

**CI Resources Limited**

**Financial Report**

**For the financial year ended 30 June 2016**

# CI Resources Limited ACN 006 788 754

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# CI RESOURCES LIMITED

## Chairman's Letter

I am pleased to be able to report a very positive result for CI Resources Limited (Company). The Company has recorded a substantial profit for the year of \$34 million after tax.

### DIVIDENDS

The Board has approved a continuation of our dividend policy by confirming a final fully franked dividend of 5 cents, and in view of the very strong results the Board has approved a "special dividend" of a further fully franked 3 cents per share. The record date for the total fully franked dividend payment of 8 cents per share is the 26th September 2016 with payment to be made on 24th October 2016.

Our shares have recorded a 111% growth in the market sales price to the 30th June 2016 and the total of 9 cents in fully franked dividends paid in the financial year amounts to an effective dividend yield of 3.86% on the closing market price at the end of the financial year.

### MARKET CONDITIONS

Overall the global economy remains subdued and this, coupled with abnormal climatic conditions, is likely to have an impact on our future returns.

Demand is weaker and the downward trend of prices has increased. Falling shipping costs have enabled low cost phosphate producers from outside our region to enter our market region increasing the price competition in it.

Abnormally high rainfall over the past few months on Christmas Island has also impacted on our production targets. The Managing Director has initiated a program of productivity and efficiency improvements which aims to mitigate some of these negative trends.

Unfortunately abnormally dry weather in peninsular Malaysia has impacted palm oil production in that region and this together with lower global prices has resulted in lower profitability for producers including our Cheekah Kemayan plantation.

The Board remains confident that we will weather any temporary difficulties that may arise and on a positive note, the Board anticipates that the current gloomy outlook will generate opportunities for further strategic investments and growth at realistic entry prices.

### DIVERSIFIED INDUSTRIAL STRATEGY

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

Despite the delays referred to by the Managing Director we will also continue with our push to extend our access to additional mining areas on vacant Crown Land outside the National Park on Christmas Island. As we noted last year, we consider an ongoing viable mining operation as essential to provide the underpinning for programmes designed to preserve the unique island ecology particularly given the stringent budget parameters facing the Commonwealth Government.

The Board has approved the continuation of the research programme with Murdoch University to establish whether any boutique alternative agricultural industry, including medicinal cannabis, would be commercially viable on Christmas Island.

# CI RESOURCES LIMITED

## Chairman's Letter

### FINANCIAL PERFORMANCE

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

The sound financial base coupled with a competent and flexible management team ensures that we will be able to consider and implement growth strategies and undertake complementary growth investments as opportunities arise.

I finally take this opportunity on behalf of the Board to thank our employees, managers and executives for their contributions to a successful outcome for the year.

A handwritten signature in black ink, appearing to be 'David Somerville', with a large, stylized initial 'D' and a horizontal line extending to the right.

David Somerville

Chairman

30 August 2016

# CI RESOURCES LIMITED

## Managing Director's Report

It is with pleasure that I table the CI Resources Ltd Annual Report for the financial year ending 30 June 2016.

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

The Consolidated result was recorded as a profit after tax for FY 2016 of some \$34 million with an after tax profit from mining alone of some \$27 million.

Christmas Island operations maintained its output which was a credible result given the impact of unseasonal heavy rainfall in the last quarter at double the normal average for those months. Coupled with external trading the group sales of phosphate products reached 770,000 tonnes.

### ***GROUP DEVELOPMENTS***

Both Indian Ocean Oil Company Pty Ltd and CI Maintenance Services Pty Ltd, wholly owned subsidiaries of Phosphate Resources Ltd, who provide services largely to Commonwealth entities on Christmas Island have made useful contributions to the consolidated results of the Group.

Our Singapore and Malaysian subsidiaries have expanded their trading activities and profitability. In particular, the development of warehouse capacity in Malaysia has improved the level of service we can provide to our customers.

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

As we reported last year, we have identified some limited additional areas outside the National Park on Christmas Island which may contain sufficient resource to enable us to sustain operations at current levels in the medium term if we were granted access to them.

However, regulatory hurdles have been raised by the Commonwealth bureaucracy which have to date precluded us from accessing vacant crown land outside the National Park for even some minimal exploration drilling. This has impeded the orderly evaluation of any additional phosphate resources that may exist on the Island and delayed any decision to make an application for access to these additional limited areas of resource.

Despite these delays, we have commenced a major environmental review of the pockets of land we are considering. This will enable us to be satisfied that there is no scientific basis for an environmental refusal to grant approval to mine before any application is lodged.

To ensure long term viability and ongoing returns for shareholders we will continue to actively evaluate other investment prospects on Christmas Island and elsewhere. We hope to expand the coverage of our service subsidiaries. If appropriate investment returns are identified we are also prepared to increase our presence in both the phosphate / fertiliser and/or palm oil sectors. To effect this, we have increased our resources and allocation for business development as we look to build on the collective expertise and experience contained in the company to grow our overall operations.

### ***THE YEAR AHEAD***

The Chairman has outlined the depressed market conditions we are facing.

In order to meet the market challenge and retain a reasonable level of ongoing profitability we have commenced a major review of our production processes aiming to maximise the efficient use of personnel, plant and equipment capacity and increase the overall productivity and output in our Christmas Island operations.

We will continue to try and work constructively with the Commonwealth government towards achieving long overdue improvements in both road and port infrastructure. These areas impact on our current operational

# CI RESOURCES LIMITED

## Managing Director's Report

viability but improvement is also essential if any alternative economic development is to be undertaken on Christmas Island.

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



**LAI Ah Hong**  
Managing Director  
30 August 2016

# CI RESOURCES LIMITED

## Corporate directory

### Directors

Mr David Somerville – Chairman  
Mr Lai Ah Hong  
Mr Tee Lip Sin  
Mr Tee Lip Jen  
Mr Adrian Gurgone  
Dato' Sri Kamaruddin bin Mohammed  
Mr Clive Brown

### Share register

Computershare Investor Services Pty Ltd  
Level 2 Reserve Bank Building  
45 St Georges Terrace  
Perth WA 6000  
Telephone +61 8 9323 2000  
Facsimile +61 8 9323 2033

### Auditor

Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000

### Stock exchange listings

CI Resources Limited shares are  
listed on the Australian Securities Exchange  
Ordinary fully paid shares (ASX code: CIL)

### Principal registered office in Australia

6 Thorogood Street, Burswood  
Western Australia 6100

Telephone +61 8 6250 4900  
Email [info@ciresources.com.au](mailto:info@ciresources.com.au)  
Website [www.ciresources.com.au](http://www.ciresources.com.au)

### Bankers

Westpac Banking Corporation  
109 St George's Terrace  
Perth, Western Australia 6000

### Solicitors

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

# CI RESOURCES LIMITED

## Directors' report

The Directors of CI Resources Limited (the Company) present their report together with the financial statements of the Group comprising of the Company and its subsidiaries (together referred to as the Group or CI Resources) for the financial year ended 30 June 2016 and the auditor's report thereon.

### DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated. Where applicable, all directorships held in listed public companies over the last three years have been detailed below.

#### *Names, qualification, experience and special responsibilities*

##### **David Somerville** *Chairman – Non-executive* (Appointed 28 November 2008)

###### *Experience and expertise*

David Somerville holds a Bachelor of Business degree from Curtin University and a Master of Business Administration from Deakin University, he is an Associate member of CPA Australia and a Fellow of the Australian Institute of Management.

Mr Somerville has an accounting background having been a senior partner in a large Western Australian accounting practice, before establishing a financial services company which listed on the Australian Securities Exchange in 2007. He has over 25 years experiences in a corporate capacity across a number of companies and a number of industry sectors including financial, resources and property development.

Mr Somerville is the Chairman of the Investment Committee and a member of the Audit & Risk Management Committee.

###### *Other directorships*

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

##### **Lai Ah Hong** *Managing Director* (Appointed 9 March 2015)

###### *Experience and expertise*

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

He was also a founding director of Phosphate Resources Limited in 1991.

Mr Lai is a member of the Investment Committee.

###### *Other directorships*

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

##### **Tee Lip Sin** *Director – Executive director*

###### *Experience and expertise*

Mr Tee Lip Sin holds a Bachelor of Arts in Business Administration (Human Resources Management) from the University of Wales, an Associate Diploma in Commerce from Curtin University Australia and also a post-graduate Executive Diploma in Plantation Management from the University Malaya.

He has been involved in palm oil milling and management of palm oil plantations since 1995. Currently, he sits on the board of a number of private companies, and is also the Executive Director for the Prosper Group Of Companies which holds seven palm oil mills and 60,000 acres of palm oil plantations. He also has experience in operating 35,000 acres of plantation in Indonesia. Mr Tee Lip Sin was appointed Executive Director of Phosphate Resources (Malaysia) Sdn Bhd and Phosphate Resources (Singapore) Pte Ltd, both wholly owned subsidiaries of CI Resources, effective from 1 July 2015.

Mr Tee Lip Sin is a member of the Investment Committee.

###### *Other directorships*

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

# CI RESOURCES LIMITED

## Directors' report

**Tee Lip Jen** *Director – Non-executive* (Appointed 18 March 2011)

*Experience and expertise*

Mr Tee Lip Jen holds a Bachelor of Mechanical Engineering from the Royal Melbourne Institute of Technology (RMIT). Since graduating from Australia, Lip Jen started his career as a Process Engineer in the manufacturing industry for 2 years before expanding his experience as a Project Engineer in a refinery plant specialising in producing downstream palm oil products.

He is currently the Assistant Chief Engineer in charge of overseeing engineering and production activities in seven palm oil mills with an estimated production output of 350,000 metric tonnes of crude palm oil per year. Apart from managing the daily activities in palm oil mills, he is also in charge of overseeing three palm oil plantation estates located in Negeri Sembilan, Malaysia with an estimated acreage of 3,400 acres.

Mr Tee Lip Jen is a member of the Audit & Risk Management Committee, Investment Committee and Remuneration & Nominations Committee.

*Other directorships*

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

**Adrian Gurgone** *Director – Non-executive* (Appointed 18 March 2011)

*Experience and expertise*

Mr Gurgone is an experienced Chartered Accountant and MBA with significant experience in reporting to boards. In senior roles with Deloitte Consulting along with a UK top-tier consulting firm, he has advised multinational and mid-cap organisations across a variety of industries globally. In 2007 Adrian established a boutique management consultancy and investment firm which has grown quickly to service several ASX listed organisations, in addition to federal government and not for profit agencies.

His experience encompasses financial and business analysis, risk management and corporate governance across a range of industries including mining and resources. Adrian has also assisted several boards in Australia and overseas in improving organisational performance and in capital allocation.

Mr Gurgone is the Chairman of the Audit & Risk Management Committee and is a member of the Remuneration & Nominations Committee.

*Other directorships*

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

**Dato' Sri Kamaruddin bin Mohammed** *Director – Non-executive* (Appointed 17 January 2013)

*Experience and expertise*

Dato' Sri Kamaruddin is a business and finance graduate and a Senior Fellow of Financial Services Institute of Australasia. He has had an extensive business career with Pelaburan Mara Berhad (formerly known as Amanah Saham Mara Berhad) retiring as Group Managing Director in 2008.

He has had considerable experience with the palm oil industry and is currently chairman of the Malaysian listed palm oil group Far East Holdings Berhad. He is also the Chairman of Pascorp Paper Industries Berhad and Pasdec Resources South Africa Ltd. He is a Director of Amanah Saham Pahang Berhad and YTL Cement Berhad. Dato' Sri Kamaruddin was appointed Chairman of Cheekah-Kemayan Plantations Sdn Bhd effective from 1 July 2015.

Dato' Sri Kamaruddin is Chairman of the Remuneration & Nominations Committee and is a member of the Audit & Risk Management Committee.

*Other directorships*

Dato' Sri Kamaruddin held no other directorships of ASX listed companies during the last three years.

## CI RESOURCES LIMITED

### Directors' report

#### **Clive Brown** *Director – Executive* (Appointed 9 March 2015)

Mr Brown is the former Minister for State Development in Western Australia. He was previously a director of Phosphate Resources Ltd and Non-Executive Chairman of Phosphate Resources Limited. He was appointed Executive Chairman of Phosphate Resources Limited, effective from 1 July 2015.

Mr Brown is a member of the Remuneration & Nominations Committee.

#### *Other directorships*

Mr Brown held no other directorships of ASX listed companies during the last three years.

#### **Directors' interests in shares and options**

As at the date of this report the interests of the Directors in the shares and options of the Company were:

|                                  | Ordinary Shares |            | Options over Ordinary Shares |          |
|----------------------------------|-----------------|------------|------------------------------|----------|
|                                  | Direct          | Indirect   | Direct                       | Indirect |
| Mr David Somerville              | -               | -          | -                            | -        |
| Mr Lai Ah Hong                   | -               | 4,185,442  | -                            | -        |
| Mr Tee Lip Sin                   | 749,580         | 33,630,388 | -                            | -        |
| Mr Tee Lip Jen                   | 1,229,150       | -          | -                            | -        |
| Mr Adrian Gurgone                | -               | -          | -                            | -        |
| Dato'Sri Kamaruddin bin Mohammed | -               | 150,000    | -                            | -        |
| Mr Clive Brown                   | -               | -          | -                            | -        |

#### **Retirement, election and continuation in office of directors**

In accordance with the Constitution, Mr Adrian Joseph Anthony Gurgone and Mr Tee Lip Jen will retire, in rotation, as directors at the Annual General Meeting to be held in November 2016 and, being eligible, will offer themselves for re-election.

## COMPANY SECRETARIES

#### **Elizabeth Lee** - B Bus, FGIA, Grad.Dip. Corp. Gov. ASX Listed Entities *Joint Company Secretary*

Ms Lee has over 19 years experience in the areas of corporate governance and company secretarial functions. Prior to joining Ci Resources Ltd, Ms Lee held company secretarial positions for Phosphate Resources Limited, Macmahon Holdings Limited, Corporate Compliance Partners and Lend Lease Primelife Limited. Elizabeth also performed contract company secretarial roles with Macquarie Bank Limited and Austock Group Limited. Ms Lee holds a Bachelor of Business majoring in Finance and Business Law from Edith Cowan University, a Graduate Diploma in Corporate Governance from Governance Institute of Australia, a Graduate Diploma in Corporate governance for ASX Listed Entities from Kaplan Financial Institute and is a Fellow member of the Governance Institute of Australia.

#### **Kevin Edwards** - B.Juris, LL.B *Joint Company Secretary* (Appointed 9 March 2015)

Mr Edwards has been the Company Secretary of Phosphate Resources Limited since 12 December 2006. He has been retained as an Advisor to the Board of Directors of Phosphate Resources Limited since 2004 and as Chief Operating Officer from 2 December 2009.

#### **Principal activities**

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

- mining, processing and sale of phosphate rock, phosphate dust and chalk;

# CI RESOURCES LIMITED

## Directors' report

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

## Review and results of operations

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

|                                     | <b>Results<br/>2016<br/>\$'000s</b> |
|-------------------------------------|-------------------------------------|
| Revenue                             | 188,982                             |
| Profit before income tax expense    | 47,186                              |
| Income tax expense                  | (12,790)                            |
| Net Profit after income tax expense | 34,396                              |

## Financial Position

At the end of the financial period the consolidated entity had net cash balances of \$57.70 million (2015: \$53.97 million) and net assets of \$176.78 million (2015: \$154.88 million).

Total liabilities amounted to \$52.9 million (2015: \$50.9 million), being trade and other creditors, provisions, borrowings and taxation liabilities.

### *Phosphate Resources Limited*

PRL posted a post-tax profit of \$31.1 million for the year ended 30 June 2016, and paid two dividends during this time. The Company received a total dividend of \$10 million from PRL.

| <b>Earnings per share</b> | <b>2016<br/>Cents</b> | <b>2015<br/>Cents</b> |
|---------------------------|-----------------------|-----------------------|
| Basic earnings per share  | 29.76                 | 23.73                 |

## Dividends

Dividends totaling 9 cent per share have been paid during the year ended 30 June 2016. The Directors recommend the payment of a final dividend of 5 cent per share and a special dividend of 3 cent per share in respect of the year ended 30 June 2016.

