12 December 2006

Prosperity Minerals Holdings Limited
Interim results for the six months ended 30 September 2006

Prosperity Minerals Holdings Limited ("Prosperity" or "the Company"), the cement manufacturing and iron ore trading group which operates in the Peoples' Republic of China (PRC), today announces its results for the six months ended 30 September 2006 *(all figures in US dollars)*.

Financial Highlights

- Revenue increased 49% to $164.5 million (2005: $110.4 million)
- EBITDA increased to $27.2 million (2005: $19.6 million)
- Operating profit was lower at $15.7 million (2005: $19.6 million)
- Profit before tax was 14% higher at $21.0 million (2005: $18.5 million) including proceeds from a sale of land of $3.9 million
- Basic earnings per share were 19.81 cents
- A maiden interim dividend of 6.0 cents per share has been declared
- Approximately $190 million (net) raised from an AIM IPO on 24 May 2006

Operating Highlights

- Cement manufacturing generated total segment results (operating profit prior to administrative expenses) of $10.2 million
- Total cement and clinker sales were 2.8 million tonnes at Yingde Dragon Mountain Cement Company Limited and 2.5 million tonnes at Prosperity Conch Cement Company Limited (a 25% owned joint venture).
- These results were achieved despite the unusually severe weather in the period
- Cement prices increased in September by 4.7%
- Iron ore trading volumes increased 12% to 1.73 million tonnes (2005: 1.55 million tonnes)
- Iron ore trading experienced difficult market conditions in the first half and segment results (operating profit prior to administrative expenses) declined from $20.4 million to $9.2 million
- Acquired 100% of Yingde Dragon Mountain Cement Company Limited on 13 April 2006

Current Trading and Prospects

- Cement manufacturing is trading well in the second half to date, with both volumes and prices ahead
- Iron ore trading stabilised in October and November and volumes are in line with management expectations
- Seaborne dry cargo freight rates in Q3 have remained relatively stable
- Prosperity has also accessed new and competitive sources of iron ore in Thailand

- The Board expects the Company's results for the full year to be in line with current market expectations

Chairman and CEO, David Wong commented:

"These are Prosperity's first results since it was listed on AIM in May of this year and during this period the Company has generated significant profits. Cement manufacturing has performed creditably despite bad weather. Iron ore trading, whilst experiencing difficult trading conditions, has contributed to profit albeit at a lower level than anticipated. This is testimony to the underlying strength and quality of the business and its people.

I am pleased to announce an interim dividend of 6 cents per share and confirm that myself and the other founding shareholder, who together hold 40.9% of the issued share capital, will waive their entitlement. This will result in a saving to Prosperity of $3.2 million.

I would also like to thank shareholders for their patience and support over the last six months. Similarly, the Board thanks all Prosperity staff for their hard work and commitment.

I am pleased to report that the second half to date has seen an improved operating performance from both businesses and the Board expects our results for the full year to be in line with current market expectations.

We continue to develop and invest in the Company and the outlook for our markets in the PRC is excellent. I look forward to the future with great confidence".

Notes:
The average exchange rate in the first half was $1 = RMB 7.9938 and at 30 September 2006 it was $1 = RMB 7.9538

Review of performance
In the six months ended 30 September 2006, revenue increased 49% from $110.4 million to $164.5 million. Gross profit for the period declined from $20.4 million to $18.0 million. Operating profit was also lower at $15.7 million (2005: $19.6 million) including a non-income tax refund and other revenue of $3.2 million (2005: $0.9 million). EBITDA was $27.2 million (2005: $19.6 million)

The first time contribution from an associate company i.e. Prosperity Conch Cement Company Limited ("PCC") amounted to $1.1 million. There was a net finance credit, including exchange differences, of $0.2 million (2005: $1.0 million). In addition, there were proceeds of $3.9 million profit (2005: nil) on a sale of land at the Yingde Dragon Mountain cement plant to the Yingde Municipal Government. This was paid for by way of a Government grant.

Profit before tax increased from $18.5 million to $21.0 million, with basic and diluted earnings per share at 19.81 cents.

A maiden interim dividend of 6.0 cents per ordinary share has been declared which is covered 3.3 times by basic and diluted earnings. It is payable on 24 January 2007 to ordinary shareholders on the Company's register at the close of business on 22 December 2006. The ex-dividend date is 20 December 2006.

As previously indicated the Company's two founding shareholders, David Wong the Chairman and CEO and Madame Ching Fong Hon, who together hold 40.9% of the issued share capital, have undertaken to waive their entitlement to an interim dividend. This equates to a sum of $3.2 million which will be retained by the Company.

In the future it is the Company's intention to report quarterly. The next unaudited results for the Company, for the period ending 31 December 2006, will be announced during the first quarter of 2007.

Balance sheet and cash flow
There was a net cash outflow from operating activities of $4.2 million (30 September 2005: outflow of $17.9 million) in the first half. Investing activities, including acquisitions, absorbed $143.7 million. Financing activities comprised principally of the issue of new shares and gross cash at 30 September 2006 was $51.6 million (30 September 2005: $2.0 million).

