

6 July 2010

Prosperity Minerals Holdings Limited
(“Prosperity”, or “the Company” or “the Group”)

Financial Results for the Year ended 31 March 2010

Prosperity Minerals Holdings Limited (AIM: PMHL.L), an iron ore trading business serving the People’s Republic of China (“PRC”) and also a holder of investments in entities involved in the manufacture and sale of cement and clinker in the same market, and specialty real estate development properties, today announces its results for the year ended 31 March 2010. All figures are expressed in US dollars unless otherwise stated.

Financial Highlights

- 31% increase in revenue to \$849.0 million (2009: \$647.7 million)
- 2% decrease in EBITDA to \$43.5 million (2009: \$44.3 million)
- 65% increase in operating profit to \$35.6 million (2009: \$21.6 million)
- 140% increase in profit before tax to \$18.5 million (2009: \$7.7 million)
- Basic earnings per share of 8.4 cents (2009: 3.7 cents)
- Proposed final dividend of 9.0 cents per share (2009: 1.7 cents)

Operating highlights

Iron Ore Trading

- The total tonnage shipped by Prosperity increased by 80% year-on-year to 7.9 million tonnes (2009: 4.4 million tonnes)
- Segment profit per tonne was lower than the previous year due to continued volatility in the market and a substantial drop in iron ore prices in the first half of the year under review when Prosperity shipped most of the iron ore
- Iron ore trading contributed a segment profit¹ of \$10.3 million (2009: \$14.7 million)

Cement Manufacturing (discontinued operation, except for ACC³)

- Profit from discontinued operations¹ contributed \$20.4 million (2009: loss of \$4.9 million). This includes segment profit² consisting of YDM³ and the greenfield projects in Chongqing Municipal City and Guizhou City, all wholly-owned, and Liaoning Changqing, 75% owned; as well as Prosperity’s share of profits from PCC³, 25% owned; Anning³, 30% owned; and Baoshan³, 30% owned; and Guangzhou Nanfang³, 40% owned
- Prosperity has retained its 33.06% interest in ACC³ post disposal of the cement business. During fiscal 2009/10, ACC contributed an attributable profit of \$0.1 million (2009: loss of \$4.0 million)

Post period end highlights

- On 30 April 2010, Prosperity successfully completed the sale of its cement business, except for ACC³, to TCC International Limited for HK\$3.8 billion (approximately US\$500 million) in cash
- On 24 May 2010, the Company announced that it had entered into an agreement to purchase a 25% interest in Liaoning Changqing³ from its former joint venture partner. Trial production of a new 2 million tonnes per year clinker production line commenced on 28 April 2010 with full production expected to commence in September 2010
- On 1 June 2010, Prosperity announced that it had entered into a number of agreements for the acquisition and development of property interests in the PRC which, if completed, will result in real estate investment and development becoming a core business of the Company; and that it had entered into an iron ore master off-take agreement for the purpose of purchasing Malaysian iron ore from Grace Wise Pte Limited

Corporate update

- Mr. Jian Ping Wu stepped down from the Prosperity Board with effect from 22 December 2009, following the signing of an agreement for Prosperity to sell its cement business. He remains a Director and General Manager of YDM² and PCC²
- Mr. Even Sheng was appointed to the Prosperity Board as an independent Non-executive Director, effective 5 February 2010. He has over 35 years experience in real estate and other industries in the PRC
- On 1 March 2010 shareholders approved a share buy-back authority of up to c. 40 million of the Company's shares, representing approximately 30 per cent of the outstanding issued shares for consideration

Copies of the Company's Annual Report and Accounts for the year ended 31 March 2010 will be available for download from the Company's website: www.pmhl.co.uk and posted to shareholders by 31 July 2010.

Chairman and CEO, David Wong said:

"...We were rewarded this year with the very successful sale of our cement business to TCC International Limited ("TCCI") for HK\$3.8 billion (approximately US\$500 million) in cash.

"It is my mission, as Chairman and CEO, to create value for shareholders and the establishment, development and, ultimate divestment of our cement business is a successful demonstration of this. Over four years, we created one of the leading cement players in the PRC through a number of timely investments and acquisitions, which galvanized its value, a fact recognised by TCCI. Going forward, however, our cement business would have required significant new capital and I believe better returns are available for Prosperity's shareholders if we invest elsewhere. There is a time to invest and grow – and a time to realize value. But such decisions, by the Board, can only be made based on long experience and in depth knowledge of the Chinese market place.

"In my view, too, the cement industry is only one of many incidental beneficiaries of the development of the economy in the PRC. In turn, this has led us to seek other opportunities to create value, including real estate. It is a market with which the Prosperity team is already very familiar. Furthermore, in addition to our iron ore trading operations we intend to act as a specialty real estate developer in China, focusing only on prospectively profitable projects in prime or promising locations with good cash flow....It is not the Company's aim to become the biggest property company in the PRC but to be one of the most profitable; and I believe we have the capability to achieve this.

"I believe Prosperity is strongly positioned and able to grow the business and to continue to increase value for shareholders."

