

9 July 2009

**Prosperity Minerals Holdings Limited**  
**("Prosperity", or "the Company" or "the Group")**

**Amendment - Financial Results for the Year ended 31 March 2009**

This announcement replaces that of 07:00 on 9 July 2009 (RNS number 3743V). The replacement is to reflect the fact that the ex-dividend date and record date is 22 July 2009 and 24 July 2009, respectively, and not 22 August 2009 and 24 August 2009, respectively, as previously announced.

The full and amended announcement is reproduced below.

**Financial Results for the Year ended 31 March 2009**

Prosperity Minerals Holdings Limited (AIM: PMHL.L), which operates a cement manufacturing business in the People's Republic of China ("PRC") and an iron ore trading business serving the same market, today announces its results for the year ended 31 March 2009. All figures are expressed in US dollars unless otherwise stated.

**Financial Highlights**

- 28% increase in revenue to \$647.7 million (2008: \$507.5 million)
- 43% decrease in EBITDA to \$44.3 million (2008: \$77.7 million)
- 54% decrease in operating profit to \$21.6 million (2008: \$47.1 million)
- 73% decrease in adjusted profit before tax to \$15.9 million (2008: \$59.3 million) adjusted for one-off non-cash provision of \$8.2 million
- Basic earnings per share of 4 cents (2008: 41.8 cents)
- Proposed final dividend of 1.7 cents per share (2008: interim dividend of 6 cents and final dividend of 12 cents)

**Operating highlights**

**Cement Manufacturing**

- Cement manufacturing contributed a segment result<sup>1</sup> of \$12.7 million (2008: \$35.4 million) from YDM<sup>2</sup> and share of profits (less losses) from associates of \$5 million, including a non-cash provision of \$3.4 million relating to ACC (2008: \$18.2 million) from PCC<sup>2</sup>, 25% owned; ACC<sup>2</sup>, 33.06% owned; and the two newly acquired associates<sup>2</sup>
- Prosperity's share of loss of a jointly controlled entity from Guangzhou Nanfang<sup>2</sup> was \$2.7 million (largely due to a non-cash provision of \$4.6 million on an old fixed asset)
- The Company successfully arranged \$100 million Loan Notes in May 2008, the proceeds of which went towards funding Prosperity's medium term expansion projects in strategic locations<sup>3</sup>
- The first new clinker production line at ACC was completed within budget and on schedule. It was commissioned on 28 December 2008 and has been running smoothly
- Construction of the first clinker production lines of 2 million tonnes / year each at the Chongqing and Liaoning greenfield projects is progressing well and construction at the Guizhou greenfield project will begin shortly
- Expansion plans underway will increase the designed saleable output of cement and clinker under Prosperity's control or influence (including the equity interests of partners) from 23 to over 34 million tonnes / year by the end of fiscal 2011

**Iron Ore Trading**

- The total tonnage shipped by Prosperity increased by 22% year-on-year to 4.4 million tonnes (2008: 3.6 million tonnes)
- Iron ore trading contributed a segment result<sup>1</sup> of \$15.5 million (2008: \$17.3 million)

- The iron ore trading team secured another large international iron ore producer as a new long term supplier and another sizable steel mill as a new client, again on a long term basis

### Corporate update

- In order to re-introduce incentive and retention value to options granted to employees under the Company's unapproved share option scheme, the Board has authorised the exercise price of the subsisting options to be adjusted to GBP0.62, effective 9 July 2009. The subsisting options were granted on 9 October 2007 with an exercise price of GBP1.60 over a total of 8,160,000 ordinary shares in the Company that included: 3,000,000 option shares granted to Patrick Li, an Executive Director and CFO; 250,000 option shares granted to Jian Ping Wu, an Executive Director; and 250,000 option shares granted to Sandy Chim, a Non-executive Director.
- Mr. Ben Ren Liu has stepped down from the Prosperity Board effective 8 July 2009, for personal reasons

Copies of the Company's Annual Report and Accounts for the year ended 31 March 2009 will be available to download from the Company's website: [www.pmhl.co.uk](http://www.pmhl.co.uk) and will be posted to shareholders.

