

APPENDIX 4E: PRELIMINARY FINAL REPORT

2010

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

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

Current reporting period: 30 June 2010

Previous corresponding period: 30 June 2009

For and on behalf of the directors

Mr David Somerville
Chairman

Dated: 31 August 2010

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue and net profit		AUD \$'000's
Revenue from ordinary activities	up 11,330% to	20,067
Profit from ordinary activities after tax attributable to members	down 90.67% to	1,644
Net profit for the period attributable to members	up 90.67% to	1,644

Dividends

The directors of the Company have resolved to pay a final dividend to eligible shareholders of 2 cents per share. Relevant dates are as shown below:

Record date	9 September 2010
Payment date	23 September 2010
Despatch date	23 September 2010

There is no dividend reinvestment plan.

COMMENTARY ON RESULTS AND OTHER SIGNIFICANT INFORMATION

Commentary

The Preliminary Final Report includes the results of CI Resources Limited (“Company” or “CI Resources”) and the Consolidated Entity (“Group”) which includes the Company’s subsidiaries Xi Feng International Pte Ltd (“Xi Feng”) and Phosphate Resources Limited (“PRL”).

The Company previously equity accounted the results of PRL, but a further acquisition of 3% of the shares in PRL on 1 April 2010 has led to a controlling interest and thus the subsidiary is now consolidated into the Group results.

The Consolidated Entity, which combines 9 months of equity accounted results and 3 months of consolidated results is reporting a profit of \$2,083,377 for the year ended 30 June 2010.

Review of operations

Phosphate Resources Limited

The Board of CI Resources has worked towards maximising the value of its investment and is still the largest shareholder in PRL, having increased its holding to 44.74%.

The Company is represented on the Board of PRL by Mr Tee Lip Sin, Mr Phuar Kong Seng and Mr Phua Siak Yeong.

PRL reported a post-tax profit of \$3.18 million for the year ended 30 June 2010 and has paid two dividends during this time. The Company received a total dividend of \$2,577,790.

Xi Feng International Pte Ltd

CI Resources holds a 100% interest in Xi Feng, which currently has impaired all its holdings to nil. The Directors are hopeful of recovering some of these investments.

Subsequent Events

As previously disclosed PRL has continued over a protracted period to seek approval from the Commonwealth to obtain more land for exploration and mining on Christmas Island which would have extended the mine life for PRL.

As advised to the ASX by announcement on the 19th July, 2010, on the 16th July, 2010 the Commonwealth Minister for Environment, Heritage and the Arts advised that he has refused PRL’s application extensions to its mining tenements. PRL’s current mining lease tenure until 4 February 2019 over 2054 hectares is unaffected by the decision.

Significant changes in the state of affairs

1. On 19 October 2009 the Company announced that it would be receiving a dividend from PRL of \$1.00 per share.
2. On 8 January 2010 the Company announced the resignation of a director, Mr Willy Teo.
3. On 2 April 2010 the Company announced that it had used the creep provisions of the Corporations Act 2001 to increase its holding in PRL by 102,300 shares. The Company now holds 44.73% of the issued capital of PRL and is considered to hold a controlling interest in the PRL Group.

4. On 29 June 2010 the Company announced it had received an interim dividend from PRL of \$0.75 per share.

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

Net tangible asset backing

	30 June 2010 \$	30 June 2009 \$
Net assets	73,911,277	31,708,172
Less intangible assets	-	-
Net tangible assets of the company	73,911,277	31,708,172
Fully paid ordinary shares on issue at balance date	72,874,102	72,874,102
Net tangible asset backing per issued ordinary share as at balance date	\$1.01	\$0.43
Earnings per share		
Basic earnings/(loss) per share (cents)	2.86	24.19

Audit details

The financial statements of CI Resources are currently in the process of being audited. It is expected that the audit report will include a qualification in relation to the uncertainty of the value of the company's investment in Xifeng International Pte Ltd as this company does not get audited in accordance with International Audit and Accounting Standards.