Notes:

The average exchange rates for the year ended 31 March 2010 and 31 March 2009 were \$1 = RMB6.8282 and RMB6.8695 respectively and on 31 March 2010 it was \$1 = RMB6.8260.

¹ Profit from discontinued operations: On 11 December 2009, Prosperity entered into a conditional sale and purchase agreement with TCC International Holdings Limited ("TCCI") pursuant to which Prosperity agreed to sell its cement manufacturing business, except for its 33.06% interest in ACC³, to TCCI. As a result of the sale, the Group's business operations in manufacture and sale of cement and clinker were discontinued.

² Segment profit: Net profit after taxation, adjusted for head office or corporate administration costs which are not specifically attributable to individual segments

³ Cement Manufacturing companies:

- YDM: Yingde Dragon Mountain Co., Ltd
- PCC: Prosperity Conch Cement Co., Ltd
- ACC: Anhui Chaodong Cement Co., Ltd
- Anning: Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd;
- Baoshan: Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd
- Guangzhou Nanfang: Guangzhou K. Wah Cement Company Ltd

Prosperity also held the following 3 greenfield cement projects:

- 100% interest in a project in Chongqing Municipal City;
- 75% interest in a project in Liaoning Province ("Liaoning Changqing"); and
- 100% interest in a project in Guizhou Province.

Enquiries:

Prosperity Minerals Holdings Limited +44 (0) 20 7638 9571

Patrick Li
Sandy Chim
Neelke Kruger

Citigate Dewe Rogerson +44 (0) 20 7638 9571

Martin Jackson
George Cazenove
Kate Lehane

Daniel Stewart & Company plc +44 (0) 20 7776 6550

Simon Leathers
Emma Earl

Notes to Editors:

Prosperity (AIM: PMHL) is:

- An iron ore trading business serving the PRC;
- Involved in the manufacture and sale of cement and clinker in the same market; and
- An investor in specialty real estate development projects.

Prosperity recently disposed of its cement business in the PRC but retained its 33.06% interest in Anhui Chaodong Cement Company Limited ("ACC"). ACC is located in Anhui Province in eastern PRC. The designed sellable output capacity of clinker** and cement at ACC is 3.4 million tonnes per year. Prosperity is also in the process of acquiring a 25% equity interest in Liaoning Changqing Cement Co. Limited ("Liaoning Changqing"). Liaoning Changqing recently completed construction of a cement and clinker production line in Liaoning, PRC with a production capacity of 2 million tonnes per annum. Trial production commenced on 28 April 2010, the start of normal production is expected in September 2010.

The iron ore trading business has been operating since 1992 and sources iron ore, for shipment and use in the PRC, from major international iron ore producers in South Africa, Brazil and Australia, as well as from South East Asia, Thailand and Malaysia in particular. The majority of the Company's iron ore is sold to the large steel manufacturers in the PRC and, in the fiscal year ended 31 March 2009, Prosperity shipped 4.4 million tonnes of iron ore. This volume increased to 7.9 million tonnes in the fiscal year ended 31 March 2010.

The PRC is the World's third largest economy (behind the US and Japan) and the largest producer and consumer of cement and the biggest buyer of iron ore.

As from 1 February 2010, Prosperity also has a real estate investment and development division and has recently entered into a number of agreements designed to build up a portfolio of PRC property and development assets.

***Clinker is a complex calcium alumino-silicate material produced by the calcinations of limestone and clays. It is then ground and mixed with gypsum to form cement or, more correctly, Portland Cement.*

Chairman's Statement

I am pleased to report satisfactory results in all of Prosperity's business units for the year under review and I look forward with great confidence to the future.

SUCCESSFUL SALE OF THE CEMENT BUSINESS IN THE CONTEXT OF PROSPERITY'S EVOLUTION

Over the last four years, since we listed Prosperity on AIM, we have seen the flooding of our cement plant in Guangdong Province in 2006, peaks in the freight and resources markets coupled with continued volatility in those markets, as well as the unprecedented global financial crisis. During this time, we continued to work hard, particularly with the expansion of our new cement business in the PRC; and, as is well documented, we were rewarded this year with the very successful sale of that business to TCC International Holdings Limited ("TCCI") for HK\$3.8 billion (approximately US\$500 million) in cash.

It is my mission, as Chairman and CEO, to create value for shareholders and the establishment, development and, ultimate divestment of our cement business is a successful demonstration of this. Over four years, we created one of the leading cement players in the PRC through a number of timely investments and acquisitions, which galvanized its value, a fact recognised by TCCI.

Going forward, however, our cement business would have required significant new capital and I believe better returns are available for Prosperity's shareholders if we invest elsewhere. There is a time to invest and grow – and a time to realize value. But such decisions, by the Board, can only be made based on long experience and in-depth knowledge of the Chinese market place.

In my view, too, the cement industry is only one of many incidental beneficiaries of the development of the economy in the PRC. In turn, this has led us to seek other opportunities to create value, including real estate. I realise that there has been some controversy about the timing of this decision. However, it is a market with which the Prosperity team is already very familiar. Furthermore, in addition to our iron ore trading operations we intend to act as a specialty real estate developer in China, focusing only on prospectively profitable projects in prime or promising locations with good cash flow.