### Chairman and CEO, David Wong said:

"Both of Prosperity's business units, Cement Manufacturing and Iron Ore Trading, were adversely affected by the global economic crisis, although we continued to trade profitably. Our efficient management and effective cost control continues to give us a competitive advantage in our Cement Manufacturing operations. Similarly, the Iron Ore Trading team has worked hard to increase the tonnage of iron ore shipped and to deliver a good profit to the Company. China's RMB4 trillion (equivalent to \$585 billion) stimulus package announced in November 2008 is already having a positive effect on the demand for both cement and steel. I believe Prosperity is well positioned to take advantage of growth in both the cement and iron ore markets in China and, despite the ongoing difficult economic backdrop, the Board is looking forward to a year of further progress."

### Notes:

The average exchange rates for the year ended 31 March 2009 and 31 March 2008 were \$1 = RMB6.8695 and RMB7.4790 respectively and on 31 March 2009 it was \$1 = RMB 6.8398.

<sup>1</sup> Segment result: Operating profit before unallocated operating income and expenses

<sup>2</sup> Cement Manufacturing companies:

- YDM: Yingde Dragon Mountain Co., Ltd
- PCC: Prosperity Conch Cement Co., Ltd
- ACC: Anhui Chaodong Cement Co., Ltd
- 2 newly acquired associates: Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd ("Anning"); and Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd ("Baoshan")
- Guangzhou Nanfang: Guangzhou K. Wah Cement Company Ltd

<sup>3</sup> Prosperity invested in the following 3 existing cement and clinker production facilities in the year ended 31 March 2009:

- 40% interest in Guangzhou Nanfang;
- 30% interest in Anning; and
- 30% interest in Baoshan.

and Prosperity also invested in the following 3 greenfield cement projects:

- 100% interest in a project in Chongqing Municipal City;
- 55% interest in a project in Liaoning Province; and
- 100% interest in a project in Guizhou Province.

### Enquiries:

**Prosperity Minerals Holdings Limited**  
Patrick Li

+44 (0) 20 7638 9571

Sandy Chim  
Neelke Kruger

**Citigate Dewe Rogerson**

Media enquiries: Martin Jackson / George Cazenove  
Analyst enquiries: Emma Woollaston

+44 (0) 20 7638 9571

**Evolution Securities Limited**

Rob Collins  
Tim Redfern

+44 (0) 20 7071 4300

## Notes to Editors:

Prosperity (AIM: PMHL) operates a cement manufacturing business in the People's Republic of China ("PRC") and an iron ore trading business serving the same market.

Prosperity is focused on two key sectors serving the PRC: the manufacture and sale of cement; and the trading of iron ore. The Company's shares were admitted to trading on the AIM market of the London Stock Exchange in May 2006. It reports in US dollars.

The Company owns 100% of Yingde Dragon Mountain Cement Company Limited ("YDM"), has a 25% interest in Prosperity Conch Cement Company Limited ("PCC"), and a 33.06% interest in Anhui Chaodong Cement Company Limited ("ACC"). YDM and PCC cement plants, where construction was completed in 2006, employ modern suspension pre-heater dry processing and are located on adjacent sites in Guangdong Province in the south east of the country. ACC is located in Anhui Province in the eastern PRC.

The designed sellable output capacity of the clinker\*\* and cement plant at YDM is 5.9 million tonnes per annum, PCC is 7.9 million tonnes per annum, and ACC is 2.9 million tonnes per annum. Anhui Conch Cement Company Limited, being the largest cement operator in China, also owns 75% of PCC and 16.28% of ACC respectively.

In 2008, the Company acquired and invested in three existing cement manufacturing facilities and two greenfield projects. Prosperity holds a 40% interest in Guangzhou K. Wah Nanfang Cement Company Limited ("Guangzhou Nanfang") which has cement grinding facilities in Guangzhou City, Guangdong Province with a designed sellable output capacity of 840,000 tonnes of cement per annum and expansion plans to 2 million tonnes per annum pending governmental approval. The Company also holds a 30% interest in Yunnan Kungang & K. Wah Cement Construction Materials Co. Limited ("Anning") located in Yunnan Province with a designed sellable output capacity of 2.7 million tonnes of cement and clinker per annum. Also in Yunnan Province, Prosperity holds a 30% interest in Baoshan Kungang & K. Wah Cement Construction Materials Co. Limited ("Baoshan") that has a designed sellable output capacity of 1.8 million tonnes of cement and clinker per annum. The two greenfield projects are located in Chongqing Direct Municipal City and Liaoning Province of the PRC.

