of the *Corporations Act 2001*.

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



C Brown
Chairman

Perth
30 September 2008

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CI RESOURCES LIMITED

We have audited the accompanying financial report of CI Resources Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the six-month period ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the six-month financial period.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 judgement, 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 control 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 control. 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 opinions.

Independence

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

Basis for Qualified Auditor's Opinion

Limitation of Scope – Xi Feng International Pte Ltd

The company, through its controlled entity XiFeng International Pte Ltd, maintains an investment of 32% in Guizhou Taingfeng Chem-Phos Co Ltd, an associated entity. The accounts of the associated entity were qualified due to their auditors being unable to satisfy themselves as to the accuracy of the balance of a long-term equity investment it maintains, as they were not supplied with financial statements of the investee to support the balance.

As a result, any change in this long-term equity investment balance could ultimately result in a change in the equity accounted investment and profit and loss of the controlled entity.

Given this limitation of scope, we are unable to conclude on the financial effect, if any, on the carrying value of the equity associated investment in the consolidated accounts or its commensurate effect on the consolidated profit and loss.

Limitation of Scope – Phosphate Resources Limited

The company maintains an investment of 38.77% in Phosphate Resources Limited. The company has equity accounted this investment in the consolidated financial statements.

The accounts at 31 December 2007 of Phosphate Resources Limited were unaudited, and as such BDO were unable to satisfy ourselves as to their accuracy via alternative audit procedures.

Given this limitation of scope, we were unable to conclude on the accuracy and financial effect, if any, on the carrying value of equity accounted investment as at 31 December 2007 in the consolidated accounts or its commensurate effect on the consolidated profit and loss. We therefore cannot, and do not express an opinion on the comparative information for 31 December 2007.

Qualified Auditor's Opinion

In our opinion, except for the effect on the financial statements of the matters referred to in the preceding paragraphs:

- (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 company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the six-month period ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the six-month period ended 30 June 2008. 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.

Auditor's Opinion

In our opinion, the Remuneration Report of CI Resources Limited for the six-month period ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls
Glyn O'Brien

Glyn O'Brien
Director

Perth, Western Australia
Dated this 30th day of September 2008

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 30 September 2008:

Holders	Ordinary shares
Prosper Trading Sdn Bhd	12,926,440
CCM International Sdn Bhd	12,000,000
Destinasi Emas Sdn Bhd	7,287,410

Class of shares and voting rights

At 30 September 2008 there were 509 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	79
1,001 - 5,000	150
5,001 - 10,000	139
10,001 - 100,000	93
100,001 - and over	<u>48</u>
	509

There were 52 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.

Unquoted securities

The Company does not have any unquoted securities

CI RESOURCES LIMITED

ASX Additional Information

Twenty largest holders of ordinary shares (as at 30 September 2008)

Holder name	Ordinary shares	
	Number	%
UOB Kay Hian Private Limited	23,233,771	31.88
Prosper Trading Sdn Bhd	12,926,440	17.74
CCM International Sdn Bhd	12,000,000	16.47
Mr & Mrs P Sugandi	2,500,000	3.43
Mr Willy Teo	2,339,190	3.21
First Distribution Services Limited	1,714,286	2.35
Kluang Pty Ltd	1,644,724	2.26
Mr Xu Yi Hao	1,590,909	2.18
DBS Vickers Securities (Singapore) Pte Ltd	1,159,560	1.59
HSBC Custody Nominees (Australia) Limited	963,000	1.32
Rivertree Pty Ltd	711,293	0.98
Mr Khye Meng Chan	681,818	0.94
Mr Philip Tuck Sang Woo	605,715	0.83
Ms Evelyn Suwandi	580,894	0.80
Fortis Clearing Nominees Pty Ltd	560,357	0.77
Krishnan Ramanathan	407,673	0.56
Fullong Worldwide Limited	311,750	0.43
Great Pioneer Consultants Ltd	311,750	0.43
KDL Super Pty Ltd	310,000	0.43
ARP Holdings Pty Ltd	300,000	0.41
	64,853,130	89.01

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.