CI RESOURCES LIMITED

Statement of Financial Performance
For the financial year ended 30 June 2010

	Notes	Consolidated	
		2010 \$	2009 \$
Revenue from continuing operations	2	20,067,250	175,573
Other income		2,199,108	-
Share of net profits in associates		996,125	19,976,347
Cost of sales	3	(14,223,250)	-
Other expenses	3	(6,057,606)	(3,671,699)
Finance costs		(150,750)	-
Profit before income tax		2,830,877	16,480,222
Income tax expense		(747,500)	-
Profit after income tax		2,083,377	16,480,222
Loss/(Profit) attributable to minority equity interests		(439,673)	1,151,103
Profit attributable to members of CI Resources Limited		1,643,704	17,631,324
Basic and diluted earnings/(loss) per share	4	Cents 2.86	Cents 24.19

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

CI RESOURCES LIMITED

**Statement of Financial Position
As at 30 June 2010**

	Notes	Consolidated	
		30 June 2010 \$	30 June 2009 \$
Current assets			
Cash and cash equivalents	5	28,521,823	6,738,207
Trade and other receivables	6	20,916,458	17,154
Inventories	7	10,166,000	-
Total current assets		59,604,281	6,755,361
Non-current assets			
Term deposits	8	22,842,000	-
Deferred tax assets	9	6,515,000	-
Plant & equipment		10,860,000	-
Intangible assets – mine properties		5,347,000	-
Investments accounted for using the Equity method	11	-	25,076,421
Total non-current assets		45,564,000	25,076,421
Total assets		108,808,281	31,831,782
Current liabilities			
Trade and other payables	13	7,931,705	123,610
Borrowings	14	1,711,000	-
Tax liability	15	130,000	-
Total current liabilities		9,772,705	123,610
Non-current liabilities			
Payables	16	14,465,299	-
Borrowings	17	1,954,000	-
Tax liability	18	4,705,000	-
Total non-current liabilities		21,124,299	-
Total liabilities		30,897,005	123,610
Net assets		73,911,277	31,708,172
Equity			
Contributed equity	19	17,970,336	17,970,336
Reserves	20	332,248	363,967
Accumulated profits/(losses)	21	15,017,573	13,373,869
Dividends paid – current year		(6,299,872)	-
		27,020,285	31,708,172
Non-controlling interest		46,890,992	-
Total equity		73,911,277	31,708,172

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

CI RESOURCES LIMITED

**Statements of recognised income and expense
For the financial year ended 30 June 2010**

	Consolidated	
	2010 \$	2009 \$
Total equity at the beginning of the financial year	31,708,172	14,698,164
Translation of foreign entities and associates	(31,719)	529,787
Dividends paid	(6,299,872)	-
Total income and expense recognised in equity	(6,331,591)	529,787
Profit/(loss) for the year	1,643,704	17,631,324
Movement on non-controlling interest	46,890,992	(1,151,103)
Total recognised income and expense for the year	73,911,277	17,010,008
Total equity at the end of the financial year	73,911,277	31,708,172

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

CI RESOURCES LIMITED

Cash flow Statements
For the financial year ended 30 June 2010

	Notes	Consolidated	
		2010 \$	2009 \$
Cash flows from operating activities			
Receipts from customers		8,132,203	
Payments to suppliers and employees (inclusive of goods and services tax)		(9,823,643)	(716,925)
Dividends received		1,429,180	3,986,463
Dividends paid		(7,448,482)	-
Interest received		408,903	147,617
Net cash inflow from operating activities		(7,301,839)	3,417,155
Cash flows from investing activities			
Payments for investments		(1,432,200)	(1,766,500)
			-
			-
Net cash (outflow) from investing activities		(23,677,324)	(1,766,500)
Cash flows from financing activities			
Borrowings		1,954,000	-
Repayment of borrowings		(2,715,281)	-
Net cash (outflow) from financing activities		(761,281)	-
Net decrease in cash and cash equivalents held		(9,495,320)	1,650,655
Cash and cash equivalents at the beginning of the financial year		6,738,207	5,059,596
Cash acquired on acquisition of Phosphate Resources Limited		31,278,936	-
Foreign exchange		-	27,956
Cash and cash equivalents at the end of the financial year	5	28,521,823	6,738,207

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

**Notes to the financial statements
For the financial year ended 30 June 2010**

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to the financial year ended 30 June 2010, unless otherwise stated.