Net debt, defined as total borrowings net of cash and cash equivalents, was $31.5 million (30 September 2005: $16.3 million) against net assets of $212.6 million as at 30 September 2006 (2005: $5.6 million).

Cement manufacturing
During the period from the date of the acquisition of the Yingde Dragon Mountain Cement Company Limited ("YDM"), 13 April 2006 to 30 September 2006, the Company's cement operations have performed well, despite the severe weather associated with Typhoon Bilis and a number of other typhoons (nine in total) through the summer season.

The YDM plant, which is 100% owned by Prosperity, generated total revenue of $54.1 million in the first half of the current fiscal year and a segment result (operating profit prior to administrative expenses) of $10.2 million. YDM has three clinker production lines and five cement grinding mills and a total saleable output of 5.9 million tonnes per annum comprising 2.6 million tonnes of clinker and 3.3 million tonnes of cement. The

fourth and fifth cement grinding mills commenced operation on 11 April 2006 and 10 May 2006 respectively. In the six months ended 30 September 2006, YDM produced 2.6 million tonnes of clinker (for both internal consumption for the production of cement and sale) and 1.3 million tonnes of cement; and sold 1.5 million tonnes of clinker and 1.3 million tonnes of cement.

PCC is 25% owned by Prosperity and 75% owned by Anhui Conch Cement Company Ltd ("Anhui Conch"), the largest cement manufacturer in the PRC. In the first half, PCC's first time contribution was $1.1 million. PCC has four clinker production lines and six cement grinding mills and a total saleable output of 7.9 million tonnes per annum comprising 3.4 million tonnes of clinker and 4.5 million tonnes cement. The first, second and third cement grinders started production on 25 June, 10 August and 16 August 2006 respectively. The fourth, fifth and sixth cement grinders started production on 12, 25 and 30 September 2006 respectively. In the six months ended 30 September 2006, PCC produced 2.6 tonnes of clinker and 0.2 million tonnes of cement; and sold 2.3 million tonnes of clinker and 0.2 million tonnes of cement.

Cement prices increased in September 2006 by 4.7% combined with a satisfactory sales performance. In the second half to date, cement manufacturing is trading well with both volumes and prices ahead.

GDP in the PRC grew at 10.2% in 2005 when it was already the world's fourth largest economy (behind the US, Germany and Japan) and it is expected to grow by a further 10.0% – 10.7% this year according to the National Bureau of Statistics. The latest forecast from the Renmin University is for a 9.25% growth in 2007 and then staying "slightly higher than 9% per annum through to the year 2010".

The cement market has grown at more than 8% every year over the last five years and consumption is forecast to grow at 5% per annum through 2010 to reach over 1.3 billion tonnes (according to Freedonia Inc). The industry, however, remains fragmented and inefficient (with more than 5000 producers). Cement, like other manufacturing sectors, has attracted the attention of the PRC Government and is expected to undergo significant rationalisation, which will favour the larger and more efficient producers, such as Prosperity.

Iron ore trading

In the six months ended 30 September 2006, this business generated total revenue of $113.5 million compared with $111.3 million in the first half of 2005. There were 24 shipments totalling 1.73 million tonnes of iron ore to the PRC. In the first half of 2005, there were 15 shipments and 1.55 million tonnes in volume. Segment results (operating profit prior to administrative expenses) were $9.2 million compared with $20.4 million to 30 September 2005.

As with cement, iron ore trading was affected by the weather. However three other factors contributed to a difficult trading environment. Firstly, the 19% increase in the contract price for the iron ore year, to be effective from 1 April 2006, was finally agreed in late June 2006 and it was above the expected 10%-15% range.

Secondly, the PRC Government's austerity measures, which were first introduced in 2004, have led to the rationalisation of a number of sectors including steel. It is anticipated that this will ultimately favour the larger and more efficient steel mills, which are the Company's main customers. However, initially it resulted in an increase in domestic steel supply in 2006 (+20%), which negatively impacted steel prices and the spot price for iron ore in the first half.

Thirdly, there were significant and sudden increases in freight costs during July and August 2006. The cumulative effect of these factors impeded Prosperity's ability to pass on these costs to customers.

Since 30 September 2006, trading conditions have stabilised. In particular, the weather has been better and seaborne freight rates have remained relatively stable; and in October and November 2006, volumes were in line with management expectations. As a result, the operating performance is showing encouraging signs of improvement compared to that of the first half.

The Company has also begun to import high quality iron ore from Thailand, which benefits from its close geographical proximity to the PRC and significantly lower shipping and free on board costs. Since March 2006, the Company has sourced and sold 288,000 tonnes of iron ore from Thailand.

PRC steel inventories are also reducing and in October 2006 net steel exports from the PRC were at a record high of 3.8 million tonnes. Similarly, in the first ten months of this calendar year China's net steel exports have totalled 24 million tonnes compared with just 0.3 million tonnes during the same period in 2005.