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 such as Kumba Iron Ore (South Africa), Vale (Brazil) and Rio Tinto (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.

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.

*\*\* 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 that the Company has continued to trade profitably despite challenging market conditions. However, both of Prosperity's business units, Cement Manufacturing and Iron Ore Trading, have been adversely affected by the global financial crisis.

Prosperity serves one market, the People's Republic of China ("PRC"), the third largest economy in the world after the US and Japan. China is one of the world's fastest growing economies and accounts for more than half the global cement market (both in respect of production and consumption) and is the world's biggest buyer of iron ore.

### CEMENT MANUFACTURING

Cement Manufacturing has been Prosperity's principal business since 2006 and the Company has been very successful since then in expanding its cement production capacity. In addition to initial investments in Yingde Dragon Mountain Cement Co., Ltd ("YDM") and Prosperity Conch Cement Co., Ltd ("PCC") and the acquisition of a 40<sup>1</sup> per cent interest in Anhui Chaodong Cement Co., Ltd ("ACC") in June 2007, the Company has acquired and invested in three existing cement and clinker production facilities and three greenfield projects in 2008. These acquisitions and investments set in motion plans to increase the gross annual production capacity under Prosperity's control or influence (including the equity interests of partners) to over 34 million tonnes of cement and clinker by the end of 2011. The Company's current gross annual production capacity is just over 22 million tonnes of cement and clinker, which represents significant growth from 14 million tonnes in 2006.

I am also pleased to report that construction of the first new clinker production line with capacity of 2 million tonnes/year at ACC was successfully completed within budget and on schedule. The production line was commissioned on 28 December 2008 and has been running smoothly since then. Construction of two new clinker production lines of 2 million tonnes / year each at the greenfield projects in Chongqing Municipal City and Liaoning Province are also progressing well and both clinker lines are expected to be completed by the end of 2010. The greenfield project in Guizhou Province recently obtained all the necessary government approvals and Prosperity has made its initial investment. Construction of the first 2 million tonnes/year clinker production line in Guizhou Province will commence shortly.

Growth and expansion are core objectives of the Company. It is equally important, however, for Prosperity to maintain its status as one of the most profitable cement manufacturers in China.

Prosperity enjoys the benefits of scale in its operations and is a market leader in the majority of the locations in which it operates. The Company's assets have a strong underlying value derived principally from substantial limestone reserves (generally located close to the cement plants), water access (for barging raw material and finished product) and an established road network. For example, YDM's limestone quarry has a mining life of around 15 years based on its current reserves and an extraction rate of some 8 million tonnes per annum. Both YDM and PCC are located next to the Bei River, which feeds into the Pearl River Delta and provides direct access to the major cities in Guangdong such as Guangzhou and Shenzhen and to the South China Sea. ACC in Anhui Province is located close to a river connected to the Yangzi River system, which affords access to markets along the river both inland and towards Nanjing, Shanghai and the Pacific Ocean.

I am confident that the Cement Manufacturing Unit is in a good position for long term sustainable growth in revenue, income and profitability.

<sup>1</sup> After a share restructure in July 2007 Prosperity's holding was converted into fully tradable shares. Prosperity now holds a 33.06% interest in ACC.

## IRON ORE TRADING

Iron Ore Trading performed well in the year, delivering a record 4.4 million tonnes in shipments, which is a year-on-year increase of 22 per cent despite more difficult trading conditions in the second half. Indeed, the strong sales performance mitigated, in part, the industry wide margin reduction which occurred as a result of the collapse in the global seaborne iron ore market.

As the world's financial crisis and economic slowdown deepened, there was a corresponding and significant decrease in the international demand for steel and iron ore. Similarly, Chinese steel mills began de-stocking and many decreased their production. However, shipping rates also decreased substantially from their peak in mid 2008 and, from January 2009, iron ore imports into China recovered as steel mills took advantage of both lower freight rates and spot prices.