## Significant changes in the state of affairs

There was no significant change in the state of affairs of the Company or its controlled entities during the financial year other than that referred to below and in the financial statements or notes thereto.

## Significant events after the balance date

There are no matters or circumstances that have arisen since 30 June 2016 that has significantly affected, or may significantly affect:

- (a) the consolidated entity's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the consolidated entity's state of affairs in future financial years.

# CI RESOURCES LIMITED

## Directors' report

### Likely developments and expected results

Based on the current commercial and legislative parameters we are confident that there are sufficient indicated resources available to sustain a viable mining operation for at least a further five years and that the palm oil business will continue to provide reasonable returns for the foreseeable future.

The Directors note that current strategies suggest that the 2016 financial year will see the Consolidated Entity remain profitable.

Additional information on likely developments in the operations of the consolidated entity and the expected results of those operations have not been included in this report because the Directors believe that it would be likely to result in unreasonable prejudice to the Company.

### Environmental regulation and performance

The Consolidated Entity's holds various licenses regulating its mining and exploration activities on Christmas Island and also holds environmental licences from the operation of a palm oil mill issued by Malaysian Government.

Licenses issued by the Commonwealth Government of Australia and Malaysian Government include general environmental conditions, air pollution control conditions and water control conditions. These conditions regulate the management of mining waste and restoration, dust, liquid chemical storage, and water monitoring.

There have been no significant known breaches of the Consolidated Entity's licenses.

### Shares options

There were no options over ordinary shares and no ordinary shares of CI Resources Limited issued during the period ended 30 June 2016 on the exercise of options.

### Indemnification and insurance of directors and officers

During or since the financial year, the Company has paid premiums in respect of a contract insuring the Directors of the Group, the joint company secretaries and all Executive officers of the Group and of any related body corporate against a liability incurred as such a Director, Secretary or Executive officer to the extent permitted by the Corporations Act 2001. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses' insurance contracts, as such disclosure is prohibited under the terms of the contract. The Group has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer of the Group or of any related body corporate against a liability incurred by an officer.

### Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

### Meetings of directors

The number of meetings of the Company's board of directors held during the year ended 30 June 2016 and the number of meetings attended by each director were:

## CI RESOURCES LIMITED

### Directors' report

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

A – Number of meetings held during the time the Director held office during the year.

B – Number of meetings attended.

The CI Resources Board has established an Audit & Risk Management, Remuneration & Nomination and Investment Committees.

#### Audit & Risk Management Committee

The role of the Audit & Risk Management Committee is to oversee the Group's financial reporting, setting the risk parameters of the Group and overseeing the Group's systems of internal control and its risk management framework.

The members of the Audit & Risk Management Committee are Mr. Adrian Gurgone (Chair), Dato' Sri Kamaruddin, Mr David Somerville and Mr Tee Lip Jen.

#### Investment Committee

The role of the Investment Committee is to assist the Board in fulfilling its responsibilities in evaluating investment opportunities. In fulfilling this purpose, the Committee will review the investment opportunities and make recommendations to the Board.

The members of the Investment Committee are Mr David Somerville (Chair), Mr Lai Ah Hong, Mr Tee Lip Jen and Mr Tee Lip Sin.

#### Remuneration & Nomination Committee

The CI Resources Board is responsible for ensuring that the remuneration arrangements for the Group are aligned with the overall business strategy and shareholders' interests. The Board established the Remuneration & Nomination Committee was established on 9 March 2015. The role of the Remuneration & Nomination Committee is to advise the Board on Director and Executive remuneration. The Committee makes recommendations to the Board on Executive remuneration arrangements, including where appropriate, all awards under the Long Term Incentive (LTI) plan and approved the targets and level of the Short Term Incentive (STI) pool.

The members of the Remuneration & Nomination Committee are Dato' Sri Kamaruddin (Chair), Mr. Adrian Gurgone, Mr Clive Brown and Mr Tee Lip Jen.

A copy of the charter of the Audit & Risk Management, Remuneration & Nomination and Investment Committee are available on the corporate governance page on the Company's website @ [www.ciresources.com.au](http://www.ciresources.com.au).

#### Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under the ASIC Corporations (Rounding in

## **CI RESOURCES LIMITED**

### **Directors' report**

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

### **Non-audit services**

No non-audit services were provided by the Auditors during the year ended 30 June 2016.

### **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 21.

### **Auditor**

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

# CI RESOURCES LIMITED

## Directors' report

### Remuneration report (Audited)

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

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

The information in this section has been audited as required by section 308(3c) of the Corporations Act 2001.

#### **A Principles used to determine the nature and amount of remuneration**

In order to maintain and attract directors to facilitate the efficient and effective management of the Consolidated Entity's operations, the board established a Remuneration and Nominations Committee on 9 March 2015 which reviews the remuneration of directors on an annual basis and makes recommendations to the Board.

Aside from the discretionary bonus disclosed in the remuneration report, no other link exists, at this stage in the Company's development, between financial performance, shareholder wealth and the remuneration of Directors and Key Management Personnel.

#### *Non-executive directors*

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of the directors. Non-executive directors' fees and payments are reviewed annually by the Remuneration & Nominations Committee and the committee makes recommendations to the Board. The Board also ensures non-executive directors' fees and payments are appropriate and in line with the market as determined by comparison with companies of a similar size. The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

#### *Directors' fees*

The current base remuneration was last reviewed on 23 June 2016. Directors' remuneration is inclusive of committee fees.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The total maximum currently stands at \$400,000.

Remuneration packages may contain the following key elements:

- Director's fees
- Consultancy fees
- Post-employment benefits – superannuation
- Performance bonuses
- Other non-cash benefits

# CI RESOURCES LIMITED

## Directors' report

### Remuneration report (Audited) (continued)

The directors are also remunerated for any additional services they render the Company and such services are carried out under normal commercial terms and conditions. Engagement and payment for such services are approved by the other directors with no interest in the engagement of such services.

#### *Executive remuneration*

The objective of the Consolidated Entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management.

The Consolidated Entity has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- focuses on exploration success as the creation of shareholder value and returns
- attracts and retains high calibre executives.

Alignment to program participants' interests:

1. rewards capability and experience
2. reflects competitive reward for contribution to growth in shareholder wealth
3. provides a clear structure for earning rewards
4. provides recognition for contribution.

The executive pay and reward framework has the following components:

- Fixed remuneration (base salary, superannuation & other non-monetary benefits)
- Variable Remuneration (incentives through participation in bonus arrangements)

The combination of these components comprises the executive's total remuneration.

#### *Fixed Remuneration*

- *Base salary*

Structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market.

- *Non-monetary benefits*

Executives may receive benefits including memberships, car allowances and reasonable entertainment.

- *Retirement benefits*

Directors and employees are permitted to nominate a superannuation fund of their choice to receive superannuation contributions.

#### *Retirement allowances for directors*

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

# CI RESOURCES LIMITED

## Directors' report

### Remuneration report (Audited) (continued)

#### Variable Remuneration

Executives are paid a bonus subsequent to the financial year end based on the profit of the Group for the previous year.

#### B Details of remuneration

During the financial year to 30 June 2016 the directors and key management personnel of the Company were:

##### *Directors of CI Resources Limited*

Mr David Somerville – *Non-executive Chairman*  
 Mr Lai Ah Hong – *Managing Director*  
 Mr Tee Lip Sin – *Executive director*  
 Mr Tee Lip Jen – *Non-executive director*  
 Mr Adrian Gurgone – *Non-executive director*  
 Dato' Sri Kamaruddin bin Mohammed – *Non-executive director*  
 Mr Clive Brown – *Non executive director*

##### *Other key management personnel of CI Resources Limited*

Ms Elizabeth Lee – *Joint Company Secretary*  
 Mr Kevin Edwards - *Joint Company Secretary*  
 Mr Darren Gold – *Group Chief Financial Officer*

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

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

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

# CI RESOURCES LIMITED

## Directors' report

### Remuneration report (Audited) (continued)

| 2015                                                                              | Short-term benefits         |               |                          | Post-employment benefits |                |                           |
|-----------------------------------------------------------------------------------|-----------------------------|---------------|--------------------------|--------------------------|----------------|---------------------------|
| Name                                                                              | Cash fees and consulting \$ | Bonus \$      | Non-monetary benefits \$ | Superannuation \$        | Total \$       | Total Performance related |
| <i>Directors of CI Resources Limited</i>                                          |                             |               |                          |                          |                |                           |
| Mr David Somerville                                                               | 97,556                      | -             | 2,776                    | 9,268                    | 109,600        | -                         |
| Mr Tee Lip Sin                                                                    | 48,507                      | -             | 2,776                    | -                        | 51,283         | -                         |
| Mr Tee Lip Jen                                                                    | 48,507                      | -             | 2,776                    | -                        | 51,283         | -                         |
| Mr Adrian Gurgone                                                                 | 32,708                      | -             | 2,776                    | 30,000                   | 65,484         | -                         |
| Dato' Kamaruddin bin Mohammed                                                     | 64,715                      | -             | 2,776                    | -                        | 67,491         | -                         |
| Mr Kelvin Tan *                                                                   | 12,127                      | -             | 2,776                    | -                        | 14,903         | -                         |
| Lai Ah Hong**                                                                     | 160,234                     | 45,550        | 22,997                   | 23,665                   | 252,446        | 18.0%                     |
| Clive Brown**                                                                     | 45,962                      | -             | -                        | 3,237                    | 49,199         | -                         |
| Chan Khye Meng**                                                                  | 17,444                      | -             | -                        | 2,006                    | 19,450         | -                         |
| Phua Siak Yeong**                                                                 | 48,497                      | 12,421        | -                        | 4,192                    | 65,110         | 19.1%                     |
| <i>Other key management personnel</i>                                             |                             |               |                          |                          |                |                           |
| Kevin Edwards**                                                                   | 89,151                      | 34,024        | 3,410                    | -                        | 126,585        | 26.9%                     |
| Cosec & Bookkeeping Contract Services Pty Ltd (Elizabeth Lee – Company Secretary) | 26,617                      | -             | -                        | -                        | 26,617         | -                         |
| <b>Total</b>                                                                      | <b>692,025</b>              | <b>91,995</b> | <b>43,063</b>            | <b>72,368</b>            | <b>899,551</b> | <b>-</b>                  |

\* Mr Kelvin Tan resigned on the 3 October 2014.

\*\* Met the definition of directors and key management personnel from 9 March 2015.

#### Options provided as remuneration and shares issued on exercise of such options

There were no options issued to key management personnel for the financial years ended 30 June 2016 and 30 June 2015.

#### Option holdings

No key management personnel held options over ordinary shares in the Group during the current year ended 30 June 2016 (2015: Nil)

#### Shareholdings

The numbers of shares in the Company held during the financial year by each director and the key management personnel of the consolidated entity, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

| 2016                                     | Balance at the start of the period | Received during the period on the exercise of options | Takeover allotment | Other changes during the period* | Balance at the end of the period |
|------------------------------------------|------------------------------------|-------------------------------------------------------|--------------------|----------------------------------|----------------------------------|
| Name                                     |                                    |                                                       |                    |                                  |                                  |
| <i>Directors of CI Resources Limited</i> |                                    |                                                       |                    |                                  |                                  |
| Mr David Somerville                      | -                                  | -                                                     | -                  | -                                | -                                |
| Mr Tee Lip Sin                           | 34,379,968                         | -                                                     | -                  | -                                | 34,379,968                       |
| Mr Tee Lip Jen                           | 1,229,150                          | -                                                     | -                  | -                                | 1,229,150                        |
| Mr Adrian Gurgone                        | -                                  | -                                                     | -                  | -                                | -                                |
| Dato' Sri Kamaruddin bin Mohammed        | 150,000                            | -                                                     | -                  | -                                | 150,000                          |
| Mr Lai Ah Hong                           | 3,835,442                          | -                                                     | -                  | 350,000                          | 4,185,442                        |
| Mr Clive Brown                           | -                                  | -                                                     | -                  | -                                | -                                |
| <i>Other key management personnel</i>    |                                    |                                                       |                    |                                  |                                  |
| Ms Elizabeth Lee                         | -                                  | -                                                     | -                  | -                                | -                                |
| Mr Kevin Edwards                         | 180,354                            | -                                                     | -                  | -                                | 180,354                          |
| Mr Darren Gold                           | -                                  | -                                                     | -                  | -                                | -                                |

# CI RESOURCES LIMITED

## Directors' report

### Remuneration report (Audited) (continued)

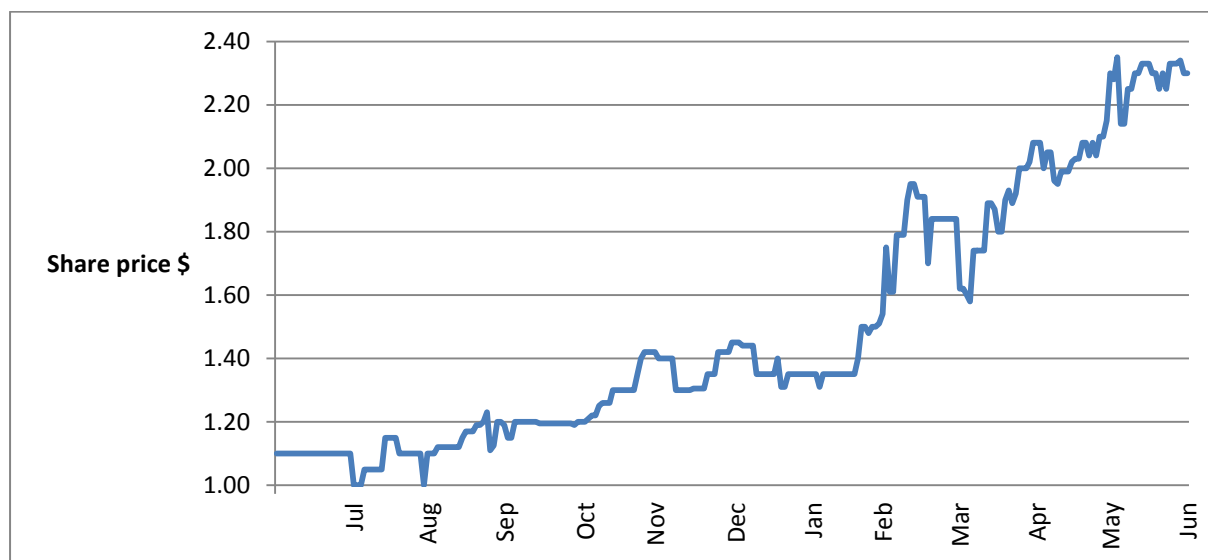
| 2015                                     | Balance at the start of the period | Received during the period on the exercise of options | Takeover allotment | Other changes during the period* | Balance at the end of the period |
|------------------------------------------|------------------------------------|-------------------------------------------------------|--------------------|----------------------------------|----------------------------------|
| Name                                     |                                    |                                                       |                    |                                  |                                  |
| <b>Directors of CI Resources Limited</b> |                                    |                                                       |                    |                                  |                                  |
| Mr David Somerville                      | -                                  | -                                                     | -                  | -                                | -                                |
| Mr Tee Lip Sin                           | 33,630,388                         | -                                                     | 749,580            | -                                | 34,379,968                       |
| Mr Tee Lip Jen                           | -                                  | -                                                     | 1,229,150          | -                                | 1,229,150                        |
| Mr Adrian Gurgone                        | -                                  | -                                                     | -                  | -                                | -                                |
| Dato' Kamaruddin bin Mohammed            | -                                  | -                                                     | -                  | 150,000                          | 150,000                          |
| Mr Kelvin Tan Keh Feng                   | 12,600,000                         | -                                                     | -                  | -                                | **12,600,000                     |
| Mr Lai Ah Hong                           | 1,702,988                          | -                                                     | 1,416,988          | 715,466                          | 3,835,442                        |
| Mr Clive Brown                           | -                                  | -                                                     | -                  | -                                | -                                |
| Mr Phua Siak Yeong                       | -                                  | -                                                     | 443,300            | -                                | **443,300                        |
| Mr Chan Khye Meng                        | 31,818                             | -                                                     | 41                 | 523,900                          | **555,759                        |
| <b>Other key management personnel</b>    |                                    |                                                       |                    |                                  |                                  |
| Ms Elizabeth Lee                         | -                                  | -                                                     | -                  | -                                | -                                |
| Mr Kevin Edwards                         | 119,904                            | -                                                     | 60,450             | -                                | 180,354                          |

\* Other changes denote purchase of securities.