CEMENT MANUFACTURING

The Company delivered successful expansion of gross cement production capacity from 13.8 million tonnes in 2006 to 22 million tonnes in 2009. The new production facilities under construction were expected to expand gross cement production capacity to over 30 million tonnes by fiscal 2012.

Following the successful sale of Prosperity's cement business that was concluded on 30 April 2010, Prosperity retained its 33.06 per cent interest in Anhui Chaodong Cement Company Ltd ("ACC"), which is listed on the Shanghai Stock Exchange under listing code: 600318 and has an attributable market value of about two and a half times (as at end June 2010) our original RMB198 million investment.

On 24 May 2010, the Company announced that it had entered into an agreement to buy a 25 per cent interest in Liaoning Changqing Cement Co. Limited ("Liaoning Changqing") from our former joint venture partner. Prosperity had sold its former 75 per cent interest in Liaoning Changqing to TCCI as part of the sale of the cement business. Given that Prosperity has a long established relationship with both the Vendor and TCCI, and the Directors believe that the price sought by the Vendor was attractive, the Directors also believed that it would be in the interests of Prosperity and its shareholders for Prosperity to purchase the 25per cent equity interest in Liaoning Changqing from the Vendor for investment purposes.

IRON ORE

Iron ore imports into the PRC increased significantly by 41 per cent in 2009 on the back of strong demand from Chinese steel mills. Prosperity shipped record tonnage of 7.9 million tonnes of iron ore in the year under review, representing an 80 per cent increase from the 4.4 million tonnes shipped in the previous fiscal year. I wish to thank our experienced and hard-working iron ore trading team for their relentless efforts in making this happen.

The Company's focus remains increasing the tonnage shipped during the current fiscal year. Prosperity expects to ship more iron ore from Malaysia in future, following the signing of the iron ore master off-take agreement on 31 May 2010, which gives Prosperity first right of refusal for the Malaysian iron ore; however the Company is not obliged to take any or all these shipments.

The Company has also maintained its prudent risk management policy, whereby it engages only in back-to-back transactions with no inventory being held.

PROPERTY INVESTMENT AND DEVELOPMENT

PRC real estate investment and development is a new market for Prosperity but one in which our real estate development team and I have extensive experience. The Company established a real estate investment and development division in February 2010 and appointed a professional team with the relevant experience and expertise to investigate potential projects. It is not the Company's aim to become the biggest property company in the PRC but to be one of the most profitable; and I believe we have the capability to achieve this. On 1 June 2010 the Company announced that it is in the process of acquiring and developing certain property interests in the PRC.

SHARE BUY-BACK AUTHORITY

In my view, the equity markets are not always efficient, particularly when it comes to valuing underlying assets, even cash balances; and I have discussed this with a number of our shareholders. Subsequently, and with their agreement at an Extraordinary General Meeting (on 1 March 2010), we have established a share buy-back mechanism which can be used as a catalyst to narrowing the gap between net asset value per share and the current share price.

Under the share buy-back authority, the Company can repurchase up to 40,345,549 of its own shares, representing approximately 30 per cent of the outstanding issued shares of the Company. The maximum price to be paid per share is 120 per cent of the average mid-market closing price for the five business days immediately preceding the date of purchase. This authority is currently set to expire at the conclusion of the Company's next Annual General Meeting ("AGM") on 3 September 2010, although it may be renewed at that meeting.

The share buy-back by the Company pursuant to the share buy-back mandate constitutes a deemed acquisition by Prosperity International Holdings (H.K.) Limited ("PIHL") of interests in the Company under the HK Listing Rules. Such level of cash utilisation would require PIHL to seek its shareholders' prior approval under the HK Listing Rules. The Company has therefore given PIHL an undertaking that it will not exercise its share buyback mandate to purchase more than £50.6 million of its own shares pursuant to the share buy-back mandate unless it has given prior notice to PIHL and any such further exercise is subject to PIHL complying with its obligations under the HK Listing Rules at the relevant time. I would like to emphasise that the undertaking does not restrict the Company from buying back more than £50.6 million of its own shares. In the event that the ceiling is reached, the Company is only required to allow PIHL more time to comply with its regulatory requirements. This undertaking also expires at the next AGM of the Company and, provided that the share buyback authority is renewed at the AGM, the Company intends to give a similar undertaking to PIHL.

The making and timing of any buy-back is at the discretion of the Board, taking into consideration the future funding needs of the Company, reduced liquidity of public float, current market conditions and pricing.

CORPORATE GOVERNANCE

The Company remains committed to achieving high standards of corporate governance, with the objective of building long term interests and maximizing returns for its shareholders. I wish to thank our Non-executive Directors for their continued efforts in helping the Company to achieve and maintain these standards. Their valuable contributions are highly appreciated.