The Company maintained its prudent risk management policy, engaging only in back-to-back transactions and holding no inventory, and it remained profitable in a year in which many of its competitors incurred losses. The iron ore trading team was able to secure more tonnage and successfully secured a new long term supplier, a large international iron ore producer, and a further sizable steel mill as a new client, also on a long term basis.

## CORPORATE GOVERNANCE

The Company remains committed to achieving high standards of corporate governance, with the objective of building long-term interests and maximising returns for its shareholders and stakeholders. 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

Ben Ren Liu has stepped down from the Prosperity Board effective 8 July 2009, for personal reasons. On behalf of myself and the Board, I wish to express my sincerest gratitude to Ben Ren Liu for his valuable contributions as a non-executive Director of the Company.

## OUR PEOPLE

None of the achievements in the year would have been possible without the dedication and passion of the people who work for Prosperity every day. Collectively, the spirit, skill and determination of our teams has led to the strong performance and growth of the Company. On behalf of myself and the Board, I wish to express my sincerest gratitude to the management and staff of Prosperity for their hard work throughout the year.

## SHAREHOLDERS

I would like to thank our shareholders for their support during the year.

## DIVIDEND

A final dividend of 1.7 cents per ordinary share (2007/8: 12 cents) has been recommended by the Board. If approved at the Annual General Meeting ("AGM") on 21 August 2009, the total dividend for the year will be 1.7 cents per share (2007/8: 18 cents).

The Board has taken the decision to offer shareholders an alternative scrip dividend in relation to the final dividend payment, in order to provide the opportunity to receive the final dividend in the form of ordinary shares instead of cash. The number of shares that shareholders can receive is calculated by dividing the total cash dividend due on each shareholding by the scrip dividend reference price and any fractions will be rounded down to the nearest share. Shareholders will not be able to choose a mix of scrip and cash dividend payments. Further details of the scrip dividend are set out in the AGM Notice and proxy form which will be sent to all current shareholders.

I am also pleased to inform shareholders that I intend to elect to receive the scrip dividend alternative.

The Company will re-invest the cash retained from the scrip dividend in its businesses.

## PROSPECTS

China announced a RMB4 trillion (equivalent to \$585 billion) fiscal stimulus package in November 2008 in response to the deepening global economic slowdown. However, importantly for Prosperity, the money is going into the ground and not into rescuing insolvent financial institutions. For example, some \$450 billion is intended for investment in infrastructure, rural development and other fixed asset investment, and the majority of these projects were already in an advanced stage of planning. This means that the stimulus package has, and is expected to continue to have, a positive effect on domestic demand for both cement and steel. Nonetheless, world consumer demand has weakened which, in turn, has adversely impacted the economy of the export-driven province of Guangdong, our main market for cement. We, therefore, expect cement prices in Guangdong Province to remain at a low level throughout 2009. A significant decline in the price of coal, however, which accounts for more than half the cost of cement manufacture, will benefit the Company's cement manufacturing unit. Iron ore imports to China have reached monthly records in early 2009 and I believe that we will be able to increase the tonnage shipped in fiscal 2009/10.

I believe that Prosperity is well positioned to take advantage of growth in both the cement and iron ore markets in China and despite the ongoing difficult economic backdrop the Board is looking forward to a year of further progress.

David Ben Koon Wong  
Chairman & CEO  
9 July 2009

## Operating Review

### CEMENT OPERATIONS

#### Yingde Dragon Mountain Cement Co., Ltd

Prosperity holds 100 per cent of YDM. During the fiscal year 2008/9 YDM contributed a segment result of \$12.67 million (2008: \$35.4 million). Throughout the period YDM operated at near full capacity and inventory was stable, despite weak demand for cement in Guangdong Province. An increasing proportion of its output was sold to infrastructure projects, which now account for some 80 per cent of sales, up from 70 per cent for the prior year.

Weak demand for cement in the province kept prices low and YDM's performance was further affected in the fourth quarter by planned regular maintenance of the three clinker production lines. Coal prices, however, have retreated substantially since their peak in mid 2008, thus reducing costs in the second half of the fiscal year.