\*\* Balance represents the shares held at the date of resignation.

### Company's Performance

The Company's share price performance shown in the below graph is a reflection of the Company's performance during the year. The graph below shows the Company's share price performance during the financial year ended 30 June 2016.



Below is information on the Consolidated Entity's performance for the previous four financial years and for the current year ended 30 June 2016.

|                                       | 2016  | 2015  | 2014  | 2013  | 2012 |
|---------------------------------------|-------|-------|-------|-------|------|
| Basic profit/(loss) per share (cents) | 29.76 | 23.73 | 15.42 | 17.75 | 15.5 |
| Dividends per share (cents)           | 9     | 7.5   | 1     | 1     | 1    |
| Share price (cents)                   | 233   | 110   | 83    | 57    | 53   |

# CI RESOURCES LIMITED

## Directors' report

### Remuneration report (Audited) (continued)

#### C Service Agreements

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

The agreement for the Company Secretary of CI Resources Limited provides for the provision of consulting fees.

Major provisions of the agreements relating to remuneration are set out below:

*Cosec & Bookkeeping Contract Services Pty Ltd - Company Secretary*

- Term of agreement – For a period of 1 year plus 1 year, expiring on 30 June 2017.
- Base fee of \$2,500 per month for the provision of company secretarial services and an hourly rate of \$180 per hour for additional work outside the scope of this contract.

#### D Share-based compensation

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

#### E Additional information

*Loans to directors and executives*

There are no loans to directors or executives.

*Shares under option*

There are no unissued ordinary shares of CI Resources Limited under option at the date of this report.

**- End of Audited Remuneration Report –**

# CI RESOURCES LIMITED

## Directors' report

### Proceedings on behalf of the Company

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

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors.



David Somerville  
Chairman



Lai Ah Hong  
Managing Director

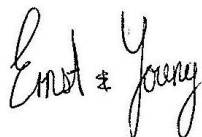
Perth, Western Australia  
30 August 2016

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

As lead auditor for the audit of CI Resources Limited for the financial year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

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



Ernst & Young



R J Curtin  
Partner  
30 August 2016

# CI RESOURCES LIMITED

## Corporate Governance Disclosures

CI Resources Limited (CI Resources or the Company) has interests in phosphate assets in Australia and palm oil plantations in Malaysia. The Company is committed to protecting and enhancing shareholder value and adopting best practice governance policies and practices.

The Corporate Governance Statement outlines the main Corporate Governance practices that were in place throughout the financial year, which comply with the ASX Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council (third edition).

The following summarizes the eight recommended ASX Principles of Good Governance and the Company's policies and procedures against each of the principles. Where a recommendation has not been followed, this is clearly stated along with an explanation for the departure.

### Principle 1 – Lay solid foundations for management and oversight

The Board currently consists of seven Directors of whom, four are non-independent directors. The Board and the Company act within a statutory framework – principally the *Corporations Act* and also the Constitution of the Company. Subject to this statutory framework, the Board has the authority and the responsibility to perform the functions, determine the policies and control the affairs of CI Resources Limited in accordance with the Board Charter published on the Company website.

The Directors are aware of their responsibilities and obligations to protect shareholder's funds. Due care is taken to explain both the positive and negative aspects in all reports to highlight the inherent risks involved in the phosphate and palm oil plantations industry. The Board must ensure that the Company acts in accordance with prudent commercial principles and satisfies shareholders – consistent with maximising the Company's long term value.

The Board of Directors determines the strategic direction of the Company by regularly monitoring and evaluating the performance and status of each of the Company's projects and activities. No formal evaluation of Board members took place this financial year.

To assist it in carrying out its responsibilities, the Board had three Board Committees each chaired by an Independent Director as at 30 June 2016:

- Audit & Risk Management Committee;
- Remuneration & Nomination Committee; and
- Investment Committee

The Board has delegated the day to day management of CI Resources and its business to the Managing Director. The Managing Director is supported in this function by Senior Executives with responsibilities as delegated by the Managing Director. Each of the Senior Executive has a formal job description and employment contract which describes their term of office, duties, rights and responsibilities and entitlements on termination. Formal performance evaluation of Senior Executives is conducted annually.

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

A copy of the Committees Charters can be found on the CI Resources website ([www.ciresources.com.au](http://www.ciresources.com.au))

### *Diversity Policy*

CI Resources Limited recognises the value contributed to the organisation by employing people with varying skills, cultural backgrounds, ethnicity and experience. The Company believes its diverse workforce is the key to its continued growth, improved productivity and performance.

We actively value and embrace the diversity of our employees and are committed to creating an inclusive workplace where everyone is treated equally and fairly, and where discrimination, harassment and inequity are not tolerated.

## CI RESOURCES LIMITED

### Corporate Governance Disclosures

85% of the Company's employees are from Non-English speaking background largely of Chinese and Malay descent and 15% are from English speaking background.

As at 30 June 2016 the Company has 18% proportion of females in employment and 13% of the Board and Company Secretaries are female. 21% of the Group's managers are female.

A copy of the Diversity Policy can be found on the CI Resources website ([www.ciresources.com.au](http://www.ciresources.com.au))

#### Principle 2 – Structure the board to add value

The Board comprises of a Non-executive Independent Chairman, three Executive Directors and three Non-Executive Directors (of whom 2 are Independent).

The Board is satisfied that the current mix of independent and non-independent Directors is in the best interests of the Company and ensures that the Company has available the requisite levels of skill and experience in both the phosphate and palm oil sectors.

Full details of the Company's Board of Directors and their relevant experience and skills are detailed within the Directors' Report. The Company's Constitution requires that one third of the members of the Board retire by rotation each year but they are eligible for re-election.

Any new Director appointed holds office only until the next general meeting and is then eligible for re-election.

The Board will ensure that any such person to be appointed as a Director possesses an appropriate level of qualifications, expertise and experience. The Remuneration and Nomination Committee review the board composition annually to ensure it continues to have the right balance of skills, experience, independence and knowledge to discharge its responsibilities.

Under the Remuneration and Nomination Committee Charter, the Committee must have at least three members who are non-executive directors with a majority of whom are independent directors. The Chair of the Board must not be the Chair of the Committee.

Key terms and conditions relating to the appointment of non-executive directors are set out in a formal letter of appointment.

#### Principle 3 – Act ethically and responsibly

The Board place great emphasis on ethics and integrity in all its business dealings and the Board considers the business practices and ethics exercised by individual board members and key executives to be of the highest standards.

The Board, being committed to the highest standards of ethical business conduct has adopted a formal Code of Conduct to guide executives, management and staff in carrying out their duties and responsibilities. The Code is subject to ongoing review to ensure that the Company's standards of behaviour and corporate culture reflect best practice in corporate governance. The Code is based on the following key principles:

- ◆ acting with honesty and integrity
- ◆ abiding by laws and regulations
- ◆ respecting confidentiality and handling information in a proper manner
- ◆ maintaining the highest standards of professional behaviour
- ◆ avoiding conflicts of interest
- ◆ striving to be a good corporate citizen and to achieve community respect.

CI Resources Limited also has a number of specific policies on various legal and ethical issues. These policies are designed to foster and maintain ethical business conduct within the Company, and govern such things as

## **CI RESOURCES LIMITED**

### **Corporate Governance Disclosures**

workplace and human resources practices, handling of confidential information, insider trading, risk management and legal compliance.

A formal Securities Trading Policy has been adopted, lodged and released to the market. This is to ensure compliance with the “insider trading” provisions of the Corporations Act by executive staff who may be in possession of sensitive information concerning the Company’s affairs, prior to release to the market.

In addition, the Board has guidelines dealing with disclosure of interests by Directors in participating and voting at Board meetings where any such interests are discussed. In accordance with the Corporations Act, any Director with a material personal interest in a matter being considered by the Board must not be present when the matter is being considered, and may not vote on the matter.

A copy of the Corporate Code of Conduct and the Securities Trading Policy can be found on the CI Resources website.

#### **Principle 4 – Safeguard integrity in financial reporting**

The Board has established an Audit & Risk Management Committee (ARC). The ARC’s primary function is to ensure that an effective internal control framework exists within the Company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, including the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information.

The ARC is responsible for the appointment of the external auditors of the Company, and will time to time review the scope, performance and fees of those external auditors. The Company has retained Ernst & Young as its auditors. The Ernst & Young partner managing the external audit will attend the 2016 AGM and be available to respond to shareholder’s questions relating to external audit.

The ARC is responsible for engaging independent audit consultants to carry out an internal audit program across designated operational functions.

Under the Audit & Risk Management Committee Charter, the Committee must have at least three members, who are non-executive directors with a majority of independent directors. The Committee members must have basic knowledge of finance and accounting practices. The Chair of the Board must not be the Chair of the Committee.

A copy of the Audit & Risk Management Charter can be found on the CI Resources website. ([www.ciresources.com.au](http://www.ciresources.com.au))

#### **Principle 5 – Make timely and balanced disclosure**

The Company complied with all disclosure requirements to ensure that it manages the disclosure of price sensitive information effectively and in accordance with the requirements as set out by regulatory bodies. All market disclosures are approved by the Board.

The Chairman and Company Secretaries are authorised to communicate with shareholders and the market in relation to Board approved disclosures. The Chairman and Company Secretaries are responsible for ensuring compliance with the continuous disclosure to the Australian Securities Exchange, analysts, broker, shareholders, the media and the public.

A copy of the Continuous Disclosure Policy can be found on the CI Resources website. ([www.ciresources.com.au](http://www.ciresources.com.au))

#### **Principle 6 – Respect the rights of shareholders**

The Company has a positive strategy to communicate with shareholders and actively promote shareholder

## CI RESOURCES LIMITED

### Corporate Governance Disclosures

involvement in the Company. It aims to continue to increase and improve the information available to shareholders on its website. All Company announcements, presentations to analysts and other significant briefings are posted on the Company's website after release to the Australian Securities Exchange. ([www.ciresources.com.au](http://www.ciresources.com.au))

In addition the Company encourages shareholders to register with the Share Registry to receive communications electronically.

CI Resources encourages and welcomes shareholder participation at general meetings with the AGM being the major forum for shareholders to ask questions about the performance of the Company and to provide feedback.

#### Principle 7 – Recognise and manage risk

Please refer to details of the Audit & Risk Management Committee under Principle 4.

The Audit & Risk Management Committee oversees the establishment, implementation and ongoing review of the Company's risk management and internal control system.

The Christmas Island operations are carried on in an environmentally sensitive area and accordingly operations are carefully monitored to ensure compliance with approved Environmental Management Plans developed in accordance with legislative requirements.

The Company maintains and reviews annually comprehensive Public Liability and "All Risks" insurance policies for all its business and operational activities.

The Board has received assurance from the Managing Director and the Chief Financial Officer that, the directors' declaration provided in accordance with section 295A of the *Corporations Act*, is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

#### Principle 8 – Remunerate fairly and responsibly

The Board has established the Remuneration & Nomination Committee. The Committee operates under a formal Remuneration & Investment Committee Charter which is published on the Company's website. The role of the Committee is to review and assist the Board to determine and review compensation arrangements for the Directors, the Managing Director, and Senior Executives. The Directors fees are determined by the Company in general meetings and other consulting services are remunerated at levels agreed by the Board of Directors. Access is available to the Company's auditors and senior managers, and the ability to consult independent experts when necessary.

In relation to non-executive directors, there are presently no schemes for termination or retirement benefits, other than statutory superannuation.

The Board recognises that the interests of all stakeholders will be best served when the Company, its directors and staff adhere to highest standards of business ethics and comply with the law.

**Other than disclosed above, during the Consolidated Entity's financial period the Company has complied with the ASX Principles and Recommendations.**

# CI Resources Limited

## Financial report – For the financial year ended 30 June 2016

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#### Financial report

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

6 Thorogood Street  
Burswood, Western Australia 6100

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

The financial report was authorised for issue by the directors on 30 August 2016. The consolidated entity has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the consolidated entity. All press releases, financial reports and other information are available on our website: [www.ciresources.com.au](http://www.ciresources.com.au)

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

# CI RESOURCES LIMITED

## Consolidated Statement of Comprehensive Income For the financial year ended 30 June 2016

|                                                                                          | Notes | 2016<br>\$'000s | 2015<br>\$'000s |
|------------------------------------------------------------------------------------------|-------|-----------------|-----------------|
| <b>Revenue</b>                                                                           | 4(a)  | <b>188,982</b>  | <b>165,918</b>  |
| Cost of sales                                                                            | 4(b)  | (125,623)       | (112,368)       |
| <b>Gross Profit</b>                                                                      |       | <b>63,359</b>   | <b>53,550</b>   |
| Other income                                                                             | 4(c)  | 2,324           | 6,706           |
| Other expenses                                                                           | 4(d)  | (17,495)        | (16,066)        |
| Finance costs                                                                            | 4(e)  | (5)             | (789)           |
| Change in fair value of biological asset                                                 |       | (997)           | (1,734)         |
| <b>Profit before income tax</b>                                                          |       | <b>47,186</b>   | <b>41,667</b>   |
| Income tax expense                                                                       | 5     | (12,790)        | (12,836)        |
| <b>Profit for the period after income tax</b>                                            |       | <b>34,396</b>   | <b>28,831</b>   |
| <b>Other comprehensive income:</b>                                                       |       |                 |                 |
| <i>Items that may be reclassified subsequently to profit or loss:</i>                    |       |                 |                 |
| Net currency translation differences                                                     |       | (2,097)         | 2,478           |
| Other comprehensive income for the year                                                  |       | (2,097)         | 2,478           |
| <b>Total comprehensive income for the year</b>                                           |       | <b>32,299</b>   | <b>31,309</b>   |
| <b>Profit is attributable to:</b>                                                        |       |                 |                 |
| Non-controlling interest                                                                 |       | -               | 6,512           |
| Members of CI Resources Limited                                                          |       | 34,396          | 22,319          |
|                                                                                          |       | <b>34,396</b>   | <b>28,831</b>   |
| <b>Total comprehensive income for the year is attributable to:</b>                       |       |                 |                 |
| Non-controlling interest                                                                 |       | -               | 7,681           |
| Members of CI Resources Limited                                                          |       | 32,299          | 23,628          |
|                                                                                          |       | <b>32,299</b>   | <b>31,309</b>   |
| Earnings per share for profit attributable to the ordinary equity holders of the parent: |       |                 |                 |
| Basic earnings per share                                                                 | 6     | 29.76 cents     | 23.73 cents     |
| Diluted earnings per share                                                               |       | 29.76 cents     | 23.73 cents     |