(a) Basis of preparation

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

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

Compliance with IFRSs

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

Consolidated

2010	2009
\$	\$

Note 2. Revenue

Revenue from continuing operations

Sales	17,609,750	-
Provision of services	2,255,750	-
Interest received	201,750	147,617
Net Foreign exchange gains	-	27,956
Other income	-	-
	20,067,250	175,573

Note 3. Expenses

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

Cost of sales

Production costs	8,970,500	-
Shipping & marketing	4,469,250	-
Depreciation	783,500	-

Other expenses

Provision for impairment	1,852,000	3,013,059
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CI RESOURCES LIMITED

Notes to the financial statements
For the financial year ended 30 June 2010

Note 4. Earnings per share

	2010 Cents
Basic earnings per share	2.68
	2010 Number
Weighted average number of shares used as the denominator	
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share.	<u>72,874,102</u>
	2010 \$
Profit used in calculating basic and diluted losses per share	
Net profit	<u>2,083,377</u>
	2009 Cents
Basic earnings per share	24.19
	2009 Number
Weighted average number of shares used as the denominator	
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share.	<u>72,874,102</u>
	2009 \$
Profit used in calculating basic and diluted losses per share	
Net profit	<u>17,631,324</u>
	Consolidated
	30 June 2010 30 June 2009
	\$ \$

Note 5. Current assets – Cash and cash equivalents

Cash at bank and on hand	26,423,754	4,721,285
Deposits at call	2,098,069	2,016,922
	<u>28,521,823</u>	<u>6,738,207</u>

CI RESOURCES LIMITED

Notes to the financial statements
For the financial year ended 30 June 2010

	Consolidated	
	30 June 2010	30 June 2009
	\$	\$
Note 6. Current assets – Trade and other receivables		
Debtors	18,506,523	17,154
Income tax	(3,944,000)	-
Forward exchange contracts	5,556,000	-
Prepayments	797,935	-
	20,916,458	17,154
Note 7. Current assets – Inventories		
Consumables	2,565,000	-
Finished goods	7,601,000	-
	10,166,000	-
Note 8. Non-current assets – Receivables		
Term deposits	22,482,000	-
Note 9. Non-current assets – Deferred tax assets		
Deferred tax assets	6,515,000	-
Note 10. Non-current assets – Investments accounted for using the equity method		
<p>Prior to 1 April 2010 the Company had a 41.74% interest in the ordinary shares of Phosphate Resources Limited which operates a phosphate mine on Christmas Island. Post 1 April the Company increased its holding to 44.73% and is now considered to have a controlling interest.</p>		
(a) Associated companies (Note 13)		
Phosphate Resources Limited	-	25,076,421
(b) Reconciliation		
At the beginning of the year	25,076,421	9,808,906
Share of associated company's profit/(loss)		
Guizhou Tianfeng Chem-Phos Company	-	-
<i>Less: Minority interest</i>	-	-
Phosphate Resources Limited	996,125	19,976,347
Equity accounted dividends	(1,429,180)	(3,986,463)
Increase in shareholding – Phosphate Resources	1,432,200	1,766,500
Impaired investment	-	(2,488,869)
Foreign currency adjustments		
Re-measurement of equity interest on acquisition of controlling interest in PRL	(26,075,366)	-
	-	25,076,421

CI RESOURCES LIMITED

Notes to the financial statements
For the financial year ended 30 June 2010

	Consolidated	
	30 June 2010	30 June 2009
	\$	\$

Note 11. Investments in associates

(a) Carrying amounts

Information relating to associates is set out below:

Name of company	Principal activity	Ownership interest		
<i>Unlisted</i> Phosphate Resources Limited ¹	Mining	44.74% (2009: 41.74%)	-	25,076,421