#### Prosperity Conch Cement Co., Ltd

Prosperity holds a 25 per cent interest in PCC. PCC is situated adjacent to YDM and, as such, experiences similar conditions. PCC contributed a share of profit of associates of \$8.37 million (2008: \$17 million).

PCC paid a cash dividend of RMB400 million. Prosperity received its dividend payments of RMB100 million (equivalent to \$14.6 million) in the first quarter of 2009.

#### Anhui Chaodong Cement Co., Ltd

Prosperity holds a 33.06 per cent interest in ACC. ACC is listed on the Shanghai Stock Exchange under the listing code: 600318. ACC reported an attributable loss of \$3.99 million (2008: attributable profit of \$1.2 million) largely due to a non-cash provision in December 2008 on old fixed assets, as a result of the closure of some old production lines.

Construction of the first new clinker production line at ACC was completed within budget and on schedule. The new 2 million tonnes / year clinker production line was successfully commissioned on 28 December 2008 and has subsequently been running smoothly. Following the commissioning of the new clinker line, some of the older, less efficient clinker and cement production facilities were closed down as planned. The second new clinker production line at ACC is expected to be completed by the end of 2010.

#### Guangzhou K. Wah Nanfang Cement Co., Ltd

In April 2008, Prosperity acquired a 40 per cent interest in Guangzhou Nanfang, a cement grinding facility located in Guangzhou, the capital city of Guangdong Province. It has a designed saleable capacity of 0.84 million tonnes of cement / year. Guangzhou Nanfang consumed 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 the poor property market in the Guangzhou area during the second half of the year, reporting an attributable loss of \$2.7 million in the year ended 31 March 2009, due to a non-cash provision made on an old fixed asset and an operating loss.

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

In May 2008, Prosperity acquired and invested in a 30 per cent interest in Anning, 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 / year. Yunnan experienced a very wet winter which decreased the demand for cement in the province. Anning reported an attributable loss of \$178,000.

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

In June 2008, prosperity acquired and invested in a 30 per cent interest in Baoshan, a cement and clinker production facility located in Baoshan City, Yunnan province. Baoshan has a designed saleable capacity of 1.8 million tonnes of cement and clinker / year. Baoshan has performed well since Prosperity's investment and reported an attributable profit of \$799,000 in the the fiscal year 2008/9.

## INVESTMENT IN GREENFIELD PROJECTS IN CHINA

### Chongqing Municipal City

Prosperity is investing in a wholly-owned greenfield cement and clinker production facility in Chongqing Municipal City. Construction of a 2 million tonnes / year clinker production line commenced in May 2009 and is expected to be commissioned by the end of fiscal 2011.

### Dengta City, Liaoning Province

Prosperity is investing in a 55 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 million tonnes / year clinker production line commenced in August 2008 and is expected to be completed by the end of fiscal 2010.

### Guiyang City, Guizhou Province

Prosperity is investing in a wholly-owned greenfield cement and clinker project in Guiyang City, the capital of Guizhou Province. All the necessary government approvals have been obtained and the initial investment was completed in April 2009. The first clinker production line of 2 million tonnes / year is expected to be completed by the end of fiscal 2011.

## IRON ORE TRADING

Prosperity's iron ore trading business performed well despite difficult trading conditions in the middle of the fiscal year and contributed a segment result of \$15.5 million (2008: \$17.3 million). The total tonnage shipped by Prosperity in the fiscal year 2008/9 increased by 22 per cent year-on-year to 4.4 million tonnes from 3.6 million tonnes in the previous period. The margin, however, was lower than the previous year.

The Company sources iron ore directly from major international iron ore producers such as Kumba (South Africa), Vale (Brazil) and Rio Tinto (Australia). Since 2006, the Company has also sought and located new sources of iron ore in South East Asian countries, and has subsequently drawn tonnage from Thailand and Malaysia in particular. The short distance shipments from South East Asia allowed the Company to take advantage of the unprecedented escalation of global shipping rates from mid 2006. During the latter half of 2008, however, shipping rates retreated substantially (by as much as 80 per cent from the peak), as the global financial crisis brought about a decrease in the demand for commodities. The lower freight costs meant shorter distance shipments became less competitive than in the previous year.