# CI RESOURCES LIMITED

## Consolidated Statement of Financial Position As at 30 June 2016

|                                | Notes | 2016<br>\$'000s | 2015<br>\$'000s |
|--------------------------------|-------|-----------------|-----------------|
| <b>Current assets</b>          |       |                 |                 |
| Cash and cash equivalents      | 7     | 57,696          | 53,967          |
| Term deposits                  |       | 11,553          | 8,646           |
| Trade and other receivables    | 8     | 39,303          | 30,171          |
| Inventories                    | 9     | 12,495          | 12,918          |
| Prepayments                    |       | 161             | 2,653           |
| Income tax receivable          |       | 468             | 455             |
| Total current assets           |       | <b>121,676</b>  | <b>108,810</b>  |
| <b>Non-current assets</b>      |       |                 |                 |
| Other financial assets         | 10    | 10,376          | 10,080          |
| Property, plant & equipment    | 11    | 72,790          | 62,611          |
| Goodwill                       | 12    | 7,158           | 7,158           |
| Biological assets              | 13    | 8,025           | 9,296           |
| Deferred tax assets            | 5     | 9,662           | 8,403           |
| Total non-current assets       |       | <b>108,011</b>  | <b>97,548</b>   |
| <b>Total assets</b>            |       | <b>229,687</b>  | <b>206,358</b>  |
| <b>Current liabilities</b>     |       |                 |                 |
| Trade and other payables       | 15    | 9,349           | 10,908          |
| Financial liabilities          | 16    | -               | 515             |
| Borrowings                     | 17    | 160             | 16              |
| Income tax payable             |       | 5,453           | 2,055           |
| Provisions                     | 18    | 8,061           | 7,796           |
| Total current liabilities      |       | <b>23,023</b>   | <b>21,290</b>   |
| <b>Non-current liabilities</b> |       |                 |                 |
| Borrowings                     | 17    | -               | -               |
| Deferred tax liabilities       | 5     | 9,689           | 10,143          |
| Provisions                     | 18    | 20,193          | 20,041          |
| Total non-current liabilities  |       | <b>29,882</b>   | <b>30,184</b>   |
| <b>Total liabilities</b>       |       | <b>52,905</b>   | <b>51,474</b>   |
| <b>Net assets</b>              |       | <b>176,782</b>  | <b>154,884</b>  |
| <b>Equity</b>                  |       |                 |                 |
| Contributed equity             | 19    | 72,160          | 72,160          |
| Reserves                       | 20    | 9,304           | 11,401          |
| Retained earnings              | 21    | 95,318          | 71,323          |
|                                |       | <b>176,782</b>  | <b>154,884</b>  |
| Non-controlling interest       |       | -               | -               |
| <b>Total equity</b>            |       | <b>176,782</b>  | <b>154,884</b>  |

# CI RESOURCES LIMITED

## Consolidated Statements of Changes in Equity For the financial year ended 30 June 2016

|                                                                      | Contributed<br>Equity<br>\$'000s | Foreign<br>currency<br>translation<br>Reserve<br>\$'000s | Discount on<br>Acquisition<br>of NCI<br>\$'000s | Retained<br>earnings<br>\$'000s | Owners of<br>the Parent<br>\$'000s | Non-<br>controlling<br>Interest<br>\$'000s | Total<br>\$'000s |
|----------------------------------------------------------------------|----------------------------------|----------------------------------------------------------|-------------------------------------------------|---------------------------------|------------------------------------|--------------------------------------------|------------------|
| <b>1 July 2015</b>                                                   | <b>72,160</b>                    | <b>2,902</b>                                             | <b>8,499</b>                                    | <b>71,323</b>                   | <b>154,884</b>                     | <b>-</b>                                   | <b>154,884</b>   |
| Profit for the year                                                  | -                                | -                                                        | -                                               | 34,396                          | 34,396                             | -                                          | 34,396           |
| Other comprehensive<br>income for the year                           | -                                | (2,097)                                                  | -                                               | -                               | (2,097)                            | -                                          | (2,097)          |
| <b>Total comprehensive<br/>income for the year</b>                   | <b>-</b>                         | <b>(2,097)</b>                                           | <b>-</b>                                        | <b>34,396</b>                   | <b>32,299</b>                      | <b>-</b>                                   | <b>32,299</b>    |
| <i>Transactions with owners<br/>in their capacity as<br/>owners:</i> |                                  |                                                          |                                                 |                                 |                                    |                                            |                  |
| Dividends paid                                                       | -                                | -                                                        | -                                               | (10,401)                        | (10,401)                           | -                                          | (10,401)         |
| <b>30 June 2016</b>                                                  | <b>72,160</b>                    | <b>805</b>                                               | <b>8,499</b>                                    | <b>95,318</b>                   | <b>176,782</b>                     | <b>-</b>                                   | <b>176,782</b>   |
| <b>1 July 2014</b>                                                   | <b>17,970</b>                    | <b>1,593</b>                                             | <b>8,499</b>                                    | <b>51,894</b>                   | <b>79,956</b>                      | <b>47,076</b>                              | <b>127,032</b>   |
| Profit for the year                                                  | -                                | -                                                        | -                                               | 22,319                          | 22,319                             | 6,512                                      | 28,831           |
| Other comprehensive<br>income for the year                           | -                                | 1,309                                                    | -                                               | -                               | 1,309                              | 1,169                                      | 2,478            |
| <b>Total comprehensive<br/>income for the year</b>                   | <b>-</b>                         | <b>1,309</b>                                             | <b>-</b>                                        | <b>22,319</b>                   | <b>23,628</b>                      | <b>7,681</b>                               | <b>31,309</b>    |
| <i>Transactions with owners<br/>in their capacity as<br/>owners:</i> |                                  |                                                          |                                                 |                                 |                                    |                                            |                  |
| Dividends paid                                                       | -                                | -                                                        | -                                               | (2,890)                         | (2,890)                            | -                                          | (2,890)          |
| Acquisition of Minority<br>Interest                                  | 54,757                           | -                                                        | -                                               | -                               | 54,757                             | (54,757)                                   | -                |
| Transaction costs                                                    | (567)                            | -                                                        | -                                               | -                               | (567)                              | -                                          | (567)            |
| <b>30 June 2015</b>                                                  | <b>72,160</b>                    | <b>2,902</b>                                             | <b>8,499</b>                                    | <b>71,323</b>                   | <b>154,884</b>                     | <b>-</b>                                   | <b>154,884</b>   |

# CI RESOURCES LIMITED

## Consolidated Statement of Cash Flows For the financial year ended 30 June 2016

|                                                                           | Note | 2016<br>\$'000s | 2015<br>\$'000s |
|---------------------------------------------------------------------------|------|-----------------|-----------------|
| <b>Cash flows from operating activities</b>                               |      |                 |                 |
| Receipts from customers                                                   |      | 179,850         | 153,122         |
| Payments to suppliers and employees (inclusive of goods and services tax) |      | (135,874)       | (117,700)       |
| Interest received                                                         |      | 1,096           | 874             |
| Borrowing Costs                                                           |      | (5)             | (189)           |
| Income taxes paid                                                         |      | (12,632)        | (13,873)        |
| <b>Net cash flows from operating activities</b>                           | 27   | <b>32,435</b>   | <b>22,234</b>   |
| <b>Cash flows from investing activities</b>                               |      |                 |                 |
| Movement in term deposits                                                 |      | (3,203)         | (2,132)         |
| Proceeds from sale of property, plant and equipment                       |      | 711             | 25              |
| Purchase of property, plant and equipment                                 |      | (16,679)        | (8,405)         |
| <b>Net cash flows used in investing activities</b>                        |      | <b>(19,171)</b> | <b>(10,512)</b> |
| <b>Cash flows from financing activities</b>                               |      |                 |                 |
| Proceeds/(Repayment) of borrowings                                        |      | 144             | (5,779)         |
| Finance lease principal paid                                              |      | -               | (20)            |
| Dividends paid                                                            |      | (10,401)        | (2,890)         |
| <b>Net cash flows used in financing activities</b>                        |      | <b>(10,257)</b> | <b>(8,689)</b>  |
| <b>Net increase in cash and cash equivalents held</b>                     |      | <b>3,007</b>    | <b>3,033</b>    |
| <b>Cash and cash equivalents at the beginning of the financial year</b>   |      | <b>53,967</b>   | <b>45,783</b>   |
| Impact of foreign exchange                                                |      | 722             | 5,151           |
| <b>Cash and cash equivalents at the end of the financial year</b>         | 7    | <b>57,696</b>   | <b>53,967</b>   |

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2016

### 1. Corporate Information

This financial report of CI Resources Limited ('Company') for the year ended 30 June 2016 comprises the Company and its subsidiaries ('Group'). The financial report of CI Resources Limited for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the directors on 30 August 2016.

The separate financial statements of the parent entity, CI Resources Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

CI Resources Limited is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

### 2. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to the financial year ended 30 June 2016, unless otherwise stated.

#### Basis of preparation

The financial report is a general-purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis except for derivatives and biological assets, which have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000), unless otherwise stated.

The financial report covers the Consolidated Entity of CI Resources Limited and its controlled entities and has been prepared on an accruals basis.

#### (a) Compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

#### (b) New accounting standards and interpretations

##### (i) Changes in accounting policy and disclosures.

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

| Reference          | Title                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Application date of standard* | Application date for Group* |
|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-----------------------------|
| <b>AASB 2013-9</b> | <i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</i><br>The Standard contains three main parts and makes amendments to a number of Standards and Interpretations.<br>Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1.<br>Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards.<br>Part C makes amendments to a number of Australian Accounting Standards, | <b>1 January 2015</b>         | <b>1 July 2015</b>          |

**Notes to the financial statements**  
**For the year ended 30 June 2016**

| Reference   | Title                                                                                                                                                                                                                                                                                                                                                                                          | Application date of standard* | Application date for Group* |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-----------------------------|
|             | including incorporating Chapter 6 <i>Hedge Accounting</i> into AASB 9 <i>Financial Instruments</i> .                                                                                                                                                                                                                                                                                           |                               |                             |
| AASB 2015-3 | Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 <i>Materiality</i><br>The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.                                                                                                                                                      | 1 July 2015                   | 1 July 2015                 |
| AASB 2015-4 | Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent<br>The amendment aligns the relief available in AASB 10 <i>Consolidated Financial Statements</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i> in respect of the financial reporting requirements for Australian groups with a foreign parent. | 1 July 2015                   | 1 July 2015                 |

\* Designates the beginning of the applicable annual reporting period unless otherwise stated.

- ii) Accounting Standards and Interpretations issued but not yet effective  
Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ended 30 June 2015. These are outlined in the table below:

| Reference | Title                        | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Application date of standard* | Application date for Group* | Impact on Group Financial Report                  |
|-----------|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-----------------------------|---------------------------------------------------|
| AASB 9    | <i>Financial Instruments</i> | <p>AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.</p> <p>AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments.</p> <p>Classification and measurement</p> <p>AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities.</p> <p>The main changes are described below.</p> <p><b>Financial assets</b></p> <p>a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.</p> <p>b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the</p> | 1 January 2018                | 1 July 2018                 | The impact on the Group has not yet been assessed |

**Notes to the financial statements**  
**For the year ended 30 June 2016**

| Reference | Title | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Application date of standard* | Application date for Group* | Impact on Group Financial Report |
|-----------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-----------------------------|----------------------------------|
|           |       | <p>instrument.</p> <p>c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p> <p><b>Financial liabilities</b></p> <p>Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option. Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> <li>• The change attributable to changes in credit risk are presented in other comprehensive income (OCI)</li> <li>• The remaining change is presented in profit or loss</li> </ul> <p>AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.</p> <p><b>Impairment</b></p> <p>The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.</p> <p><b>Hedge accounting</b></p> <p>Amendments to AASB 9 (December 2009 &amp; 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E. AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014. AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.</p> |                               |                             |                                  |

**Notes to the financial statements**  
**For the year ended 30 June 2016**

| Reference   | Title                                                                                                                                      | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Application date of standard* | Application date for Group* | Impact on Group Financial Report |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-----------------------------|----------------------------------|
| AASB 2014-3 | <i>Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 &amp; AASB 11]</i> | <p>AASB 2014-3 amends AASB 11 <i>Joint Arrangements</i> to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require:</p> <p>(a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 <i>Business Combinations</i>, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11</p> <p>(b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations</p> <p>This Standard also makes an editorial correction to AASB 11.</p>                                                 | 1 January 2016                | 1 July 2016                 | No material impact on Group      |
| AASB 2014-4 | <i>Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)</i>                          | <p><b>AASB 116 Property Plant and Equipment and AASB 138 Intangible Assets</b> both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.</p> <p>The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.</p> <p>The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.</p> | 1 January 2016                | 1 July 2016                 | No material impact on Group      |

**Notes to the financial statements**  
**For the year ended 30 June 2016**

|             |                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                |             |                                                   |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------------|---------------------------------------------------|
| AASB 2014-6 | <i>Amendments to Australian Accounting Standards – Agriculture: Bearer Plants</i><br>[AASB 101, AASB 116, AASB 117, AASB 123, AASB 136, AASB 140 & AASB 141] | <p>The amendments require that bearer plants such as grape vines, rubber trees and oil palms, should be accounted for in the same way as property, plant and equipment in AASB 116, because their operation is similar to that of manufacturing.</p> <p>The produce growing on bearer plants will remain within the scope of AASB 141 <i>Agriculture</i>. This Standard also makes various editorial corrections to other Australian Accounting Standards.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 1 January 2016 | 1 July 2016 | The impact on the Group has not yet been assessed |
| AASB 15     | Revenue from Contracts with Customers                                                                                                                        | <p>AASB 15 <i>Revenue from Contracts with Customers</i> replaces the existing revenue recognition standards AASB 111 <i>Construction Contracts</i>, AASB 118 <i>Revenue</i> and related Interpretations (Interpretation 13 <i>Customer Loyalty Programmes</i>, Interpretation 15 <i>Agreements for the Construction of Real Estate</i>, Interpretation 18 <i>Transfers of Assets from Customers</i>, Interpretation 131 <i>Revenue—Barter Transactions Involving Advertising Services</i> and Interpretation 1042 <i>Subscriber Acquisition Costs in the Telecommunications Industry</i>). AASB 15 incorporates the requirements of IFRS 15 <i>Revenue from Contracts with Customers</i> issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB).</p> <p>AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments). The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:</p> <ul style="list-style-type: none"> <li>(a) Step 1: Identify the contract(s) with a customer</li> <li>(b) Step 2: Identify the performance obligations in the contract</li> <li>(c) Step 3: Determine the transaction price</li> <li>(d) Step 4: Allocate the transaction price to the performance obligations in the contract</li> <li>(e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation</li> </ul> <p>AASB 2015-8 amended the AASB 15 effective date so it is now effective for annual reporting periods commencing on or after 1 January 2018. Early application is permitted.</p> <p>AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.</p> <p>AASB 2016-3 <i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i> amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence and provides further practical expedients on transition to AASB 15.</p> | 1 January 2018 | 1 July 2018 | The impact on the Group has not yet been assessed |

**Notes to the financial statements  
For the year ended 30 June 2016**

|              |                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                |             |                             |
|--------------|---------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------------|-----------------------------|
| AASB 1057    | Application of Australian Accounting Standards                                                                                        | <p>This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. Accordingly, paragraphs 5 and 22 respectively specify the application paragraphs for Standards and Interpretations in general. Differing application paragraphs are set out for individual Standards and Interpretations or grouped where possible.</p> <p>The application paragraphs do not affect requirements in other Standards that specify that certain paragraphs apply only to certain types of entities.</p>                                                                                                                                                                                                                                                                                                                                                                                                       | 1 January 2016 | 1 July 2016 | No material impact on Group |
| AASB 2014-9  | Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements                                        | <p>AASB 2014-9 amends AASB 127 <i>Separate Financial Statements</i>, and consequentially amends AASB 1 <i>First-time Adoption of Australian Accounting Standards</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i>, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.</p> <p>AASB 2014-9 also makes editorial corrections to AASB 127.</p> <p>AASB 2014-9 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.</p>                                                                                                                                                                                                                                                                                                                                                           | 1 January 2016 | 1 July 2016 | No material impact on Group |
| AASB 2014-10 | Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | <p>AASB 2014-10 amends AASB 10 <i>Consolidated Financial Statements</i> and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require:</p> <p>(a) A full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not)</p> <p>(b) A partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.</p> <p>AASB 2014-10 also makes an editorial correction to AASB 10.</p> <p>AASB 2015-10 defers the mandatory effective date (application date) of AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016.</p> | 1 January 2018 | 1 July 2018 | No material impact on Group |
| AASB 2015-1  | Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle                | <p>The subjects of the principal amendments to the Standards are set out below:</p> <p><i>AASB 5 Non-current Assets Held for Sale and Discontinued Operations:</i></p> <p>Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change.</p> <p><i>AASB 7 Financial Instruments: Disclosures:</i></p> <p>Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is ‘continuing involvement’ for the purposes of applying the disclosure requirements in</p>                                                                                                                                                                                 | 1 January 2016 | 1 July 2016 | No material impact on Group |