BOARD CHANGES

Jian Ping Wu stepped down from the Prosperity Board with effect from 22 December 2009, following the signing of an agreement for Prosperity to sell its cement business. He remains a Director and General Manager of Yingde Dragon Mountain Cement Co. Ltd (“YDM”) and Prosperity Conch Cement Co. Ltd (“PCC”) which was sold to TCCI under the sale and purchase agreement. On behalf of myself and the Board, I wish to express my sincerest gratitude to Jian Ping Wu for his valuable contributions as an Executive Director of the Company.

I am pleased to report that Even Sheng was appointed to the Prosperity Board as an independent Non-executive Director, effective 5 February 2010. Even Sheng, aged 67, has over 35 years experience in real estate and other industries in the PRC.

OUR PEOPLE

The Company’s achievements in the year were only made possible by the skill, dedication and passion of the people who work for Prosperity. On behalf of myself and the Board, I wish to express my sincerest gratitude to all management and staff for their hard work throughout the year.

I would also like to extend a special thank you to Prosperity’s cement management and staff and the professional teams which assisted Prosperity to complete the sale. I would also like to thank the noteholders and bankers who helped to fund the expansion of the Company’s cement manufacturing business.

SHAREHOLDERS

I would also like to thank our shareholders for their continued support.

DIVIDEND

A final dividend of 9.0 cents per ordinary share (2009: 1.7 cents) has been recommended by the Board. If approved at the AGM on 3 September 2010, the total dividend for the year will be 9.0 cents per ordinary share (2009: 1.7 cents).

PROSPECTS

The PRC has a population of 1.34 billion people, which is some 20 per cent of the World’s population. The Chinese economy achieved 8.7 per cent GDP growth in 2009 and 11.9 per cent in the first quarter of 2010. All of the provinces in which Prosperity operates have a consistently higher GDP growth rate than the national average. The Company’s executive team and Board of Directors have in-depth knowledge of the Chinese market supported by a wealth of experience in doing business in the region.

Spectacular growth in the PRC economy over the last couple of decades has expanded the middle class in the country. Ordinary citizens are becoming more affluent which is driving demand for residential properties as they seek to increase their quality of living. Chinese people perceive property as a store of value and many choose to use their savings to invest in property. The PRC government’s long term policy of urbanization is also underpinning demand for high quality housing in the cities.

Demand for iron ore in the PRC remains strong although continued volatility in the market remains a challenge. The Company is working towards continuing to increase iron ore tonnage shipped and the iron ore master off-take agreement is a big step towards that goal.

I believe Prosperity is strongly positioned and able to grow the business and to continue to increase value for shareholders.

(David) Ben Koon Wong
Chairman & CEO
6 July 2010

Operating Review

CEMENT OPERATIONS

Note: Prosperity's cement operations, excluding ACC, were sold to TCC International Holdings Limited. Prosperity's attributable profit from associates (i.e. PCC, Anning and Baoshan) and jointly controlled entity (i.e. Guangzhou Nanfang) during the year under review is only up to 31 December 2009.

Yingde Dragon Mountain Cement Co., Ltd

During the period under review, Prosperity held 100 per cent of YDM. During the fiscal year 2009/10 YDM contributed \$29.5 million to segment profit (2009: \$12.8 million). Throughout the period YDM operated at near full capacity and inventory was stable, despite weak demand for cement in Guangdong Province.

Prosperity Conch Cement Co., Ltd

During the period under review, Prosperity held a 25 per cent interest in PCC, which is situated adjacent to YDM and, as such, experiences similar conditions. PCC contributed a share of profit of associates of \$13.1 million (2009: \$8.4 million).

Anhui Chaodong Cement Co., Ltd

Prosperity holds a 33.06 per cent interest in ACC. ACC is a cement and clinker production facility in Chao Hu City, Anhui Province. It is listed on the Shanghai Stock Exchange under the listing code: 600318. ACC reported an attributable profit of \$0.1 million (2009: attributable loss of \$4.0 million).

Construction of the new residual heat electricity generation unit at ACC's clinker production line commissioned in December 2008, was completed and successfully commissioned in September 2009.

Construction of the second new clinker production line at ACC is on schedule and is expected to be completed by the end of calendar 2010. The new production line will add a further 2.0 million tonnes per year to ACC's current saleable capacity of 3.4 million tonnes of cement and clinker.

Guangzhou K. Wah Nanfang Cement Co., Ltd

During the period under review, Prosperity held a 40 per cent interest in Guangzhou Nanfang. It is a cement grinding facility located in downtown Guangzhou City, Guangdong Province, with a designed saleable capacity of 0.8 million tonnes of cement.

Guangzhou Nanfang continued to consume a substantial amount of clinker from YDM during the period, denying competing grinding facilities in the region access to that clinker while strengthening YDM's sales.

Guangzhou Nanfang, however, suffered from its comparatively small capacity and keen competition in the region, reporting an attributable loss of \$5.7 million in the year under review (2009: attributable loss of \$2.7 million).

Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd

During the period under review, Prosperity held a 30 per cent interest in Anning. It is a cement and clinker production facility located in Anning City, Yunnan Province. The plant has a designed saleable capacity of 2.7 million tonnes of cement and clinker per year.

Anning reported an attributable profit of \$2.4 million (2009: attributable loss of \$0.2 million).

Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd

During the period under review, Prosperity held a 30 per cent interest in Baoshan. Baoshan is a cement and clinker production facility located in Baoshan City, Yunnan province and has a designed saleable capacity of 1.8 million tonnes of cement and clinker per year. Baoshan contributed an attributable profit of \$2.1 million (2009: \$0.8 million).

INVESTMENT IN GREENFIELD PROJECTS IN CHINA

Chongqing Municipal City

During the period under review, Prosperity held a 100 per cent interest in a greenfield cement and clinker production facility in Chongqing Municipal City.

Construction of a 2.0 million tonnes per year clinker production line had commenced in May 2009 and is expected to be commissioned by the end of fiscal 2011.

Dengta City, Liaoning Province

During the period under review, Prosperity held a 75 per cent interest in a greenfield cement and clinker project near Shenyang, the capital city of Liaoning Province in northern China. Construction of a 2.0 million tonnes per year clinker production line commenced trial production on 28 April 2010 and is expected to commence full production by September 2010.

Guiyang City, Guizhou Province

During the period under review, Prosperity held a 100 per cent interest in a greenfield cement and clinker project in Guiyang City, the capital of Guizhou Province. The first clinker production line of 2.0 million tonnes per year is expected to be completed by the end of fiscal 2011.

IRON ORE TRADING

Prosperity's iron ore trading business performed well and contributed a segment profit of \$10.3 million (2009: \$14.7 million). Prosperity's experienced and diligent iron ore trading team managed to substantially increase the total tonnage shipped in the fiscal year 2009/10 to 7.9 million tonnes from 4.4 million tonnes in the previous period, representing an increase of 80 per cent. Segment profit per tonne, however, was lower than the previous year due to continued volatility in the market and a substantial drop in iron ore prices in the first half of the year under review when Prosperity shipped most of the iron ore.

The Company's focus remains on increasing the tonnage shipped during the current fiscal year. Prosperity expects to ship more iron ore from Malaysia in future, following the signing of the iron ore master off-take agreement on 31 May 2010, which gives Prosperity first right of refusal for the Malaysian iron ore though the Company is not obliged to take the shipments.

The Company maintained its prudent risk management policy, engaging only in back-to-back transactions and holding no inventory.

Financial Review

Profit and Loss Account

The profit and loss account for the reporting period included the cement manufacturing business, namely the results from Yingde Dragon Mountain Cement Co., Ltd (“YDM”), the profit from associates and loss from a jointly controlled entity; and iron ore trading.

For the 12 months ended 31 March 2010, revenue increased 31 per cent from \$647.7 million for the previous year to \$849.0 million, while gross profit for the period increased from \$49.5 million to \$72.0 million. The gross profit margin increased from 7.6% to 8.5%.

EBITDA was \$43.5 million for the year (2009: 44.3 million) and included other operating income totaling \$6.5 million (2009: \$5.6 million), which originated from both the cement manufacturing and iron ore trading businesses. Operating profit was 65% higher at \$35.6 million (2009: \$21.6 million).

Gross interest expense was \$16.6 million, down from \$24.0 million in 2009, and this was covered 2.1 times (2009: 0.9 times) by operating profit; and 2.6 times (2009: 1.9 times) by EBITDA. Net finance costs were \$14.9 million (2009: \$23.4 million) and exchange gain was \$0.2 million (2009: exchange loss of \$0.1 million).

The Company’s share of associate companies profits (less losses) i.e. 25 per cent of Prosperity Conch Cement Co., Ltd (“PCC”); 33.06 per cent of Anhui Chaodong Cement Co., Ltd (“ACC”); 30 per cent of Yunnan Kungang & K. Wah Construction Materials Company Ltd (“Anning”); 30 per cent of Baoshan Kungang & K Wah Cement Construction Materials Company (“Baoshan”), amounted to \$17.7 million (2009: \$5 million).

The Company’s share of loss of a jointly controlled entity, 40 per cent interest in Guangzhou K. Wah Nanfang Cement Company Ltd (“Guangzhou Nanfang”) was \$5.7 million (2009: attributable loss of \$2.7 million).

Profit before tax increased 140% from \$7.7 million in the previous year to \$18.5 million. The provision for tax was 41 per cent of the profits before tax or \$7.6 million (2009: \$3.2 million).

Basic and diluted earnings per share amounted to 8.4 cents and 8.3 cents respectively (2009: both 4 cents).

The dividend for the year will be 9.0 cents per ordinary share and includes a proposed final dividend of 9.0 cents. If this is approved at the AGM on 3 September 2010, it will be payable on 8 October 2010 to shareholders on the Company’s register at the close of business on 17 September 2010. The ex-dividend date is 15 September 2010.

Balance Sheet and Cashflow

There was a net cash outflow from operating activities of \$15.7 million for the year (2009: inflow of \$19.3 million). Investing activities, including acquisitions, absorbed \$17.4 million (2009: \$67.5 million). Cash and cash equivalents at 31 March 2010 amounted to \$74.4 million (\$44.1 million from the continuing operations and \$30.3 million from discontinued operations) (2009: \$49.8 million).