Prosperity's iron ore trading team added a new long term supplier, a large international iron ore producer, and another sizable steel mill as a new client, again on a long term basis.

## Financial Review

### PROFIT AND LOSS ACCOUNT

The profit and loss account for the reporting period included the cement manufacturing business, namely the results from YDM, the profit from associates and loss from a jointly controlled entity; and iron ore trading.

For the 12 months ended 31 March 2009, revenue increased 28 per cent from \$507.5 million for the previous year to \$647.7 million, while gross profit for the period decreased from \$69.6 million to \$49.5 million. The gross profit margin decreased from 13.7 per cent to 7.6 per cent.

EBITDA was \$44.3 million for the year (2008: \$77.7 million) and included other operating income of \$5.6 million (2008: \$4.1 million), which originated from both the cement and iron ore trading businesses.

Operating profit was 54 per cent lower at \$21.6 million (2008: \$47.1 million) and included other operating income totalling \$5.6 million (2008: \$4.1 million).

Interest expense was \$24 million, up from \$8.8 million in 2008, and this was covered 0.9 times (2008: 5.4 times) by operating profit; and 1.9 times (2008: 8.9 times) by EBITDA. Net finance costs were \$23.4 million (2008: \$7.3 million) including an exchange gain of \$0.1 million (2008: exchange gain of \$0.9 million).

The Company's share of associate companies profits (less losses) i.e. 25 per cent of PCC, 33.06 per cent of ACC; 30 per cent of Yunnan Kungang & K Wah Cement Construction Materials Company Ltd ("Anning") from 1 May 2008; and 30 per cent of Baoshan Kungang & K Wah Cement Construction Materials Company Ltd ("Baoshan") from 22 June 2008, amounted to \$5 million. In the previous fiscal year, the Company's share of associate company profits, consisting of 25 per cent of PCC; 40 per cent of ACC from 1 June 2007 to 15 July 2007; and 33.06 per cent of ACC from 16 July 2007, was \$18.2 million.

The Company's share of loss of a jointly controlled entity, 40 per cent of Guangzhou K. Wah Nanfang Cement Company Ltd ("Guangzhou Nanfang") from 28 April 2008 onwards was \$2.7 million (2008: NIL).

Profit before tax decreased 87 per cent from \$59.3 million for the prior year to \$7.7 million partly due to one-off non-cash provisions of \$8.2 million, giving an adjusted profit before tax of \$15.9 million. The provision for tax was 42 per cent of the profits before tax or \$3.2 million (2008: \$5.3 million).

Basic and diluted earnings per share amounted to 4 cents (2008: 42 cents).

The dividend for the year will be 1.7 cents per ordinary share and includes a proposed final dividend of 1.7 cents. If this is approved at the AGM on 21 August 2009, it will be payable on 11 September 2009 to shareholders on the Company's register at the close of business on 24 July 2009. The ex-dividend date is 22 July 2009.

### BALANCE SHEET AND CASH FLOW

There was a net cash inflow from operating activities of \$19.3 million for the year (2008: inflow of \$50.5 million). Investing activities, including acquisitions, absorbed \$67.5 million (2008: \$50 million). Cash and cash equivalents at 31 March 2009 amounted to \$49.8 million (2008: \$41.7 million).

Liquidity as measured by the current ratio (which is current assets divided by current liabilities) was 1.04 (2008: 1.08). The quick ratio (which excludes stocks from current assets) was 0.97 (2008: 0.91).

Capital expenditure of \$23 million represented 3.5 per cent of revenue (2008: 4.1%).

Net debt for the year end, defined as total borrowings including secured notes net of cash and cash equivalents, was \$157.6 million (2008: \$74.8 million) compared to net assets of \$279.3 million as at 31 March 2009 (2008: \$259.7 million). The gearing ratio (i.e. total borrowings including secured notes divided by total shareholders funds) at the end of fiscal 2008/9 was 74 per cent (2008: 45 per cent).