**Notes to the financial statements**  
**For the year ended 30 June 2016**

|             |                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                |             |                                                   |
|-------------|-----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------------|---------------------------------------------------|
|             |                                                                                                                 | <p>paragraphs 42E–42H of AASB 7.</p> <p>Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 <i>Disclosure–Offsetting Financial Assets and Financial Liabilities</i> is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 <i>Interim Financial Reporting</i> when its inclusion would be required by the requirements of AASB 134.</p> <p>AASB 119 <i>Employee Benefits</i>:</p> <p>Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level.</p> <p>AASB 134 <i>Interim Financial Reporting</i>:</p> <p>Disclosure of information ‘elsewhere in the interim financial report’ - amends AASB 134 to clarify the meaning of disclosure of information ‘elsewhere in the interim financial report’ and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.</p> |                |             |                                                   |
| AASB 2015-2 | Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101                   | The Standard makes amendments to AASB 101 <i>Presentation of Financial Statements</i> arising from the IASB’s Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 1 January 2016 | 1 July 2016 | No material impact on Group                       |
| AASB 2015-5 | Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception       | This makes amendments to AASB 10, AASB 12 <i>Disclosure of Interests in Other Entities</i> and AASB 128 arising from the IASB’s narrow scope amendments associated with Investment Entities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 1 January 2016 | 1 July 2016 | No material impact on Group                       |
| AASB 2015-9 | Amendments to Australian Accounting Standards – Scope and Application Paragraphs [AASB 8, AASB 133 & AASB 1057] | This Standard inserts scope paragraphs into AASB 8 and AASB 133 in place of application paragraph text in AASB 1057. This is to correct inadvertent removal of these paragraphs during editorial changes made in August 2015. There is no change to the requirements or the applicability of AASB 8 and AASB 133.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 1 January 2016 | 1 July 2016 | No material impact on Group                       |
| AASB 16     | Leases                                                                                                          | <p>The key features of AASB 16 are as follows:</p> <p><b>Lessee accounting</b></p> <p>Lessees are required to recognise assets and liabilities for all leases with a term of more than 12</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 1 January 2019 | 1 July 2019 | The impact on the Group has not yet been assessed |

**Notes to the financial statements**  
**For the year ended 30 June 2016**

|                          |                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                |             |                             |
|--------------------------|---------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------------|-----------------------------|
|                          |                                                                                                                     | <p>months, unless the underlying asset is of low value.</p> <p>A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.</p> <p>Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.</p> <p>AASB 16 contains disclosure requirements for lessees.</p> <p><b>Lessor accounting</b></p> <p>AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.</p> <p>AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.</p> <p>AASB 16 supersedes:</p> <ul style="list-style-type: none"> <li>(a) AASB 117 Leases</li> <li>(b) Interpretation 4 Determining whether an Arrangement contains a Lease</li> <li>(c) SIC-15 Operating Leases—Incentives</li> <li>(d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease</li> </ul> <p>The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.</p> |                |             |                             |
| 2016-1                   | Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112] | This Standard amends AASB 112 <i>Income Taxes</i> (July 2004) and AASB 112 <i>Income Taxes</i> (August 2015) to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 1 January 2017 | 1 July 2017 | No material impact on Group |
| 2016-2                   | Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107                       | This Standard amends AASB 107 <i>Statement of Cash Flows</i> (August 2015) to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 1 January 2017 | 1 July 2017 | No material impact on Group |
| AASB 2016-5 (Amendments) | Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transaction   | <p>This standard amends to AASB 2 <i>Share-based Payment</i>, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:</p> <ul style="list-style-type: none"> <li>▶ The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments</li> <li>▶ Share-based payment transactions with a</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 1 January 2018 | 1 July 2018 | No impact on Group          |

## CI RESOURCES LIMITED

### Notes to the financial statements For the year ended 30 June 2016

|  |  |                                                                                                                                                                                                                                           |  |  |  |
|--|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|
|  |  | <div>net settlement feature for withholding tax obligations</div> <div>► A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled</div> |  |  |  |
|--|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|

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

**Notes to the financial statements**  
**For the year ended 30 June 2016**

**(c) Basis of consolidation**

The consolidated financial statements comprise the financial statements of CI Resources Limited (“company” or “parent entity”) as at 30 June 2016 and the results of its subsidiaries for the financial year then ended. Interests in associates are equity accounted.

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

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

Subsidiaries are all those entities over which the Group has exposed, or has rights to variable return from its involvement in the subsidiary and has the ability to affect those return through its control.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends have been eliminated in full.

All controlled entities have a June financial year-end.

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

Investments in subsidiaries held by CI Resources Limited are accounted for at cost in the separate financial statements of the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate income statement of the parent entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

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

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

**Notes to the financial statements**  
**For the year ended 30 June 2016**

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

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

**(d) Income tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**(e) Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of mining stocks includes direct materials, direct labour, transportation costs and variable and fixed overhead costs relating to mining activities. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

**(f) Property, plant and equipment**

Each class of property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

**Property**

Freehold land and buildings are measured at cost less accumulated depreciation on buildings.

**Notes to the financial statements**  
**For the year ended 30 June 2016**

**Plant and equipment**

Plant and equipment are measured on the cost basis less accumulated depreciation and any impairment losses.

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from these assets (refer to note 2(l) for accounting policy on recoverable amount).

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

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

**Depreciation**

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

| <i>Class of Fixed Asset</i>                   | <i>Depreciation Rate</i>    |
|-----------------------------------------------|-----------------------------|
| Leasehold and strata title properties         | Shorter of the lease and 2% |
| Plant and equipment under lease:              |                             |
| - the shorter of the lease term and life span | 20 – 30%                    |
| Plant and equipment                           | 5 – 40%                     |
| Mine properties                               | Life of mine                |

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

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

**(g) Mining tenements and exploration expenditure**

Costs incurred during exploration and evaluation activities related to an area of interest are accumulated at cost.

Such costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area of interest, or alternatively its sale, or where activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations are continuing.

Accumulated costs in relation to abandoned areas of interest are written off in full in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

**Notes to the financial statements  
For the year ended 30 June 2016**

**(h) Mine properties**

Costs incurred prior to the startup of operations or mining assets acquired are accumulated at cost. Such costs are only carried forward to the extent that they are expected to be recouped through the successful exploitation of the known reserves.

**Impairment**

The carrying amount of mine properties is reviewed annually by the directors to ensure it is not in excess of the recoverable amount of these assets (refer to note 2(l) for accounting policy on recoverable amount).

**(i) Decommissioning**

Estimated decommissioning expenditure is recognised as a provision when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amounts are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The amortisation or 'unwinding' of the discount applied in establishing the net present value of provision is charged to the income statement in each accounting period, and is disclosed as a financing costs.

Other changes in the measurement of an existing decommissioning obligation that result from changes in the estimated timing or amount of future costs, or a change in the discount rate, are recognised as an adjustment to the decommissioning asset.

**(j) Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the economic entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease.

Lease payments of operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

**(k) Derivative financial instruments**

Derivative financial instruments are used by the Group to provide an economic hedge of exposures to exchange rates. The consolidated entity does not apply hedge accounting and accordingly all fair value movements on derivative financial instruments are recognised in the statement of comprehensive income.

Derivative financial instruments are stated at fair value on the date a derivative contract is entered

**Notes to the financial statements**  
**For the year ended 30 June 2016**

into and are subsequently remeasured to their fair value at each reporting date. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. The resulting gain or loss is recognised in profit or loss immediately.

The fair values of forward currency contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

**(l) Impairment of non-financial assets other than goodwill**

At each reporting date, the company assesses whether there is any indication that an asset may be impaired.

Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

**(m) Intangibles**

**Goodwill**

Goodwill is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to the identifiable net assets at the date of acquisition.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses recognised for goodwill are not subsequently reversed.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

**Research and Development**

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies indicate that the project will deliver future economic benefits and these benefits can be measured reliably.

**(n) Foreign currency transactions and balances**

**Functional and presentation currency**

The functional currency of each of the group's entities is determined by reference to the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

**Notes to the financial statements**  
**For the year ended 30 June 2016**

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

**Group companies**

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

**(o) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

**(p) Trade and other receivables**

Trade receivables, which generally have 30 to 90 day terms, are carried at nominal amounts due less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written-off when identified.

Receivables from related parties are recognised and carried at the nominal amount due. An estimate for doubtful debts is considered based on the financial position of the related party.

**(q) Trade and other payables**

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

**(r) Segment reporting**

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will

**Notes to the financial statements**  
**For the year ended 30 June 2016**

also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers — being the executive management team.

The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services
- Nature of the production processes
- Type or class of customer for the products and services
- Methods used to distribute the products or provide the services, and if applicable
- Nature of the regulatory environment

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately.

However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for “all other segments”.

**(s) Business Combination**

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

Acquisition-related costs are expensed as incurred, and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

**Notes to the financial statements  
For the year ended 30 June 2016**

**(t) Revenue**

**Sale of goods**

Revenue is recognised when there has been a passing of the significant risks and rewards of ownership, which means the following:

- The product is in a form suitable for delivery and no further processing is required by or on behalf of the consolidated entity;
- The quantity and quality of the product can be determined with reasonable accuracy;
- The product has been despatched to the customer and is no longer under the physical control of the consolidated entity;
- The selling price can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the consolidated entity; and
- The costs incurred, or expected to be incurred, in respect of the transaction can be measured reliably.

**Interest**

Revenue is recognised as the Interest accrues using the effective interest rate method (which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

**Rendering of services**

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

**Dividends**

Revenue is recognised when the right to receive a dividend has been established.

**(u) Government grants**

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual installments.

**(v) Employee benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees up until balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

**(w) Provisions**

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

**Notes to the financial statements  
For the year ended 30 June 2016**

**(x) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income during the period in which they are incurred.

**(y) Plantation development costs**

Costs incurred on land clearing are capitalised as plantation development costs and is amortised over the economic useful life of the asset (25 years). Costs on the concession lease with a term of 60 years are capitalised and amortised over the remaining term of lease.

**(z) Biological assets**

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

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

Net movement in fair value less estimated point of sale costs of biological assets are included in the statement of comprehensive income in the year they arise.

**(aa) Term deposit**

Term deposits which have a maturity of less than twelve months are shown in current assets. Term deposits which are held to fund employee benefits stated and demolition costs are shown in non current assets.

**(ab) Goods and services tax (GST)**

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

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

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

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

**(ac) Financial instruments**

**Recognition**

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

**Notes to the financial statements  
For the year ended 30 June 2016**

**Loans and receivables**

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

**Financial liabilities**

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

**Impairment**

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

**(ad) Investments in associates**

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

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

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

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

**(ae) Contributed equity**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(af) Comparative figures**

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

**Notes to the financial statements**  
**For the year ended 30 June 2016**

**(ag) Earnings per share**

*(i) Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the consolidated entity, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

*(ii) Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**(ah) Impairment of assets**

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

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

- (a) In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Assessment of mine life on Christmas Island

The Financial statements have been prepared on the basis that the resource supports continued operations for at least 5 years on the current market parameters and expectations.

Determination of mineral resources and ore reserves

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

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates or production costs may change the economic status of resources and may, ultimately, result in the resources being restated. Such changes in resources could impact on depreciation and amortisation rates, asset carrying values and provisions for decommissioning.

- (b) The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

**Notes to the financial statements**  
**For the year ended 30 June 2016**

Impairment of property, plant and equipment

Property, plant and equipment is reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Where a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of 'value in use' (being the net present value of expected future cash flows of the relevant cash generating unit) and 'fair value less costs to sell'.

In determining value in use, future cash flows are based on:

- Estimates of the quantities of ore reserves and mineral resources;
- Future production levels;
- Future commodity prices and foreign exchange rates; and
- Future cash costs of production and capital expenditure.

Variations to the expected future cash flows, and the timing thereof, could result in significant changes to any impairment losses recognised, if any, which could in turn impact future financial results.

Provisions for decommissioning costs

Decommissioning costs are a normal consequence of mining and the majority of this expenditure is incurred at the end of a mine's life. In determining an appropriate level of provision consideration is given to the expected future costs to be incurred, the timing of these expected future costs (largely dependent on the life of the mine), the appropriateness of the discount rate and the estimated future level of inflation.

The ultimate cost of decommissioning is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements or the emergence of new decommissioning techniques. The expected timing of expenditure can also change, for example in response to changes in reserves or to production rates.

Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results.

Fair value of biological assets

The fair value of the oil palm plantations is estimated by reference to independent professional valuations using the discounted cash flows of the underlying biological assets. The expected cash flows from the whole life cycle of the oil palm plantations is determined using the market price and the estimated yield of the agricultural produce, being FFB, net of maintenance and harvesting costs and any costs required to bring the oil palm plantations to maturity. The estimated yield of the oil palm plantations is dependent on the age of the oil palm trees, location of the plantations, soil type and infrastructure. The market price of FFB is largely dependent on the prevailing market prices of crude palm oil and palm kernel.

Deferred Tax Asset

The carrying value of the deferred tax asset is subject to the assumptions and estimates referred to in Note 5.

|                                | 2016<br>\$'000s | 2015<br>\$'000s |
|--------------------------------|-----------------|-----------------|
| <b>4. Revenue and expenses</b> |                 |                 |
| <b>a) Revenue</b>              |                 |                 |
| Sales                          | 176,823         | 153,719         |
| Rendering of services          | 11,063          | 11,325          |
| Interest income                | 1,096           | 874             |
|                                | <b>188,982</b>  | <b>165,918</b>  |

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2016

|                                        | 2016<br>\$'000s | 2015<br>\$'000s |
|----------------------------------------|-----------------|-----------------|
| <b>b) Cost of sales</b>                |                 |                 |
| Production costs                       | 97,006          | 86,907          |
| Shipping & marketing                   | 23,899          | 21,000          |
| Depreciation                           | 4,718           | 4,461           |
|                                        | <b>125,623</b>  | <b>112,368</b>  |
| <b>c) Other income</b>                 |                 |                 |
| Net (loss)/gain on disposal of assets  | (12)            | 12              |
| Net foreign exchange gains             | 1,430           | 6,167           |
| Reversal of decommissioning provision  | 906             | -               |
| Reversal of contingent consideration   | -               | 527             |
|                                        | <b>2,324</b>    | <b>6,706</b>    |
| <b>d) Other expenses</b>               |                 |                 |
| Administration                         | 15,839          | 14,776          |
| Operating lease expense                | 585             | 581             |
| Bad debt expense                       | -               | 16              |
| Redundancy expense                     | 1,011           | 639             |
| Depreciation                           | 60              | 54              |
|                                        | <b>17,495</b>   | <b>16,066</b>   |
| <b>e) Finance costs</b>                |                 |                 |
| Interest expense                       | -               | 185             |
| Accretion on decommissioning provision | -               | 600             |
| Finance lease                          | 5               | 4               |
|                                        | <b>5</b>        | <b>789</b>      |
| <b>f) Employee benefits expense</b>    | <b>30,936</b>   | <b>27,634</b>   |

Employee benefits expense comprises salaries and wages, superannuation, employee bonus and travel airfares together with accruals for employee entitlements such as annual leave, long service leave, redundancy and sick leave expensed during the year. Included in employee benefits expense is a superannuation expense of \$2,149,000.