¹The above associate is incorporated in Australia

(b) Movements in carrying amounts

	Consolidated	
	30 June 2010	30 June 2009
	\$	\$
<i>Phosphate Resources Limited</i>		
Carrying amount at the beginning of the financial year	25,076,421	7,320,037
Increase in shareholding	1,432,200	1,766,500
Share of profits/(losses) after income tax	996,125	19,976,347
Equity accounted dividends	(1,429,180)	(3,986,463)
Re-measurement of equity interest on acquisition of controlling interest in PRL	(26,075,366)	-
Carrying amount at the end of the financial year	-	25,076,421

(c) Share of associates profits or losses

<i>Phosphate Resources Limited</i>		
Profit after income tax	996,125	19,976,347

Note 12. Controlled entities

CI Resources Limited owns 100% of Xi Feng International Pte Ltd which is incorporated in Singapore and 44.73% of Phosphate Resources Limited which is incorporated in Australia. The voting power in respect to Phosphate Resources is in proportion to ownership.

Note 13. Current liabilities – Trade and other payables

Trade payables	5,557,705	63,554
Other payables	2,374,000	60,056
	7,931,705	123,610

Note 14. Current liabilities – Borrowings

Other loans	526,000	-
Lease liabilities	1,185,000	-
	1,711,000	-

CI RESOURCES LIMITED

Notes to the financial statements
For the financial year ended 30 June 2010

	Consolidated			
	30 June 2010	30 June 2009		
	\$	\$		
Note 15. Current liabilities – Tax liability				
Tax payable	130,000	-		
Note 16. Non-current liabilities – Payables				
Provision for redundancy	5,349,000			
Provision for employee entitlements	2,164,000			
Provision for restoration	6,904,000	-		
Loans from associates	48,299	-		
	<u>14,465,299</u>	-		
Note 17. Non-current liabilities – Borrowings				
Lease liability	1,954,000	-		
Note 18. Non-current liabilities – Tax liability				
Deferred tax liability	4,705,000	-		
Note 19. Contributed equity				
	Number of	\$		
(a) Share capital	shares			
Ordinary shares – fully paid	72,874,102	17,970,336		
(b) Movements in ordinary share capital				
Date	Details	Number of shares	Issue price \$	\$
1 July 2008	Opening balance	72,874,102		17,970,336
30 June 2009	Closing balance	72,874,102		17,970,336
30 June 2010	Closing balance	<u>72,874,102</u>		<u>17,970,336</u>
(c) Ordinary shares				
Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.				

**Notes to the financial statements
For the financial year ended 30 June 2010**

	Consolidated	
	30 June 2010	30 June 2009
	\$	\$

Note 20. Reserves

Foreign exchange translation reserve	<u>332,248</u>	<u>363,967</u>
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Foreign currency translation reserve

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

Movements in reserves

Foreign exchange translation reserve

Balance at the beginning of the year	363,967	(165,820)
FX on translation of financial report	<u>(31,719)</u>	<u>529,787</u>
Balance at the end of the period	<u>332,248</u>	<u>363,967</u>

Note 21. Accumulated losses

Accumulated losses at the beginning of the year	13,373,869	(4,257,455)
Net profit attributable to members of CI Resources Limited	<u>1,643,704</u>	<u>17,631,324</u>
Accumulated profits/(losses) at the end of the financial year	<u>15,017,573</u>	<u>13,373,869</u>

Note 22. Events occurring after reporting date

As previously disclosed PRL has continued over a protracted period to seek approval from the Commonwealth to obtain more land for exploration and mining on Christmas Island which would have extended the mine life for PRL.

As advised to the ASX by announcement on the 19th July, 2010, on the 16th July, 2010 the Commonwealth Minister for Environment, Heritage and the Arts advised that he has refused PRL's application extensions to its mining tenements. PRL's current mining lease tenure until 4 February 2019 over 2054 heactares is unaffected by the decision.

Other than that shown above, there are no matters or circumstances that have arisen since 30 June 2010 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.