Liquidity is measured by the current ratio (which is current assets divided by current liabilities) was 1.46 (2009: 1.04). The quick ratio (which excludes stocks from current assets) was 1.46 (2009: 0.97).

Capital expenditure of \$112 million represented 13 per cent of revenue (2009: 3.5 per cent).

Net debt for the year end, defined as total borrowings net of cash and cash equivalents, was \$9.3 million surplus (2009: debt of \$157.6 million) compared to net assets of \$293.2 million as at 31 March 2010 (2009: \$279.3 million).

Prosperity Minerals Holdings Limited

Consolidated income statement for the year ended 31 March 2010

	Year ended 31 March	
	2010 US\$'000	2009 US\$'000 (Re-presented)
Continuing operations		
Revenue	647,922	467,023
Cost of sales	<u>(623,881)</u>	<u>(442,549)</u>
Gross profit	24,041	24,474
Other operating income	3,389	4,650
Distribution expenses	(6,996)	(6,374)
Administrative expenses	<u>(17,543)</u>	<u>(12,883)</u>
Profit from continuing operations	2,891	9,867
Finance income	284	215
Finance expenses	(1,373)	(1,698)
Share of profits less losses of associates	139	(3,985)
(Loss)/gain on re-measurement of derivative financial instruments to fair value	<u>(11,381)</u>	<u>4,987</u>
(Loss)/profit before taxation from continuing operations	(9,440)	9,386
Income tax	<u>-</u>	<u>-</u>
(Loss)/profit from continuing operations	(9,440)	9,386
Discontinued operations		
Profit/(loss) from discontinued operations (net of income tax)	* <u>20,374</u>	<u>(4,888)</u>
Profit for the year	<u>10,934</u>	<u>4,498</u>
Attributable to:		
Equity shareholders of the Company	11,246	4,832
Minority interests	<u>(312)</u>	<u>(334)</u>
Profit for the year	** <u>10,934</u>	<u>4,498</u>
Earnings/(losses) per share		
Basic (cent)		
- from continuing and discontinued operations	8.41	3.69
- from continuing operations	(7.06)	7.17
- from discontinued operations	15.47	(3.48)
	<u>15.47</u>	<u>(3.48)</u>

Diluted (cent)		
- from continuing and discontinued operations	8.29	3.69
- from continuing operations	(6.97)	7.17
- from discontinued operations	15.26	(3.48)
	=====	=====

*** The results of the discontinued operations for the year are as follows:**

	Year ended 31 March	
	2010	2009
	US\$'000	US\$'000
Turnover	201,041	180,691
Cost of sales	(153,095)	(155,621)
Other operating income	3,067	904
Distribution expenses	(2,180)	(2,032)
Administrative expenses	<u>(16,167)</u>	<u>(12,202)</u>
Profit from operations	32,666	11,740
Finance income	1,390	350
Finance expenses	(15,179)	(22,263)
Share of loss of a jointly controlled entity	(5,677)	(2,693)
Share of profits less losses of associates	17,571	8,987
Negative goodwill arising from acquisition of a subsidiary	-	2,196
Impairment loss on interest in a jointly controlled entity	<u>(2,846)</u>	<u>-</u>
Profit/(loss) before taxation	27,925	(1,683)
Income tax	<u>(7,551)</u>	<u>(3,205)</u>
Profit/(loss) for the year from discontinued operations	<u>20,374</u>	<u>(4,888)</u>
	=====	=====

**** Reconciliation of Revenue, Operating Profit, and Profit Before Tax from Continuing and Discontinued Operations**

	Year Ended 31 March 2010		
	Continuing Operations	Discontinuing Operations	Total
	US\$'000	US\$'000	US\$'000
Revenue	647,922	201,041	848,963
Cost of sales	<u>(623,881)</u>	<u>(153,095)</u>	<u>(776,976)</u>
Gross profit	24,041	47,946	71,987
Other operating income	3,389	3,067	6,456
Distribution expenses	(6,996)	(2,180)	(9,176)
Administrative expenses	<u>(17,543)</u>	<u>(16,167)</u>	<u>(33,710)</u>
Profit from operations	2,891	32,666	35,557
Finance income	284	1,390	1,674
Finance expenses	(1,373)	(15,179)	(16,552)
Share of loss of a jointly controlled entity	-	(5,677)	(5,677)
Share of profits less losses of associates	139	17,571	17,710
Loss on re-measurement of			

derivative financial instruments to fair value	(11,381)	-	(11,381)
Impairment loss on interest in a jointly controlled entity	-	(2,846)	(2,846)
(Loss)/profit before taxation	<u>(9,440)</u>	<u>27,925</u>	<u>18,485</u>
Income tax	-	(7,551)	(7,551)
(Loss)/profit for the year	<u>(9,440)</u>	<u>20,374</u>	<u>10,934</u>
	=====	=====	=====