## 5. Income tax

The major components of income tax are:

### Statement of Comprehensive Income

#### Current income tax

|                                                                |        |        |
|----------------------------------------------------------------|--------|--------|
| Current income tax charge                                      | 14,906 | 13,904 |
| Adjustments in respect of current income tax of previous years | (403)  | 538    |

#### Deferred income tax

|                                                               |       |         |
|---------------------------------------------------------------|-------|---------|
| Relating to origination and reversal of temporary differences | (885) | (1,340) |
| Adjustments in respect of deferred tax of previous years      | (828) | (266)   |

|                                                                      |               |               |
|----------------------------------------------------------------------|---------------|---------------|
| Income tax expense reported in the Statement of Comprehensive Income | <b>12,790</b> | <b>12,836</b> |
|----------------------------------------------------------------------|---------------|---------------|

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2016

|                                                                                                                                                                 | 2016<br>\$'000s | 2015<br>\$'000s |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows: |                 |                 |
| Accounting profit before income tax                                                                                                                             | 47,178          | 41,667          |
| At the Group's statutory income tax rate of 30% (2014: 30%)                                                                                                     | 14,156          | 12,500          |
| Income/expenditure not allowable for income tax purposes:                                                                                                       |                 |                 |
| Add:                                                                                                                                                            |                 |                 |
| - Adjustments in respect of current income tax of previous years                                                                                                | (403)           | 538             |
| - Prior year adjustment in respect of temporary difference                                                                                                      | (828)           | (266)           |
| - Income not assessable for tax                                                                                                                                 |                 | (447)           |
| - Expenditure not allowable for income tax purposes                                                                                                             | 217             | 606             |
| - Deferred tax asset not brought to account                                                                                                                     | 162             | -               |
| Differences due to exchange rates applied to temporary differences and changes in tax rates                                                                     | (236)           |                 |
| - Difference in global tax rates                                                                                                                                | (278)           | (95)            |
| Aggregate income tax expense                                                                                                                                    | 12,790          | 12,836          |

|                                                          | <i>Statement of Financial<br/>Position</i> |                 | <i>Statement of<br/>Comprehensive Income</i> |                 |
|----------------------------------------------------------|--------------------------------------------|-----------------|----------------------------------------------|-----------------|
|                                                          | 2016<br>\$'000s                            | 2015<br>\$'000s | 2016<br>\$'000s                              | 2015<br>\$'000s |
| <b>Deferred income tax</b>                               |                                            |                 |                                              |                 |
| Deferred income tax at 30 June relates to the following: |                                            |                 |                                              |                 |
| <b>CONSOLIDATED</b>                                      |                                            |                 |                                              |                 |
| <i>Deferred tax liabilities</i>                          |                                            |                 |                                              |                 |
| Consumables                                              | (1,605)                                    | (1,584)         | (21)                                         | 23              |
| Accelerated depreciation-fixed assets                    | (8,084)                                    | (8,559)         | 475                                          | (410)           |
| Forward currency contracts                               | -                                          | -               | -                                            | -               |
| Gross deferred income tax liabilities                    | <b>(9,689)</b>                             | <b>(10,143)</b> |                                              |                 |
| <i>Deferred tax assets</i>                               |                                            |                 |                                              |                 |
| Provisions and accruals                                  | 7,298                                      | 6,318           | 980                                          | (883)           |
| Depreciation – fixed assets                              | 994                                        | 1,195           | (201)                                        | 331             |
| Forward currency contracts                               | 418                                        | 448             | (30)                                         | (448)           |
| Trading stock- intra group                               | 711                                        | 219             | 492                                          | (219)           |
| Receivables                                              | 241                                        | 223             | 18                                           | -               |
| Gross deferred income tax assets                         | <b>9,662</b>                               | <b>8,403</b>    |                                              |                 |
| Deferred tax income/(expense)                            |                                            |                 | 1,713                                        | (1,606)         |

## CI RESOURCES LIMITED

### Notes to the financial statements For the year ended 30 June 2016

This deferred tax asset will only be obtained if:

- (a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- (b) the conditions for deductibility imposed by tax legislation continue to be complied with; and
- (c) no changes in tax legislation adversely affect the consolidation entity in realising the benefit.

The entity has made non-current provisions for decommissioning of \$8,998,000 (2015: \$9,904,000) and employee redundancies of \$9,087,000 (2015: \$8,982,000). A portion of the future income tax benefit relating to the provision for decommissioning and the provision for employee redundancy is considered to be not probable of being recovered, as it is believed that when the provisions are required the entity may not have future taxable income to fully utilise the tax benefit.

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

#### 6. Earnings per share

|                                      | <b>2016</b>  | <b>2015</b>  |
|--------------------------------------|--------------|--------------|
|                                      | <b>Cents</b> | <b>Cents</b> |
| Basic and diluted earnings per share | <b>29.76</b> | <b>23.73</b> |

|                                                                                                                         | <b>2016</b>        | <b>2015</b>       |
|-------------------------------------------------------------------------------------------------------------------------|--------------------|-------------------|
|                                                                                                                         | <b>Number</b>      | <b>Number</b>     |
| <b>Weighted average number of shares used as the denominator</b>                                                        |                    |                   |
| Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share. | <b>115,581,107</b> | <b>94,052,096</b> |

|                                                                      | <b>2016</b>    | <b>2015</b>    |
|----------------------------------------------------------------------|----------------|----------------|
|                                                                      | <b>\$'000s</b> | <b>\$'000s</b> |
| <b>Profit used in calculating basic and diluted losses per share</b> |                |                |
| Net profit                                                           | <b>34,396</b>  | <b>22,319</b>  |

There are no instruments (e.g., share options) excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are antidilutive for either of the periods presented.

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2016

| 2016    | 2015    |
|---------|---------|
| \$'000s | \$'000s |

### 7. Cash and cash equivalents

|                          |               |               |
|--------------------------|---------------|---------------|
| Cash at bank and on hand | 57,696        | 53,967        |
|                          | <b>57,696</b> | <b>53,967</b> |

### 8. Trade and other receivables

|                   |               |               |
|-------------------|---------------|---------------|
| Trade debtors     | 37,983        | 29,843        |
| Other receivables | 1,320         | 328           |
|                   | <b>39,303</b> | <b>30,171</b> |

Trade debtors are non-interest bearing and are generally on 30-90 day terms. As at 30 June 2016, no trade receivables were considered impaired (2015: nil). There were debtors amounting to \$6.41 million that were past due, but not considered impaired.

### 9. Inventories

|                                 |               |               |
|---------------------------------|---------------|---------------|
| Consumable materials and stores | 4,615         | 4,525         |
| Finished goods                  | 7,880         | 8,393         |
|                                 | <b>12,495</b> | <b>12,918</b> |

### 10. Other Financial Assets

|                         |               |               |
|-------------------------|---------------|---------------|
| Trust fund term deposit | 7,813         | 7,582         |
| Demolition bonds        | 2,563         | 2,498         |
|                         | <b>10,376</b> | <b>10,080</b> |

Under the terms of the current Workplace Agreement between the Union of Christmas Island Workers and Phosphate Resources Limited a trust fund term deposit to meet employee entitlements is maintained. This trust fund may only be used to meet employee entitlements but may be drawn down as they arise. The trust fund term deposit currently stands at \$7,813,000 (2015: \$7,582,000). The interest earned on the term deposit of \$230,872 (2015: \$241,287) has been added to the term deposit.

### 11. Property, Plant & equipment

#### *Leasehold Land*

|                          |               |               |
|--------------------------|---------------|---------------|
| At cost                  | 32,822        | 29,746        |
| Accumulated depreciation | (2,736)       | (2,248)       |
|                          | <b>30,086</b> | <b>27,498</b> |

#### *Leasehold buildings*

|                          |              |              |
|--------------------------|--------------|--------------|
| At cost                  | 3,921        | 3,674        |
| Accumulated depreciation | (439)        | (361)        |
|                          | <b>3,482</b> | <b>3,313</b> |

#### *Land and buildings*

|                          |              |              |
|--------------------------|--------------|--------------|
| At cost                  | 7,835        | 7,959        |
| Accumulated depreciation | (2,312)      | (2,085)      |
|                          | <b>5,523</b> | <b>5,874</b> |

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2016

|                                            | 2016<br>\$'000s      | 2015<br>\$'000s      |
|--------------------------------------------|----------------------|----------------------|
| <i>Strata title properties</i>             |                      |                      |
| At cost                                    | 1,600                | 1,521                |
| Accumulated depreciation                   | (359)                | (331)                |
|                                            | <u>1,241</u>         | <u>1,190</u>         |
| <i>Plant and equipment</i>                 |                      |                      |
| At cost                                    | 76,528               | 74,370               |
| Accumulated depreciation and impairment    | (55,131)             | (52,141)             |
|                                            | <u>21,397</u>        | <u>22,229</u>        |
| <i>Plant and equipment under lease</i>     |                      |                      |
| At cost                                    | 480                  | 494                  |
| Accumulated depreciation                   | (405)                | (392)                |
|                                            | <u>75</u>            | <u>102</u>           |
| <i>Construction in progress</i>            | <u>10,986</u>        | <u>2,405</u>         |
| <i>Total property, plant and equipment</i> |                      |                      |
| At cost                                    | 134,172              | 120,169              |
| Accumulated depreciation and impairment    | (61,382)             | (57,558)             |
| Net carrying amount                        | <u><b>72,790</b></u> | <u><b>62,611</b></u> |

### Reconciliations

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

#### *Leasehold Land*

|                              |               |               |
|------------------------------|---------------|---------------|
| Carrying amount at beginning | 27,498        | 26,928        |
| Additions                    | 3,905         | -             |
| Depreciation expense         | (521)         | (544)         |
| Foreign exchange difference  | (796)         | 1,114         |
|                              | <u>30,086</u> | <u>27,498</u> |

#### *Leasehold buildings*

|                                        |              |              |
|----------------------------------------|--------------|--------------|
| Carrying amount at beginning           | 3,313        | 3,465        |
| Transfer from construction in progress | 346          | -            |
| Transfer to land and buildings         | -            | (364)        |
| Additions                              | -            | 187          |
| Disposals                              | -            | -            |
| Depreciation expense                   | (110)        | (99)         |
| Foreign exchange difference            | (67)         | 124          |
|                                        | <u>3,482</u> | <u>3,313</u> |

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2016

|                                          | 2016<br>\$'000s | 2015<br>\$'000s |
|------------------------------------------|-----------------|-----------------|
| <i>Land and buildings</i>                |                 |                 |
| Carrying amount at beginning             | 5,874           | 2,392           |
| Transfer from construction in progress   | 76              | 3,305           |
| Transfer from leasehold buildings        | -               | 364             |
| Disposals                                | (202)           | -               |
| Depreciation expense                     | (225)           | (187)           |
|                                          | <u>5,523</u>    | <u>5,874</u>    |
| <i>Strata title properties</i>           |                 |                 |
| Carrying amount at beginning             | 1,190           | 1,060           |
| Depreciation expense                     | (15)            | (15)            |
| Foreign exchange difference              | 66              | 145             |
|                                          | <u>1,241</u>    | <u>1,190</u>    |
| <i>Plant and equipment</i>               |                 |                 |
| Carrying amount at beginning             | 22,229          | 20,382          |
| Transfer from construction in progress   | 3,554           | 3,932           |
| Additions                                | 187             | -               |
| Transfer from/(to) equipment under lease | -               | 1,292           |
| Disposals                                | (525)           | (13)            |
| Depreciation expense                     | (3,883)         | (3,614)         |
| Foreign exchange difference              | (165)           | 250             |
|                                          | <u>21,397</u>   | <u>22,229</u>   |
| <i>Plant and equipment under lease</i>   |                 |                 |
| Carrying amount at beginning             | 102             | 1,443           |
| Additions                                | -               | -               |
| Transfer from construction in progress   | -               | -               |
| Transfer (to)/from plant and equipment   | -               | (1,292)         |
| Depreciation expense                     | (24)            | (56)            |
| Foreign exchange difference              | (3)             | 7               |
|                                          | <u>75</u>       | <u>102</u>      |
| <i>Construction in progress</i>          |                 |                 |
| Carrying amount at beginning             | 2,405           | 1,908           |
| Additions                                | 12,587          | 7,919           |
| Transfers                                | (3,976)         | (7,237)         |
| Foreign exchange difference              | (30)            | (185)           |
|                                          | <u>10,986</u>   | <u>2,405</u>    |

## 12. Goodwill

|                                  |              |              |
|----------------------------------|--------------|--------------|
| Carrying amount at the beginning | 7,158        | 7,158        |
| Impairment                       | -            | -            |
| Impact of foreign exchange       | -            | -            |
|                                  | <u>7,158</u> | <u>7,158</u> |

Goodwill acquired through business combination has been allocated to the Palm Oil Cash Generating Unit ("CGU"), which is also a reporting and operating segment for impairment testing. The net carrying amount of Goodwill at 30 June 2016 was \$7,158,000 (2015: \$7,158,000) which includes an accumulated impairment charge of nil during the year (2015: nil).

The recoverable amount of the Farming CGU has been determined using a value in use calculation using cash flow projections. The post-tax discount rates applied to cash flow projections is 4.5% (2015: 10.0%) and the

## CI RESOURCES LIMITED

### Notes to the financial statements For the year ended 30 June 2016

cash flows are based on the financial budget approved by management for the upcoming year and applying an inflation rate of 2.7% p.a (2015: 3.1%) for the following 4 years and a terminal value.

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

#### 13. Biological Assets

|                                        | 2016<br>\$'000s | 2015<br>\$'000s |
|----------------------------------------|-----------------|-----------------|
| Carrying amount at beginning of period | 9,296           | 10,581          |
| Harvest/amortization                   | -               | -               |
| Effect of foreign exchange             | (274)           | 449             |
| Fair value adjustment                  | (997)           | (1,734)         |
| <b>Carrying amount at end</b>          | <b>8,025</b>    | <b>9,296</b>    |

Biological assets consist of mature oil palm trees. The Group grows oil palm trees to produce palm oil. The plantation is located in Malaysia. At 30 June 2016 the group held oil palm trees on approximately 1,643 hectares of land.

A valuation was conducted by an independent professional valuer, on a subsidiary's oil palm estate development comprising land, ancillary facilities and biological assets, for the purposes of fair valuing the biological assets of the subsidiary as at 30 June 2016. Significant assumptions applied in the determination of fair value are:

|                                              | 2016  | 2015  |
|----------------------------------------------|-------|-------|
| Average remaining life of oil palm trees     | 7     | 8     |
| Average annual yield per hectare             | 18    | 20    |
| Average life span of trees (years)           | 25    | 25    |
| Pre tax discount rate                        | 10.0% | 10.0% |
| Fresh Fruit Bunch (FFB) price (RM per tonne) | 463   | 453   |
| Annual rate of inflation                     | 2.7%  | 3.1%  |

The fair value is estimated using a discounted cashflow model. The fair value model is categorised as Level 3 as it uses inputs that are not based on observable market data.

Significant increases (decreases) in production growth per annum in isolation would result in a significantly higher (lower) fair value of the biological asset. Significant increases (decreases) in the long-term discount rate would result in a significantly lower (higher) fair value. Generally, a change in the assumption made for the estimated Palm Oil revenue is accompanied by a directionally similar change in the cost of fresh fruit bunches.

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

The primary risk associated with this activity occurs due to the length of time between expending cash on the purchase of planting and maintenance of oil palm plantation and in harvesting, and ultimately receiving cash from sale of palm oil to third parties. The Group's strategy to manage this risk is to stage the replanting (20-30 year replanting cycle) to reduce the effect on the cash flow.

## CI RESOURCES LIMITED

### Notes to the financial statements For the year ended 30 June 2016

#### 14. Investments in controlled entities

CI Resources Limited owns 100% of Phosphate Resources Limited which is incorporated in Australia.

