

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

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**This Preliminary Final Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.2A.3**

Current Reporting Period: 30 June 2006

Previous Corresponding Period: 30 June 2005

For and on behalf of the Directors



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**PETER TORRE**  
**DIRECTOR/COMPANY SECRETARY**

Dated: 31 August 2006

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

<b>Revenue and Net Profit (Loss)</b>				<b>AUD \$'000's</b>
Revenue from ordinary activities	up	89%	to	\$198
Profit/(Loss) from ordinary activities after tax attributable to members	down	424%	to	\$(269)
Net Profit/(Loss) for the period attributable to members	down	424%	to	\$(269)

**Dividends**

No dividends have been paid or declared during the interim period. The Directors do not recommend the payment of a dividend in respect of the interim period.

**COMMENTARY ON RESULTS  
AND OTHER SIGNIFICANT INFORMATION**

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**NET TANGIBLE ASSET BACKING**

	<b>30 June 2006</b>	<b>30 June 2005</b>
	\$	\$
Net Assets	10,043,920	8,929,990
Less intangible assets	-	-
Net tangible assets of the Company	10,043,920	8,929,990
Fully paid ordinary shares on issue at Balance Date	60,874,102	58,347,102
Net tangible asset backing per issued ordinary share as at Balance Date (cents)	0.16	0.15

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS OF THE COMPANY**

No significant changes took place during the period in the state of affairs of the consolidated entity.

**DETAILS OF ASSOCIATES**

ASSOCIATE	PERCENTAGE HOLDING		AGGREGATE SHARE OF LOSS	
	CURRENT PERIOD	PREVIOUS CORRESPONDING PERIOD	CURRENT PERIOD	PREVIOUS CORRESPONDING PERIOD
Guizhou Chitianhua Group Tianfeng Chemical Industrial Co., Ltd	32%	Nil	(201,121)	Nil

**CI RESOURCES LIMITED**  
**INTERIM FINANCIAL REPORT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2006**

## **CI Resources Limited Directors' Report**

Your directors present their report on the Company for the half year ended 30 June 2006.

### **Directors**

The names of persons who were directors of CI Resources Limited during the whole of the half-year and up to the date of this report are:

Mark Victor Caruso  
Oh Kim Sun  
Dato Lim Say Chong  
Peter Patrick Torre

### **Review of Operations**

The loss after income tax for the six months ended 30 June 2006 for the company was \$268,796 (2005:\$51,279)

The period under review has been one in which the board of CI Resources has reflected on the unsuccessful takeover and merger attempts with Phosphate Resources Limited and worked towards implementing a strategy which will see the company maximise its value from this investment. CI Resources Limited is still the largest shareholder in Phosphate Resources Limited with its 39.06% shareholding.

It has also been a period which has seen the Groups Associate company Guizhou Chitianhua Group Tianfeng Chemical Industrial Co., Ltd (GCGTC) commence trading profitable on a monthly basis, albeit the cumulative result for the period under review was a net loss.

#### *Phosphate Resources Limited*

Phosphate Resources Limited is expected to report a profit for the year ended 30 June 2006. Its half year results to 31 December 2005 reported a profit before income tax of \$3.6 million.

It is expected that its second half results will not be as strong due to unforeseen circumstances which have affected the operations.

The Environmental Impact Study (EIS) undertaken as part of Phosphate Resource Limited's application for additional mining leases over a further 256 hectares was released to the public for comment. It is the company's hope that its application will be approved. The additional mine life will allow the Company to participate in securing long term employment for its employees and the continuity of the community on Christmas Island along with delivering future returns to shareholders.

#### *Xi Feng International Pte Ltd*

Xi Feng International Pte Ltd (Xi Feng) has maintained its 32% in GCGTC. As advised in the 2005 annual report, GCGTC had reported a loss for the first three months operations due to factors beyond the control of management. The directors of CI Resources Limited also advised at the time that losses were expected during the first half of the 2006 financial year.

**CI Resources Limited**  
**Directors' Report**

Although a net loss of RMB3.7 million (approximately \$630,000) has been recorded for the period, of which the groups share represents \$201,121, the directors are pleased that GCTC has commenced trading profitably since April 2006.

Xi Feng was also presented with an opportunity to acquire a shipment of product from the GCGTC which it then on sold for a profit.

**Auditor's Independence Declaration**

The auditors Independence Declaration attached to this financial report forms part of the directors report for the half year ended 30 June 2006. This relates to the audit report, where they state that they have issued an Independent Declaration.