Prosperity Minerals Holdings Limited

Consolidated balance sheet at 31 March 2010

	<i>31 March</i>	
	<i>2010</i>	<i>2009</i>
	US\$'000	US\$'000
Non-current assets		
Property, plant and equipment	235	185,407
Mining rights	-	17,113
Lease prepayments	-	22,208
Interest in a jointly controlled entity	-	17,220
Interests in associates	29,824	128,312
Goodwill	-	43,353
Non-current prepayments	14,650	26,235
Deferred tax assets	-	113
	<u>44,709</u>	<u>439,961</u>
	-----	-----
Current assets		
Inventories	-	10,374
Trade and other receivables	83,372	83,858
Restricted deposits	2,029	6,030
Cash and cash equivalents	<u>44,165</u>	<u>49,803</u>
	129,566	150,065
Assets of a disposal group classified as held for sale	** <u>653,900</u>	<u>-</u>
	783,466	150,065
	-----	-----
Current liabilities		
Bank loans	34,859	25,118
Trade and other payables	145,645	98,908
Income tax payable	-	682
Secured note	<u>-</u>	<u>18,904</u>
	180,504	143,612
Liabilities directly associated with assets of a disposal group classified as held for sale	** <u>354,473</u>	<u>-</u>
	534,977	143,612
	-----	-----
Net current assets	<u>248,489</u>	<u>6,453</u>
	-----	-----
Total assets less current liabilities	<u>293,198</u>	<u>446,414</u>
	-----	-----

Prosperity Minerals Holdings Limited

Consolidated balance sheet at 31 March 2010 (continued)

	<i>31 March</i>	
	<i>2010</i>	<i>2009</i>
	US\$'000	US\$'000
Non-current liabilities		
Bank loans	-	80,700
Deferred tax liabilities	-	3,795
Secured note	-	<u>82,664</u>
	-	<u>167,159</u>
	-----	-----
Net assets	293,198	279,255
	=====	=====
Capital and reserves		
Share capital	2,463	2,415
Reserves	202,302	222,167
Retained earnings	49,159	45,467
income and accumulated in equity relating to a disposal group classified as held for sale	<u>31,345</u>	<u>-</u>
Equity attributable to equity holders of the Company	285,269	270,049
Minority interests	<u>7,929</u>	<u>9,206</u>
	293,198	279,255
	=====	=====

**** The assets and liabilities of a disposal group classified as held for sale as at 31 March 2010 are as follows:**

	<i>At 31 March 2010</i>
	US\$'000
Assets of a disposal group classified as held for sale	
Property, plant and equipment	287,967
Mining rights	16,271
Lease prepayments	35,079
Interest in a jointly controlled entity	8,706
Interests in associates	114,246
Goodwill	43,440
Non-current prepayments	41,118
Deferred tax assets	113
Inventories	13,156
Trade and other receivables	61,045
Amount due from a minority shareholder	2,088
Restricted deposits	391

Cash and cash equivalents 30,280

653,900

=====

**Liabilities relating to assets of a disposal group
classified as held for sale**

Bank loans (153,777)

Trade and other payables (91,634)

Income tax payable (1,385)

Secured note (101,873)

Deferred tax liabilities (5,804)

(354,473)

=====

Prosperity Minerals Holdings Limited

Consolidated cash flow statement for the year ended 31 March 2010

	<i>Year ended 31 March</i>	
	<i>2010</i>	<i>2009</i>
	US\$'000	US\$'000
Operating activities		
(Loss)/profit before taxation from		
- continuing operations	(9,440)	9,386
- discontinued operations	27,925	(1,683)
Adjustments for:		
- Depreciation	8,772	11,478
- Amortisation	1,336	1,683
- Equity settled share-based transactions	3,124	3,290
- Gain on disposal of property, plant and equipment	(54)	(45)
- Impairment loss on interest in a jointly controlled entity	2,846	-
- Foreign exchange (gain)/loss	(25)	145
- Finance income	(1,649)	(565)
- Finance expenses	16,552	23,961
- Share of loss in a jointly controlled entity	5,677	2,693
- Share of profits less losses of associates	(17,710)	(5,002)
- Negative goodwill arising from acquisition of a subsidiary	-	(2,195)
- Gain on re-measurement of derivative financial instruments to fair value	<u>11,381</u>	<u>(4,987)</u>
Operating profit before changes in working capital	48,735	38,159
(Increase)/decrease in inventories	(2,761)	7,335
Increase in trade and other receivables	(60,569)	(44,276)
Increase in amounts due from associates	(3,376)	(7,699)
Increase in amount due from a minority shareholder	(2,088)	-
Increase in trade and other payables	<u>9,209</u>	<u>28,884</u>
Cash (used in)/generated from operations	(10,850)	22,403
Tax paid	<u>(4,847)</u>	<u>(3,115)</u>
Net cash (used in)/generated from operating activities	(15,697)	19,288