##### (a) Information relating to subsidiaries

Information relating to controlled entities is set out below:

| Name                                          | Principal Activities                  | Country of Incorporation | % Equity interest |           |
|-----------------------------------------------|---------------------------------------|--------------------------|-------------------|-----------|
|                                               |                                       |                          | 2016<br>%         | 2015<br>% |
| - Phosphate Resources Ltd                     | Mining                                | Australia                | 100               | 100       |
| - CI Maintenance Services Pty Ltd (i)         | Maintenance Services                  | Australia                | 100               | 100       |
| - Phosphate Resources Properties Pty Ltd (i)  | Properties                            | Australia                | 100               | 100       |
| - Indian Ocean Stevedores Pty Ltd (i)         | Stevedoring Services                  | Australia                | 100               | 100       |
| - Phosphate Resources (Singapore) Pte Ltd (i) | Shipping Services                     | Singapore                | 100               | 100       |
| - Indian Ocean Oil Company Pty Ltd (i)        | Fuel Services                         | Australia                | 100               | 100       |
| - Phosphate Resources Laos Pty Ltd (i)        | Dormant                               | Australia                | 100               | 100       |
| - Phosphate Resources Plantations Pty Ltd (i) | Dormant                               | Australia                | 100               | 100       |
| - Phosphate Resources (Malaysia) Sdn Bhd (i)  | Marketing Services                    | Malaysia                 | 100               | 100       |
| - Cheekah-Kemayan Plantation Sdn Bhd (i)      | Palm Oil Estate,<br>Milling and Sales | Malaysia                 | 100               | 100       |

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

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

|                                                              | 2016<br>\$'000s | 2015<br>\$'000s |
|--------------------------------------------------------------|-----------------|-----------------|
| Accumulated balances of material non-controlling interest    | -               | -               |
| Profit/(loss) allocated to material non-controlling interest | -               | 6,512           |

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2016

The summarised financial information of Phosphate Resources Limited Group is provided below. The information is based on amounts before inter-company eliminations.

| <b>Summarised statement of profit or loss for year ending 30 June</b>    | <b>2016</b>    | <b>2015</b>    |
|--------------------------------------------------------------------------|----------------|----------------|
|                                                                          | <b>\$'000s</b> | <b>\$'000s</b> |
| Revenue                                                                  | 188,944        | 165,915        |
| Cost of sales                                                            | (125,623)      | (112,368)      |
| Other income                                                             | 1,418          | 6,706          |
| Administrative expenses                                                  | (17,909)       | (16,807)       |
| Finance income/(costs)                                                   | 901            | (789)          |
| Profit before tax                                                        | 47,731         | 42,657         |
| Income tax                                                               | (12,790)       | (12,836)       |
| Profit for the year from continuing operations                           | 34,941         | 29,821         |
| Exchange differences on translation of foreign subsidiaries              | (2,097)        | 2,477          |
| Total comprehensive income                                               | 32,844         | 32,298         |
| Attributable to non-controlling interests                                | -              | 7,681          |
| Dividends paid to non-controlling interests                              | -              | -              |
| <b>Summarised statement of financial position as at 30 June for 2016</b> |                |                |
| Current assets                                                           | 113,230        | 107,197        |
| Non-current assets                                                       | 108,011        | 97,548         |
| Current liabilities                                                      | (23,031)       | (25,659)       |
| Non-current liabilities                                                  | (29,882)       | (30,184)       |
| <b>Total equity</b>                                                      | <b>168,328</b> | <b>148,902</b> |
| Attributable to:                                                         |                |                |
| Equity holders of parent                                                 | 168,328        | 148,902        |
| Non-controlling interest                                                 | -              | -              |
| <b>Summarised cash flow information for year ending 30 June</b>          |                |                |
| Operating                                                                | 32,987         | 23,219         |
| Investing                                                                | (19,171)       | (10,507)       |
| Financing                                                                | (10,257)       | (10,799)       |
| <b>Net increase/(decrease) in cash and cash equivalents</b>              | <b>3,559</b>   | <b>1,913</b>   |

### 15. Trade and other payables

|                |              |               |
|----------------|--------------|---------------|
| Trade payables | <b>9,349</b> | <b>10,908</b> |
|----------------|--------------|---------------|

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

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2016

### 16. Financial liabilities

|                            | 2016<br>\$'000s | 2015<br>\$'000s |
|----------------------------|-----------------|-----------------|
| Foreign exchange contracts | -               | 515             |

#### *Forward currency contracts – held for trading*

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

|                                    | Notional amounts<br>\$AUD |                 | Average exchange rate |        |
|------------------------------------|---------------------------|-----------------|-----------------------|--------|
|                                    | 2016<br>\$'000s           | 2015<br>\$'000s | 2016                  | 2015   |
| <b>Sell US\$/buy Australian \$</b> |                           |                 |                       |        |
| <i>Consolidated</i>                |                           |                 |                       |        |
| Sell US\$ maturity 0 to 12 months  | -                         | 19,121          | -                     | 0.7845 |

These contracts are fair valued by comparing the contracted rate to the market rates for contracts with the same length of maturity. All movements in fair value are recognised in profit or loss in the period they occur. The net fair value losses on foreign currency derivatives during the year were \$1.010 million for the Group (2015: loss of \$0.515 million). There were no outstanding forward exchange contracts as at 30 June 2016.

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

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

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

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

| 2015                                          | Level 1<br>'000 | Level 2<br>'000 | Level 3<br>'000 | Total<br>'000 |
|-----------------------------------------------|-----------------|-----------------|-----------------|---------------|
| Forward currency contracts – held for trading | -               | (515)           | -               | (515)         |
|                                               | -               | (515)           | -               | (515)         |

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

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

### 17. Interest bearing loans and borrowings

|                    | Notes            | 2016<br>\$'000s | 2015<br>\$'000s |
|--------------------|------------------|-----------------|-----------------|
| <b>Current</b>     |                  |                 |                 |
| Bank loan          | (a),(b), (c),(d) | -               | -               |
| Lease liabilities  | 25               | 160             | 16              |
|                    |                  | <b>160</b>      | <b>16</b>       |
| <b>Non-current</b> |                  |                 |                 |
| Bank loan          | (a),(b), (c),(d) | -               | -               |
| Lease liabilities  | 25               | -               | -               |
|                    |                  | <b>-</b>        | <b>-</b>        |

# CI RESOURCES LIMITED

## Notes to the financial statements

### For the year ended 30 June 2016

**(a) Interest rate risk and liquidity risk**

Details regarding interest rate risk and liquidity risk are disclosed in Note 28. The loan was fully repaid during the current financial year.

**(b) Fair value**

The carrying amount of the borrowings approximates their fair value as the borrowings are at floating interest rates which move in accordance with market rates.

**(c) Defaults and breaches**

During the current there were no defaults or breaches on any of the loans.

**(d) Financing facilities available**

At reporting date, the following financing facilities had been negotiated and were available:

|                                       | 2016    | 2015    |
|---------------------------------------|---------|---------|
|                                       | \$'000s | \$'000s |
| Total facilities                      | 500     | 500     |
| Facilities utilised at reporting date | -       | -       |
| Facility unused at reporting date     | 500     | 500     |

## 18. Provisions

### Current

|                          |              |              |
|--------------------------|--------------|--------------|
| Employee entitlements    | 8,061        | 7,229        |
| Provision for stamp duty | -            | 567          |
|                          | <b>8,061</b> | <b>7,796</b> |

### Non-current

|                       |     |               |               |
|-----------------------|-----|---------------|---------------|
| Redundancy            | (a) | 9,588         | 8,982         |
| Employee entitlements |     | 1,607         | 1,155         |
|                       |     | 11,195        | 10,137        |
| Decommissioning       | (b) | 8,998         | 9,904         |
|                       |     | <b>20,193</b> | <b>20,041</b> |

**(a) Provision for redundancy**

The amounts employees are entitled to receive if made redundant in accordance with their employment agreements are fully provided. The redundancy provision was increased by a net amount of \$606,000 during the year ended 30 June 2016 (2015: \$829,000).

**(b) Provision for decommissioning**

Based on the Mining Lease Agreement between the Commonwealth Government and Phosphate Resources Limited a provision for decommissioning has been recognised for costs associated with:

- Demolition of all improvements specified for the removal of all debris resulting from demolition, removal of plant and equipment and leaving the leased land in a safe, clean and tidy condition at the expiry of the lease.

Estimates of the decommissioning obligations are based on anticipated technology and legal requirements and future costs, which have been discounted to their present value. In determining the decommissioning provision, the entity has assumed no significant changes will occur in the relevant Federal and State legislation in relation to demolition of such mines in the future.

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2016

|                                                        | 2016<br>\$'000s | 2015<br>\$'000s |
|--------------------------------------------------------|-----------------|-----------------|
| <b>(c) Movement in provisions</b>                      |                 |                 |
| <i>Provision for decommissioning:</i>                  |                 |                 |
| Carrying amount at the beginning of the financial year | 9,904           | 9,304           |
| Change in net present value of provision:              |                 |                 |
| - (Credited)/Debited to profit or loss                 | (906)           | 600             |
| Carrying amount at the end of the financial year       | <b>8,998</b>    | <b>9,904</b>    |

### 19. Contributed equity

|                                         |                                       | Number of           |         |
|-----------------------------------------|---------------------------------------|---------------------|---------|
| (a) Share capital                       |                                       | Shares              | \$'000s |
| Ordinary shares – fully paid            |                                       | 115,581,107         | 72,160  |
|                                         |                                       |                     |         |
| (b) Movements in ordinary share capital |                                       |                     |         |
| Date                                    | Details                               | Number of<br>shares | \$'000s |
| 01 July 2014                            | Opening balance                       | 72,874,102          | 17,970  |
| 31 December 2014                        | Share issue (net of transaction cost) | 42,707,005          | 54,190  |
| 30 June 2015/ 1 July 2015               | Closing balance/Opening balance       | 115,581,107         | 72,160  |
|                                         | Movement                              | -                   | -       |
| 30 June 2016                            | Closing balance                       | 115,581,107         | 72,160  |

### (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.

|                                      | 2016<br>\$'000s | 2015<br>\$'000s |
|--------------------------------------|-----------------|-----------------|
| <b>20. Reserves</b>                  |                 |                 |
| Foreign exchange translation reserve | 805             | 2,902           |
| Acquisition reserve                  | 8,499           | 8,499           |
|                                      | <b>9,304</b>    | <b>11,401</b>   |

#### *Foreign currency translation reserve*

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve. The reserve is recognised in profit and loss when the net investment is disposed of.

#### *Acquisition reserve*

Any gain or loss arising on acquisition of non-controlling interest of subsidiaries is recognized in this reserve.

### Movements in reserves

#### *Foreign exchange translation reserve*

|                                                     |            |              |
|-----------------------------------------------------|------------|--------------|
| Balance at the beginning of the year                | 2,902      | 1,593        |
| Foreign exchange on translation of financial report | (2,097)    | 1,309        |
| Balance at the end of the period                    | <b>805</b> | <b>2,902</b> |

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2016

|                                      | 2016<br>\$'000s | 2015<br>\$'000s |
|--------------------------------------|-----------------|-----------------|
| <i>Acquisition reserve</i>           |                 |                 |
| Balance at the beginning of the year | 8,499           | 8,499           |
| Movement for the year                | -               | -               |
| Balance at the end of the period     | <b>8,499</b>    | <b>8,499</b>    |

### 21. Retained earnings

|                                                            |               |               |
|------------------------------------------------------------|---------------|---------------|
| Accumulated profit at the beginning of the year            | 71,323        | 51,894        |
| Net profit attributable to members of CI Resources Limited | 34,396        | 22,319        |
| Dividends paid                                             | (10,401)      | (2,890)       |
| Accumulated profit at the end of the financial year        | <b>95,318</b> | <b>71,323</b> |

### 22. Key management personnel disclosures

#### (a) Key management personnel compensation

|                              |              |            |
|------------------------------|--------------|------------|
| Short term employee benefits | 2,834        | 827        |
| Post employment benefits     | 214          | 73         |
|                              | <b>3,048</b> | <b>900</b> |

#### (b) Loans to key management personnel

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

#### (c) Other transactions with key management personnel

- (i) Mr Lai Ah Hong is the owner of property MQ 77 on Christmas Island leased to Indian Ocean Stevedores Pty Ltd for three years ending 10 April 2019. Mr Lai Ah Hong received a total rent of \$30,507 during the year (2015: \$31,200).
- (ii) Mr Lai Ah Hong is the owner of property 86 Unit B, Block 790 Lam Lok Road, Drumsite, Christmas Island leased to CI Maintenance Services Pty Ltd for three years ending 1 January 2018. Mr Lai Ah Hong received a total rent of \$20,910 during the year (2015:\$10,200).
- (iii) Mr Chan Khye Meng is the sole proprietor of Meng Chong trading based on Christmas Island. Meng Chong Trading provided goods for office amenities totalling \$9,469 (2015: \$10,102) during the year.

### 23. Remuneration of auditors

Amounts received or due and receivable by EY (Australia) for:

|                                                                                  |            |            |
|----------------------------------------------------------------------------------|------------|------------|
| - audit of the financial report of the parent entity and the consolidated entity | 168        | 180        |
| - review of the half year financial report of the consolidated entity            | 57         | 72         |
| - other services                                                                 | -          | -          |
|                                                                                  | <b>225</b> | <b>252</b> |

Amounts received or due and receivable by related practices of EY (Australia) for the audit of the financial statements

|    |    |
|----|----|
| 70 | 61 |
| 70 | 61 |

Amounts received or due and receivable by auditors other than EY for:

|                                                                     |            |            |
|---------------------------------------------------------------------|------------|------------|
| - an audit or review of the financial report of a controlled entity | -          | -          |
|                                                                     | <b>295</b> | <b>313</b> |

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2016

### 24. Contingent liabilities

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

### 25. Commitments for expenditure

#### (a) Lease expenditure commitments

##### *Operating leases*

|                                                     |              |              |
|-----------------------------------------------------|--------------|--------------|
| - not later than one year                           | 602          | 581          |
| - later than one year and not later than five years | 581          | 581          |
| - total minimum payments                            | <b>1,183</b> | <b>1,162</b> |

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

##### *Finance leases*

|                                                  | 2016                                              |                                                            | 2015                                              |                                                            |
|--------------------------------------------------|---------------------------------------------------|------------------------------------------------------------|---------------------------------------------------|------------------------------------------------------------|
|                                                  | <i>Minimum<br/>Lease<br/>Payments<br/>\$'000s</i> | <i>Present Value<br/>of Lease<br/>Payments<br/>\$'000s</i> | <i>Minimum<br/>Lease<br/>Payments<br/>\$'000s</i> | <i>Present Value<br/>of Lease<br/>Payments<br/>\$'000s</i> |
| <b>CONSOLIDATED</b>                              |                                                   |                                                            |                                                   |                                                            |
| Within one year                                  | 155                                               | 153                                                        | 16                                                | 16                                                         |
| After one year but not more than five years      | -                                                 | -                                                          | -                                                 | -                                                          |
| Total minimum lease payments                     | 155                                               | 153                                                        | 16                                                | 16                                                         |
| Less amounts representing future finance charges | (2)                                               | -                                                          | -                                                 | -                                                          |
| Present value of minimum lease payments          | 153                                               | 153                                                        | 16                                                | 16                                                         |

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

- The Company provides a guarantee and indemnity to the Commonwealth Government of Australia (Commonwealth) to ensure the performance of Indian Ocean Oil Company Pty Ltd's obligations under the terms of a 20 year fuel lease arrangement.
- The Company has committed to undertake various environmental management targets and objectives as detailed in the Christmas Island Phosphates Environmental Management Plan.
- The Company has provided a bank guarantee of \$2 million to the Commonwealth Government under the terms of the Mining Lease Agreement.
- The Company has capital commitments of \$3,160 million (2015: \$0.205 million) for items of plant on order but not yet delivered.

## CI RESOURCES LIMITED

### Notes to the financial statements For the year ended 30 June 2016

#### 26. Related party transactions

##### Directors and other key management personnel

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

##### Controlling entities

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

##### Ownership interests in related parties

Interests held in related parties are set out in note 14.

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

|                                                     | 2016<br>\$'000s | 2015<br>\$'000s |
|-----------------------------------------------------|-----------------|-----------------|
| Operating profit (loss) after income tax            | 34,396          | 28,831          |
| <i>Adjustment for non-cash items</i>                |                 |                 |
| Accretion of decommissioning provision              | -               | 600             |
| Net loss/(gain) on disposal of assets               | 12              | (12)            |
| Bad debts                                           | -               | 16              |
| Change in fair value of biological assets           | 997             | 1,734           |
| Depreciation                                        | 4,778           | 4,515           |
| Unrealised foreign exchange (gain) / loss           | (2,059)         | (3,780)         |
| Reversal of contingent consideration                | -               | (527)           |
| <i>Change in operating assets and liabilities</i>   |                 |                 |
| Decrease in trade and other receivables             | (9,132)         | (11,922)        |
| Movement in deferred tax balances                   | (1,713)         | (1,606)         |
| Increase/(decrease) in inventories                  | 423             | 1,574           |
| (Decrease)/increase in trade creditors and accruals | (1,559)         | (1,335)         |
| Increase in provisions                              | 417             | 1,950           |
| (Increase)/decrease in prepayments                  | 2,492           | (613)           |
| Increase/(decrease) in tax payable                  | 3,383           | 2,809           |
| Net cash inflow from operating activities           | <b>32,435</b>   | <b>22,234</b>   |

#### 28. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise receivables, payables, finance leases, cash and short-term deposits, long-term deposits, interest bearing loans and borrowings, and foreign exchange derivatives.