## Prosperity Minerals Holdings Limited

Condensed income statement for the year ended 31 March 2009

For the year ended 31 March

	2009 US\$'000	2008 US\$'000
Revenue	647,714	507,532
Cost of sales	(598,169)	(437,904)
	-----	-----
<b>Gross profit</b>	49,545	69,628
Other operating income	5,554	4,072
Distribution expenses	(8,406)	(6,666)
Administrative expenses	(25,085)	(19,913)
	-----	-----
<b>Profit from operations</b>	21,608	47,121
Finance income	565	1,508
Finance expenses	(23,961)	(8,769)
Share of loss of a jointly controlled entity	(2,693)	-
Share of profits less losses of associates	5,002	18,224
Negative goodwill arising from acquisition of an associate	-	1,200
Negative goodwill arising from acquisition of a subsidiary	2,195	-
Gain on re-measurement of derivative financial instruments to fair value	4,987	-
	-----	-----
<b>Profit before taxation</b>	7,703	59,284
Income tax	(3,205)	(5,316)
	-----	-----
<b>Profit for the year</b>	4,498	53,968
	=====	=====
<b>Attributable to:</b>		
Equity shareholders of the Company	4,832	53,968
Minority interest	(334)	-
	-----	-----
<b>Profit for the year</b>	4,498	53,968
	=====	=====
<b>Dividends payable to equity shareholders of the Company attributable to the year</b>		
Interim dividend declared during the year	-	7,743
Final dividend proposed after the balance sheet date	2,253	15,486
	-----	-----
	2,253	23,229
	=====	=====
<b>Earnings per share</b>		
Basic and diluted	0.04	0.42
	=====	=====

## Prosperity Minerals Holdings Limited

Condensed balance sheet at 31 March 2009

	31 March 2009 US\$'000	31 March 2008 US\$'000
<b>Non-current assets</b>		
Property, plant and equipment	185,407	173,354
Mining rights	17,113	17,575
Lease prepayments	22,208	15,967
Interest in a jointly controlled entity	17,220	-
Interests in associates	128,312	74,698
Other investments	-	827
Goodwill	43,353	41,513
Non-current prepayments	26,235	2,794
Deferred tax assets	113	-
Pledged deposits	-	2,139
	-----	-----
	439,961	328,867
	-----	-----
<b>Current assets</b>		
Inventories	10,374	17,312
Trade and other receivables	83,858	50,283
Pledged deposits	6,030	300
Cash and cash equivalents	49,803	41,698
	-----	-----
	150,065	109,593
	-----	-----
<b>Current liabilities</b>		
Bank loans	25,118	41,582
Trade and other payables	98,908	57,885
Income tax payable	682	1,575
Secured note	18,904	-
	-----	-----
	143,612	101,042
	-----	-----
<b>Net current assets</b>	6,453	8,551
	-----	-----
<b>Total assets less current liabilities</b>	446,414	337,418
	-----	-----

## Prosperity Minerals Holdings Limited

Condensed balance sheet at 31 March 2009 (continued)

	31 March 2009 US\$'000	31 March 2008 US\$'000
<b>Non-current liabilities</b>		
Bank loans	80,700	74,960
Deferred tax liabilities	3,795	2,723
Secured note	82,664	-
	<u>167,159</u>	<u>77,683</u>
<b>Net assets</b>	279,255	259,735
<b>Capital and reserves</b>		
Share capital	2,415	2,351
Reserves	222,167	198,451
Retained earnings	<u>45,467</u>	<u>58,933</u>
<b>Equity attributable to equity holders of the Company</b>	270,049	259,735
Minority interests	<u>9,206</u>	<u>-</u>
	<u>279,255</u>	<u>259,735</u>