This report is made in accordance with a resolution of the Board of Directors and is signed for and behalf of the directors by:



Mark Victor Caruso  
Director

Perth  
31 August 2006

**CI Resources Limited**

**Income Statement**  
**for the Half-Year Ended 30 June 2006**

	<b>Note</b>	<b>Half Year</b>	
		<b>2006</b>	<b>2005</b>
Revenue from ordinary activities		198,137	104,900
Purchase of Materials		(131,170)	-
Directors Remuneration and Employee Expenses		(100,055)	(55,409)
Accounting, Audit, Legal and Other Professional Expenses		(42,723)	(12,572)
Administration, Corporate and Travel Expenses		(118,202)	(88,198)
Share of net losses of associates		<u>(201,121)</u>	-
<b>Loss before income tax expense</b>		(395,134)	(51,279)
Income tax expense		<u>-</u>	<u>-</u>
<b>Loss after income tax expense</b>		(395,134)	(51,279)
Loss attributable to minority equity interests		<u>126,338</u>	-
<b>Loss attributable to members of the parent entity</b>		<u><u>(268,796)</u></u>	<u><u>(51,279)</u></u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		(0.44)	(0.09)
Diluted earnings per share		N/A	N/A

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

## CI Resources Limited

### Balance Sheet As at 30 June 2006

	30 June 2006 \$	31 December 2005 \$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	2,250,379	2,471,013
Trade and other receivables	149,148	68,966
Other current assets	34,020	15,661
<b>Total Current Assets</b>	<b>2,433,547</b>	<b>2,555,640</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	1,620	2,696
Investments accounted for using the equity method	2,868,452	2,986,487
Other Financial Assets	5,034,393	5,034,393
<b>Total Non-Current Assets</b>	<b>7,904,465</b>	<b>8,023,576</b>
<b>TOTAL ASSETS</b>	<b>10,338,012</b>	<b>10,579,216</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	294,092	216,954
<b>Total Current Liabilities</b>	<b>294,092</b>	<b>216,954</b>
<b>TOTAL LIABILITIES</b>	<b>294,092</b>	<b>216,954</b>
<b>NET ASSETS</b>	<b>10,043,920</b>	<b>10,362,262</b>
<b>EQUITY</b>		
Issued Capital	15,210,336	15,210,336
Accumulated Losses	(6,526,275)	(6,257,479)
Reserves	38,129	(1,055)
Parent Interest	8,722,190	8,951,802
Minority Equity Interest	1,321,730	1,410,460
<b>TOTAL EQUITY</b>	<b>10,043,920</b>	<b>10,362,262</b>

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

## CI Resources Limited

### Cash Flow Statement for the Half-Year Ended 30 June 2006

	Half Year	
	2006	2005
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(383,667)	(196,458)
Interest received	60,693	104,243
<b>Net Operating Cash Flows</b>	<u>(322,974)</u>	<u>(92,215)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for other financial assets	-	(95,423)
Payments for security deposits	-	-
<b>Net Investing Cash flows</b>	<u>-</u>	<u>(95,423)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Funds received from repayment of loan	-	50,000
Proceeds from Borrowings	190,073	-
Repayment of Borrowings	(85,335)	-
Loans to related parties	(2,970)	-
<b>Net Financing Cash Flows</b>	<u>101,768</u>	<u>50,000</u>
NET INCREASE IN CASH HELD	(221,206)	(137,638)
Net cash at beginning of period	2,471,013	3,946,922
Effect of exchange rates on cash holdings in foreign currencies	572	-
<b>NET CASH AT END OF PERIOD</b>	<u>2,250,379</u>	<u>3,809,284</u>

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



## CI Resources Limited

### Statement of Changes in Equity for the Half-Year Ended 30 June 2006

	Issued capital \$	Retained earnings \$	Foreign Currency Translation Reserve	Minority Interests	Total Equity \$
<b>At 1 January 2005</b>	14,710,336	(5,729,067)	-	-	8,981,269
Loss for the period	-	(51,279)			(51,279)
<b>Total recognised income and expense for the period</b>	-	(51,279)			(51,279)
Issue of Capital	-	-	-	-	-
Translation of foreign controlled entities	-	-	-	-	-
<b>At 30 June 2005</b>	14,710,336	(5,780,346)	-	-	8,929,990

	Issued capital \$	Retained earnings \$	Foreign Currency Translation Reserve	Minority Interests	Total Equity \$
<b>At 1 January 2006</b>	15,210,336	(6,257,479)	(1,055)	1,410,460	10,362,262
Issue of Capital	-	-	-	-	-
Translation of foreign controlled entities and associates	-	-	39,184	37,608	76,792
<b>Net Income recognised directly in equity</b>	-	-	39,184	37,608	76,792
Loss for the period	-	(268,796)	-	(126,338)	(395,134)
<b>Total recognised income and expense for the period</b>	-	(268,769)	39,184	(88,730)	(318,342)
<b>At 30 June 2006</b>	15,210,336	(6,526,275)	38,129	1,321,730	10,043,920

**CI Resources Limited**  
**Notes To The Financial Statements**  
**for the Half-Year Ended 30 June 2006**

**Note 1. Basis of Preparation of Half-Year Financial Statements**

This general purpose financial report for the interim half-year reporting period ended 30 June 2006 has been prepared in accordance with Australian Accounting Standard 134 "Interim Financial Reporting", Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. The historical cost basis has been used.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 31 December 2005 and any public announcements made by CI Resources Limited during the half year in accordance with the continuous disclosure requirements arising under the Corporations Act 2001.