Market, liquidity and credit risk (including foreign exchange, commodity price and interest rate risk) arise in the normal course of the Group's business.

The Group manages its exposure to key financial risks, including interest rate, currency and commodity risk in accordance with the Group's risk management procedures. The overall objective of these procedures is to:

- Ensure that net cash flows are sufficient to meet all financial commitments as and when they fall due.
- Support the delivery of the Group's financial targets whilst protecting future financial security.
- Minimise the potential adverse effects resulting from volatility on financial markets.

The Group continually monitors its forecast financial position against these criteria.

## CI RESOURCES LIMITED

### Notes to the financial statements For the year ended 30 June 2016

It is, and has been throughout the period under review, Group policy that no speculative trading in financial instruments be undertaken

#### *(i) Interest rate risk*

The Group's exposure to market interest rates relates primarily to the Group's long term debt obligations. Interest rate risk on cash and short term deposits is not considered to be a material risk due to the short term nature of these financial instruments.

The interest rates for term deposits are fixed and there is no material risk for interest bearing assets. There is no other financial asset or liability bearing interest rate risk except for interest bearing loans and borrowings, the sensitivity of which is disclosed below.

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

At 30 June 2016, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity would have been affected as follows:

|                                             | <b>Higher/(Lower)</b> |                |
|---------------------------------------------|-----------------------|----------------|
|                                             | <b>2016</b>           | <b>2015</b>    |
|                                             | <b>\$'000s</b>        | <b>\$'000s</b> |
| Judgments of reasonably possible movements: |                       |                |
| <i>Post tax profit</i>                      |                       |                |
| +1.0% (100 basis points)                    | -                     | -              |
| -1.0% (100 basis points)                    | -                     | -              |

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

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

#### *(ii) Liquidity Risk*

The Group's liquidity position is managed to ensure that sufficient funds are available to meet its financial commitments in a timely and cost effective manner.

Management monitors the Group's liquidity reserve on the basis of expected cash flow. The table below reflects a balanced view of cash inflows and outflows and shows the implied risk based on those values. Trade payables and other financial liabilities originate from the financing of assets used in the Group's ongoing operations. These assets are considered in the Group's overall liquidity risk.

Management continually reviews the Group liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels.

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2016

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

#### Consolidated

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

| Year ended 30 June 2015                    | ≤6 months | 6-12 months | 1-5 years | >5 years | Total    |
|--------------------------------------------|-----------|-------------|-----------|----------|----------|
|                                            | \$'000    | \$'000      | \$'000    | \$'000   | \$'000   |
| <b>Financial assets</b>                    |           |             |           |          |          |
| Cash                                       | 53,967    | -           | -         | -        | 53,967   |
| Trade and other receivables                | 30,171    | -           | -         | -        | 30,171   |
| Term deposits                              | 8,646     | -           | -         | -        | 8,646    |
| <b>Financial liabilities</b>               |           |             |           |          |          |
| Trade and other payables                   | 10,908    | -           | -         | -        | 10,908   |
| Interest bearing loans and borrowings      | 16        | -           | -         | -        | 16       |
| <b>Derivatives</b>                         |           |             |           |          |          |
| Foreign exchange contracts (gross settled) |           |             |           |          |          |
| (Inflow)                                   | (17,124)  | (1,997)     | -         | -        | (19,121) |
| Outflow                                    | 17,660    | 1,976       | -         | -        | 19,636   |
| Net foreign exchange contracts             | 536       | (21)        | -         | -        | 515      |

#### (iii) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligation under a financial instrument that will result in a financial loss to the Group. The carrying amount of financial assets represents the maximum credit exposure.

Financial instruments that potentially subject the consolidated entity to concentrations of credit risk consist principally of cash deposits and receivables. The Group places its cash deposits and derivatives with high credit-quality financial institutions. Receivables balances are monitored on an ongoing basis with the results that the Group's exposure to bad debts is not significant.

#### (iv) Derivative instruments and foreign currency risk

The Group's future revenues are exposed to movements in foreign exchange rates, particularly the US dollar/Australian dollar rate. The Group may from time to time enter into foreign exchange derivative instruments to manage this exposure.

The Group has, as outlined in note 16, forward currency contracts designated as held for trading that are subject to fair value movements through profit or loss as foreign exchange rates move.

## CI RESOURCES LIMITED

### Notes to the financial statements For the year ended 30 June 2016

At 30 June 2016, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity would have been affected as follows:

*Judgments of reasonably possible movements:*

|                     | <b>Post tax profit and equity<br/>Higher/Lower</b> |                         |
|---------------------|----------------------------------------------------|-------------------------|
|                     | <b>2016<br/>\$'000s</b>                            | <b>2015<br/>\$'000s</b> |
| <i>Consolidated</i> |                                                    |                         |
| AUD/USD + 10%       | -                                                  | 1,365                   |
| AUD/USD - 10%       | -                                                  | (2,581)                 |

Management believes the balance date risk exposures are representative of the risk exposure inherent in the financial instruments.

Significant assumptions used in the foreign currency exposure sensitivity analysis include:

- Reasonably possible movements in foreign exchange rates were determined based on a review of the last two years historical movements.
- The net exposure at balance date is representative of what the Group was and is expecting to be exposed to in the next twelve months from balance date.

#### *(v) Fair values*

The Directors have performed a review of the financial assets and liabilities as at 30 June 2016 and have concluded that the fair value of those assets and liabilities are not materially different to book values. The methods and assumptions used to estimate the fair value of financial instruments were:

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

#### Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide shareholders and stakeholders in the future and to maintain an optimal capital structure to reduce the cost of capital.

Management are constantly adjusting the capital structure as suitable. As the market is constantly changing, management may change the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Management have no current plans to issue further shares on the market.

## CI RESOURCES LIMITED

### Notes to the financial statements For the year ended 30 June 2016

#### 29. Parent entity information

|                             | 2016<br>\$'000s | 2015<br>\$'000s |
|-----------------------------|-----------------|-----------------|
| Current assets              | 5,078           | 6,613           |
| Total assets                | 72,020          | 73,556          |
| Current liabilities         | 53              | 635             |
| Total liabilities           | 53              | 635             |
| Issued capital              | 72,160          | 72,160          |
| Retained earnings           | (193)           | 761             |
| Total shareholders' equity  | 71,967          | 72,921          |
| Profit of the parent entity | 9,448           | 9,007           |
| Total comprehensive income  | 9,448           | 9,007           |

There have been no guarantees entered into by the Parent Entity in relation to any debts of its subsidiaries.

The parent has no contingent liabilities as at date of this report.

The Parent Entity has no contractual commitments for the acquisition of property, plant or equipment.

#### 30. Segment reporting

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operation decision makers) in assessing performance and in determining the allocation of resource.

The Group has identified its operating segments to be Mining and Farming based on the different operating businesses within the Group. Discrete financial information about each of these operating segments is reported to the chief operation decision makers on a monthly basis.

The Mining operating segment primarily involves mining, processing and sale of phosphate rock, phosphate dust and chalk.

The Farming operating segment primarily involves oil palm cultivation and palm oil processing.

The accounting policy used by the Group in reporting segments internally is the same as those contained in Note 2 to the accounts.

# CI RESOURCES LIMITED

## Notes to the financial statements For the year ended 30 June 2016

|                                                                    | Year ended 30 June 2016 |         |                         |         |
|--------------------------------------------------------------------|-------------------------|---------|-------------------------|---------|
|                                                                    | Mining                  | Farming | Unalloc/<br>Elimination | Total   |
|                                                                    | \$'000                  | \$'000  | \$'000                  | \$'000  |
| <b>Revenue</b>                                                     |                         |         |                         |         |
| Revenue                                                            | 129,104                 | 33,329  | -                       | 162,433 |
| Interest income                                                    | 590                     | 213     | 293                     | 1,096   |
| Rendering of services                                              | -                       | -       | 11,063                  | 11,063  |
| Fuel sales                                                         | -                       | -       | 14,390                  | 14,390  |
| Total segment revenue                                              | 129,694                 | 33,542  | 25,746                  | 188,982 |
| <b>Result</b>                                                      |                         |         |                         |         |
| Segment net operating profit after tax<br>(attributable to parent) | 30,168                  | 387     | 3,841                   | 34,396  |
| Depreciation and amortisation                                      |                         |         |                         |         |
| Income tax expense                                                 |                         |         |                         |         |
| <b>Assets and Liabilities</b>                                      |                         |         |                         |         |
| Segment assets                                                     | 144,571                 | 54,966  | 30,150                  | 229,687 |
| Segment liabilities                                                | 44,632                  | 5,105   | 3,168                   | 52,905  |
| <b>Other disclosure</b>                                            |                         |         |                         |         |
| Capital expenditure                                                | 14,114                  | 329     | 2,236                   | 16,679  |

|                                                                    | Year ended 30 June 2015 |         |                         |         |
|--------------------------------------------------------------------|-------------------------|---------|-------------------------|---------|
|                                                                    | Mining                  | Farming | Unalloc/<br>Elimination | Total   |
|                                                                    | \$'000                  | \$'000  | \$'000                  | \$'000  |
| <b>Revenue</b>                                                     |                         |         |                         |         |
| Revenue                                                            | 110,209                 | 37,048  | 5,561                   | 152,818 |
| Interest income                                                    | 498                     | -       | 376                     | 874     |
| Rendering of services                                              | -                       | -       | 11,325                  | 11,325  |
| Fuel sales                                                         | -                       | -       | 901                     | 901     |
| Total segment revenue                                              | 110,707                 | 37,048  | 18,163                  | 165,918 |
| <b>Result</b>                                                      |                         |         |                         |         |
| Segment net operating profit after tax<br>(attributable to parent) | 26,208                  | (167)   | 2,790                   | 28,831  |
| Depreciation and amortisation                                      |                         |         |                         |         |
| Income tax expense                                                 |                         |         |                         |         |
| <b>Assets and Liabilities</b>                                      |                         |         |                         |         |
| Segment assets                                                     | 114,733                 | 61,779  | 29,846                  | 206,358 |
| Segment liabilities                                                | 33,515                  | 13,872  | 4,087                   | 51,474  |
| <b>Other disclosure</b>                                            |                         |         |                         |         |
| Capital expenditure                                                | 5,104                   | 1,339   | 1,959                   | 8,402   |

## CI RESOURCES LIMITED

### Notes to the financial statements For the year ended 30 June 2016

Revenue from external customers by geographical locations is detailed below:

|           | 2016<br>\$'000s | 2015<br>\$'000s |
|-----------|-----------------|-----------------|
| Australia | 131,341         | 111,999         |
| Malaysia  | 53,662          | 53,809          |
| Singapore | 3,979           | 110             |
|           | <u>188,982</u>  | <u>165,918</u>  |

#### *Major customers*

The Group has a number of customers to which it provides the products. Revenue within the consolidated entity from one customer amounted to \$45.87 million and from another amounted to \$29.45 million in the mining segment. No other customers had sales exceeding 10% of revenue.

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

|           |                |               |
|-----------|----------------|---------------|
| Australia | 55,887         | 49,085        |
| Malaysia  | 50,834         | 46,576        |
| Singapore | 1,290          | 1,887         |
|           | <u>108,011</u> | <u>97,548</u> |

### 31. Subsequent Events

No matter or circumstance has arisen that has significantly affected, or may significantly affect, the operations of the consolidated entity and its controlled entities, the results of those operations or the state of affairs of the consolidated entity and its controlled entities in subsequent years that is not otherwise disclosed in this report or the consolidated financial statements.

## CI RESOURCES LIMITED

### Directors' Declaration For the year ended 30 June 2016

In accordance with a resolution of the Directors of CI Resources Limited, I state that:

1. In the opinion of the directors:
  - (a) The financial statements and notes of CI Resources Limited for the year ended 30 June 2016 are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance, for the year ended on that date; and
    - (ii) complying with Accounting Standards and *Corporations Regulations 2001*;
  - (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2; and
  - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
2. This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and the chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2016

On behalf of the board



David Somerville  
Chairman



Lai Ah Hong  
Managing Director

Perth, Western Australia  
30 August 2016

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

### Report on the financial report

We have audited the accompanying financial report of CI Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

### Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### Independence

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

## Opinion

In our opinion:

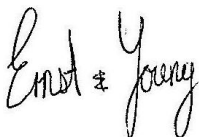
- a. the financial report of CI Resources Limited is in accordance with the *Corporations Act 2001*, including:
  - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

## Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## Opinion

In our opinion, the remuneration report of CI Resources Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.



Ernst & Young



R J Curtin  
Partner  
Perth  
30 August 2016

# 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 19 August 2016:

| Holdings                | Ordinary shares |
|-------------------------|-----------------|
| Keen Strategy Sdn Bhd   | 12,600,000      |
| Prosper Trading Sdn Bhd | 11,616,000      |
| Destinasi Emas Sdn Bhd  | 7,437,410       |

#### Class of shares and voting rights

At 19 August 2016 there were 545 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          | 115             |
| 1,001 - 5,000      | 123             |
| 5,001 - 10,000     | 114             |
| 10,001 - 100,000   | 76              |
| 100,001 - and over | <u>117</u>      |
|                    | <u>545</u>      |

There were 26 holders of less than a marketable parcel of ordinary shares.

#### On-market buy back

There is no current on-market buy back.

#### Restricted securities

The Company does not have any restricted securities.

## CI RESOURCES LIMITED

### ASX Additional Information

#### Unquoted securities

The Company does not have any unquoted securities

#### Twenty largest holders of ordinary shares (as at 19 August 2016)

| Holder name                                                               | Ordinary Shares   |              |
|---------------------------------------------------------------------------|-------------------|--------------|
|                                                                           | Number            | %            |
| CITICORP NOMINEES PTY LIMITED                                             | 33,963,298        | 29.38        |
| KEEN STRATEGY SDN BHD                                                     | 12,600,000        | 10.90        |
| PROSPER TRADING SDN BHD                                                   | 11,616,000        | 10.05        |
| MR TEO SEE KHIANG WILLY                                                   | 3,565,681         | 3.09         |
| KIM TEE TEE                                                               | 3,163,550         | 2.74         |
| MR THEBBAN RAMANATHAN                                                     | 2,128,026         | 1.84         |
| HAFIZ MASLI                                                               | 2,015,000         | 1.74         |
| KLUANG PTY LTD                                                            | 1,683,988         | 1.46         |
| MS MEE YUEN YONG                                                          | 1,641,572         | 1.42         |
| MS WAI FUN LEE                                                            | 1,470,950         | 1.27         |
| LIP HIAN TEE                                                              | 1,410,500         | 1.22         |
| HENDRY LEE                                                                | 1,350,050         | 1.17         |
| CHEE ENG LIM                                                              | 1,249,300         | 1.08         |
| YAN PEY TAN                                                               | 1,249,300         | 1.08         |
| LIP JEN TEE                                                               | 1,229,150         | 1.06         |
| MR RAMANATHAN E S KRISHNAN                                                | 1,086,543         | 0.94         |
| MR AH HONG LAI + MS WAI CHING LEE <THE LAI SUPER FUND A/C>                | 1,013,989         | 0.88         |
| MR AH HONG LAI + MRS WAI CHING LAI + MR WENG KIN LAI <LAI SUPER FUND A/C> | 870,875           | 0.75         |
| CHAIN YEE TEE                                                             | 826,150           | 0.71         |
| CHIN ENG LIM                                                              | 806,000           | 0.70         |
|                                                                           | <b>84,939,922</b> | <b>73.49</b> |

#### Other information

CI Resources Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

The Company's shares are quoted on the Australian Securities Exchange.