**Prosperity Minerals Holdings Limited**

Condensed cash flow statement for the year ended 31 March 2009

	<i>Year ended 31 March</i>	
	<i>2009</i>	<i>2008</i>
	US\$'000	US\$'000
<b>Operating activities</b>		
Profit before taxation	7,703	59,284
Adjustments for:		
- Depreciation	11,478	9,520
- Amortisation	1,683	1,616
- Equity settled share-based transactions	3,290	1,882
- Gain on disposal of property, plant and equipment	(45)	-
- Impairment loss on other receivables	-	1,000
- Foreign exchange loss	145	940
- Finance income	(565)	(1,508)
- Finance expenses	23,961	8,769
- Share of loss in a jointly controlled entity	2,693	-
- Share of profits less losses of associates	(5,002)	(18,224)
- Negative goodwill arising from acquisition of an associate	-	(1,200)
- Negative goodwill arising from acquisition of a subsidiary	(2,195)	-
- Gain on re-measurement of derivative financial instruments to fair value	<u>(4,987)</u>	<u>-</u>
<b>Operating profit before changes in working capital</b>	<b>38,159</b>	<b>62,079</b>
Decrease/(increase) in inventories	7,335	(5,735)
(Increase)/decrease in trade and other receivables	(44,276)	17,846
Increase in amount due from associates	(7,699)	-
Increase/(decrease) in trade and other payables	<u>28,884</u>	<u>(18,688)</u>
<b>Cash generated from operations</b>	<b>22,403</b>	<b>55,502</b>
Tax paid	<u>(3,115)</u>	<u>(5,000)</u>
<b>Net cash generated from operating activities</b>	<b>19,288</b>	<b>50,502</b>

	<i>Year ended 31 March</i>	
	2009	2008
	US\$'000	US\$'000
<b>Investing activities</b>		
Interest received	320	568
Payment for purchase of property, plant and equipment	(16,130)	(22,034)
Proceeds from disposal of property, plant and equipment	878	-
Dividend received from an associate	14,557	-
Payment for other investments	-	(827)
Net cash outflow from acquisition of associates	(57,466)	(27,744)
Net cash outflow from acquisition of subsidiaries	<u>(9,701)</u>	<u>-</u>
<b>Net cash used in investing activities</b>	<u>(67,542)</u>	<u>(50,037)</u>
	-----	-----
<b>Financing activities</b>		
(Increase)/decrease in pledged deposits	(3,402)	285
Proceeds from new bank loans	168,371	265,402
Repayment of bank loans	(88,029)	(230,524)
Repayment of long-term payables	-	(16,098)
Interest paid	(12,531)	(7,147)
Dividends paid to equity shareholders of the Company	<u>(9,162)</u>	<u>(23,229)</u>
<b>Net cash generated from/(used in) financing activities</b>	<u>55,247</u>	<u>(11,311)</u>
	-----	-----
<b>Net increase/(decrease) in cash and cash equivalents</b>	6,993	(10,846)
<b>Cash and cash equivalents at 1 April</b>	41,698	51,320
<b>Effect of foreign exchange rate changes</b>	<u>1,112</u>	<u>1,224</u>
<b>Cash and cash equivalents at 31 March</b>	<u>49,803</u>	<u>41,698</u>
	=====	=====

## Segment reporting

The Group is principally engaged in the manufacture and sale of cement and the trading of iron ore. The Group's primary format for reporting segment information is business segment. Revenue from external customers represents the sales value of goods supplied to customers.

There are no sales between the business segments.

	For the year ended 31 March					
	2009			2008		
	Trading of iron ore US\$'000	Manufacture and sale of cement US\$'000	Total US\$'000	Trading of iron ore US\$'000	Manufacture and sale of cement US\$'000	Total US\$'000
Revenue from external customers	467,023	180,691	647,714	339,547	167,985	507,532
Other revenue from external customers	<u>4,637</u>	<u>917</u>	<u>5,554</u>	<u>3,423</u>	<u>649</u>	<u>4,072</u>
Total	<u>471,660</u>	<u>181,608</u>	<u>653,268</u>	<u>342,970</u>	<u>168,634</u>	<u>511,604</u>
Segment result	15,513	12,670	28,183	17,252	35,442	52,694
Unallocated operating income and expenses			<u>(6,575)</u>			<u>(5,573)</u>
Profit from operations			21,608			47,121
Finance income			565			1,508
Finance expenses			(23,961)			(8,769)
Share of loss of a jointly controlled entity	-	(2,693)	(2,693)			-
Share of profits less losses of associates	-	5,002	5,002	-	18,224	18,224
Negative goodwill from acquisition of an associate			-	-	1,200	1,200
Negative goodwill arising from acquisition of a subsidiary	-	2,195	2,195			-
Gain on re-measurement of derivative financial instruments to fair value			4,987			-
Income tax			<u>(3,205)</u>			<u>(5,316)</u>
Profit for the year			<u>4,498</u>			<u>53,968</u>