This interim report does not include all the notes of the type normally included in an annual financial report.

**Reporting Basis and Conventions**

The half year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

**Note 2. Contingent Liabilities**

There have been no changes in contingent liabilities or contingent assets since the last annual reporting date, 31 December 2005.

**Note 3. Events Subsequent to Balance Date**

There have been no events subsequent to balance date which require reporting in this interim financial report.

**Note 4. Segment Information**

During the 2005 Interim period, CI Resources Limited was a stand alone entity which operated predominantly in Australia in the investment industry.

**Business Segments**

The economic entities business segments operate predominately in the investment industry.

**Accounting Policies**

Segment revenues and expenses are those directly attributable to the segments. Segment assets include all assets used by a segment and consist primarily of cash, receivables and investments net of allowances. Segment liabilities consist principally of payables and accrued expenses. Segment assets and liabilities do not include deferred income taxes.

**CI Resources Limited**  
**Notes To The Financial Statements**  
**for the Half-Year Ended 30 June 2006**

**Note 4. Segment Information Cont..**

	<b>Australia 2006 \$</b>	<b>Singapore 2006 \$</b>	<b>Eliminations 2006 \$</b>	<b>Consolidated 2006 \$</b>
<b>Primary Reporting – Geographical Segments</b>				
<b>REVENUE</b>				
Sales Revenue	-	137,444	-	137,444
External interest revenue	60,693	-	-	60,693
<b>Total revenue from ordinary activities</b>	<b>60,693</b>	<b>137,444</b>	<b>-</b>	<b>198,137</b>
<b>RESULT</b>				
Segment Result	(137,301)	(56,712)	-	(194,013)
Share of net losses of equity accounted associates	-	(201,121)	-	(201,121)
Unallocated Expenses			-	-
Profit before income tax				(395,134)
Income tax expense				-
<b>Profit after income tax</b>				<b>(395,134)</b>
<b>ASSETS</b>				
Segment Assets	9,059,622	3,033,640	(1,755,250)	10,338,012
<b>Total Assets</b>				
<b>LIABILITIES</b>				
Segment Liabilities	56,431	336,434	(98,773)	294,092
<b>Total Liabilities</b>				<b>294,092</b>

## CI Resources Limited

### Declaration by Directors

The directors of the company declare that:

1. The financial statements, comprising the Income Statement, Balance Sheet, Statement of Cash Flows, Statement of Changes in Equity and accompanying notes:
  - (a) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the entity's financial position as at 30 June 2006 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and behalf of the directors by:



Mark Victor Caruso  
Director

PERTH  
31 August 2006



Chartered Accountants  
& Advisers

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31 August 2006

The Directors  
CI Resources Limited  
C/- Prospera Corporate Tempo Offices  
Unit B9, 431 Roberts Road  
SUBIACO WA 6008

## **DECLARATION OF INDEPENDENCE BY BDO CHARTERED ACCOUNTANTS TO THE DIRECTORS OF CI RESOURCES LIMITED**

To the best of my knowledge and belief, there have been no contraventions of:

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

**BDO**

Chartered Accountants

**BG McVeigh**

Partner





Chartered Accountants  
& Advisers

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## INDEPENDENT REVIEW REPORT TO THE MEMBERS OF CI RESOURCES LIMITED

### Scope

We have reviewed the financial report comprising the Income Statement, Balance Sheet, Statement of Cash Flows, Statement of Changes in Equity, accompanying notes and Directors' Declaration of CI Resources Limited for the half-year ended 30 June 2006. The disclosing entity's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 134: Interim Financial Reporting, other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the disclosing entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial report with the Australian Securities & Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the disclosing entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

The independence declaration given to the directors in accordance with section 307C would be in the same terms if it had been given at the date of this report.

### Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of CI Resources Limited is not in accordance with:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the disclosing entity's financial position as at 30 June 2006 and of its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

### BDO

Chartered Accountants

**BG McVeigh**

Partner

Perth, Western Australia  
Dated this 31<sup>st</sup> day of August 2006