	<i>Year ended 31 March</i>	
	<i>2010</i>	<i>2009</i>
	US\$'000	US\$'000
Investing activities		
Interest received	444	320
Payment for purchase of property, plant and equipment	(83,155)	(16,130)
Proceeds from disposal of property, plant and equipment	552	878
Dividend received from an associate	1,881	14,557
Payment for acquisition of land use rights	(6,856)	-
Net cash outflow from acquisition of associates	-	(57,466)
Net cash outflow from acquisition of subsidiaries	-	(9,701)
Deposit paid for acquisition of a jointly controlled entity	(14,650)	-
Deposit received from disposal of assets and liabilities classified as held for sale	102,564	-
Decrease in amount due from associates	10,255	-
Net cash outflow from acquisition of minority interest	(1,075)	-
Increase in non-current prepayments	<u>(27,347)</u>	<u>-</u>
Net cash used in investing activities	<u>(17,387)</u>	<u>(67,542)</u>
	-----	-----
Financing activities		
Decrease/(increase) in restricted deposits	3,611	(3,402)
Proceeds from new bank loans	176,148	168,371
Repayment of bank loans	(105,173)	(88,029)
Interest paid	(17,180)	(12,531)
Proceeds from issues of new shares	979	-
Dividends paid to equity shareholders of the Company	<u>(732)</u>	<u>(9,162)</u>
Net cash generated from financing activities	<u>57,653</u>	<u>55,247</u>
	-----	-----
Net increase in cash and cash equivalents	24,569	6,993
Cash and cash equivalents at 1 April	49,803	41,698
Effect of foreign exchange rate changes	<u>73</u>	<u>1,112</u>
Cash and cash equivalents at 31 March	<u>74,445</u> =====	<u>49,803</u> =====

Segment reporting

The Group manages its business by business lines. In a manner consistent with the way in which information is reported internally to the Group's chief operation decision maker ("CODM") for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments:

- Manufacture and sale of cement and clinker operation; and
- Trading of iron ore

Other operating segments which do not meet the quantitative thresholds prescribed by IFRS 8 for determining reportable segments are combined as "all other segments". Such operating segments generate profits mainly from equity investment holding business and real estate development business.

Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to the revenue generated and expenses incurred by those segments. The measure used for reporting segment profit is profit before taxation, adjusted for head office or corporate administration costs which are not specifically attributable to individual segments. Inter-segment revenue is priced with reference to the price charged to external parties for similar transactions.

Segment assets and segment liabilities include all current and non-current assets and liabilities, respectively, which are directly managed by the segments.

Segment reporting

Information regarding the Group's reportable segments for the years ended 31 March 2010 and 2009 is set out below.

	<i>Trading of iron ore</i>		<i>Manufacture and sale of cement and clinker</i>		<i>All other segments</i>		<i>Total</i>	
	<i>Year ended 31 March</i>		<i>Year ended 31 March</i>		<i>Year ended 31 March</i>		<i>Year ended 31 March</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue from external customers	647,922	467,023	201,041	180,691	-	-	848,963	647,714
Inter-segment revenue	-	-	-	-	-	-	-	-
Reportable segment revenue	647,922	467,023	201,041	180,691	-	-	848,963	647,714
	=====	=====	=====	=====	=====	=====	=====	=====
Reportable segment profit	10,261	14,664	20,725	(7,888)	7,676	3,271	38,662	10,047
	=====	=====	=====	=====	=====	=====	=====	=====
Interest income	292	108	1,604	701	-	-	1,896	809
Interest expense	(988)	(955)	(15,179)	(22,263)	(588)	(1,051)	(16,755)	(24,269)
Depreciation and amortisation for the year	(89)	(31)	(10,328)	(12,976)	(24)	-	(10,441)	(13,007)
Reportable segment assets	339,699	215,326	592,031	475,367	178,111	151,395	1,109,841	842,088
Including interest in a jointly controlled entity	-	-	-	-	8,706	17,220	8,706	17,220
Including interests in associates	-	-	-	-	144,070	128,312	144,070	128,312
Additions to non-current segment assets during the year	-	2	101,124	222,544	46,953	-	148,077	222,546
Reportable segment liabilities	151,326	25,436	537,054	431,372	120,113	101,233	808,493	558,041

Reconciliation of reportable segment profit, assets and liabilities

	<i>Year ended 31 March</i>	
	<i>2010</i>	<i>2009</i>
	US\$'000	US\$'000
Profit		
Reportable segment profit	38,662	10,047
Unallocated head office and corporate expenses	(20,177)	(2,344)
Discontinued operation loss/(profit) before tax	<u>(27,925)</u>	<u>1,683</u>
Consolidated (loss)/ profit before taxation	(9,440)	9,386
	=====	=====
	<i>At 31 March</i>	
	<i>2010</i>	<i>2009</i>
	US\$'000	US\$'000
Assets		
Reportable segment assets	1,109,841	842,088
Eliminates of inter-segment receivables	<u>(286,962)</u>	<u>(253,884)</u>
	822,879	588,204
Unallocated assets	<u>5,296</u>	<u>1,822</u>
Consolidated total assets	828,175	590,026
	=====	=====
Liabilities		
Reportable segment liabilities	808,493	558,041
Elimination of inter-segment liabilities	<u>(286,962)</u>	<u>(253,884)</u>
	521,531	304,157
Unallocated liabilities	<u>13,446</u>	<u>6,614</u>
Consolidated total liabilities	534,977	310,771
	=====	=====