Furthermore CVRD (Companhia Vale do Rio Doce), the world's biggest supplier of iron ore predicts that steel production in China will rise by a more reasonable rate of 7% in both 2007 and 2008. In addition, it is expected that next year's increase in the iron ore contract benchmark will be agreed in a more timely fashion – and most commentators expect the percentage increase to be lower than the previous year's 19%. The PRC is the world's leading importer of contract iron ore, accounting for 50% the total, and surpassing Japan in 2004. This new found influence also means that it is the PRC, rather than Japan, which is expected to lead the negotiations for benchmark iron ore prices for 2007.

The directors expect all these factors to underpin an improved performance for iron ore trading in the second half.

Business Development

Environmental gain
At the YDM cement plant, the Company has embarked on an investment initiative which will lead to the utilisation of waste heat to generate electricity. Total capital expenditure is RMB 187 million ($24 million) and completion of construction is expected to be within one year. Thereafter, YDM is expected to save $8 million per annum.

New sources of iron ore
Three countries, Australia, Brazil and South Africa, supply 70-80% of world demand. Prosperity has, for some time, been seeking additional sources of this key raw material which can be acquired and transported more economically to its customers. To this end, the Company has begun importing from Thailand (see iron ore trading section). Prosperity is also investigating other new locations.

Acquisition of strategic investment
As announced, on 2 June 2006, Prosperity's acquisition of a 40% interest in Anhui Chaodong Cement Co. Limited ("Chaodong") is expected to be completed by 31 December 2006. Chaodong operates in the Anhui Province in east PRC and in 2005 produced 2.2 million tonnes of cement.

In November 2006, the State-owned Assets Supervision and Administration Commission of the State Council agreed to the deal and the remaining approvals from the Ministry of Commerce and China Securities Regulatory Commission will be obtained by the end of 2006.

Following the announcement in June 2006, the Chinese approving authority has determined that the fair value for the acquisition is RMB 2.48 per share (increased from the original price indicated of RMB 2.38 per share). This represents an increase in the acquisition cost of RMB 8 million to RMB 198 million ($25 million). As previously stated this acquisition will be funded from Prosperity's cash resources and bank facilities.

Under the same share purchase agreement, Anhui Conch, which is Prosperity's partner in PCC in Guangdong, will acquire a 19.7% interest in Chaodong.

Following completion of this acquisition, Chaodong intends to invest in two further cement projects: Chao Hu and Liu An, both also in the Anhui Province. Under the terms of the share purchase agreement, Prosperity is obliged to contribute equity payments towards this investment, which will require a maximum additional sum of $4.7 million and result in a direct interest of 25% in each one. It is anticipated that this expenditure will be funded from Prosperity's cash resources and bank facilities of the joint venture company formed to operate Chao Hu and Liu An.

This strategic investment will extend and diversify Prosperity's existing cement business into a key geographical region of the PRC and strengthen its relationship with Anhui Conch.

Directors' share purchases

In September 2006, Chairman and CEO David Wong acquired 2.1 million shares in the Company at a price of 117p per share. This takes his holding to 27.5% and together with the other founding shareholder, Madam Ching Fong Hon, they account for 40.9% of the issued equity of Prosperity.

In addition five other directors bought a total of 288,008 shares at 115 pence per share in October 2006.

Enquiries:
Prosperity Minerals Holdings Ltd +44 (0) 20 7071 4300
Patrick Li
Sandy Chim

Citigate Dewe Rogerson +44 (0) 20 7638 9571
Martin Jackson (media)
Nina Soon (analysts)

Notes to Editors

Prosperity Minerals Holdings Limited is focused on two key sectors in the Peoples' Republic of China (PRC): the manufacture and sale of cement; and the trading of iron ore. The Company was floated on the AIM market of the London Stock Exchange, in May of this year. It reports in US dollars.

The Company owns Yingde Dragon Mountain Cement (YDM) and a 25% interest in Prosperity Conch Cement (PCC). Both cement plants, where construction was completed this year, employ modern suspension pre-heater dry processing and are located on adjacent sites in the Guangdong Province in the south east of the country.
The design capacity of the clinker* and cement plant YDM is 5.9 million tonnes per annum, while at PCC it is 7.9 million tonnes per annum. PCC is a joint venture with Anhui Conch, the largest cement manufacturer in the PRC.

The iron ore trading business has been operating since 1992 and it sources iron ore from international markets for shipment and use in the PRC. The principal international suppliers are Brazil, South Africa and Australia, although Prosperity has recently agreed additional supplies from Thailand. The majority of the Company's iron ore sales are to large steel manufacturers and in the fiscal year ended 31 March 2006, Prosperity shipped 3.5 million tonnes of iron ore.

The PRC is the world's fourth largest economy (behind the US, Germany and Japan) and the largest consumer of cement and iron ore; accounting for 40% and 30% of global demand respectively.

Evolution Securities Limited is the Company's Nominated Adviser and Broker.

** clinker is a complex calcium alumino-silicate material produced by the calcination of limestone and clay. It is then ground and mixed with gypsum to forms cement or more correctly, Portland Cement.*

ENDS

Condensed consolidated interim financial report

Prosperity Minerals Holdings Limited
Condensed consolidated income statement
for the six months ended 30 September 2006

		30 September 2006 US$'000 (unaudited)	30 September 2005 US$'000 (unaudited)
Revenue	3	164,498	110,408
Cost of sales		(146,511)	(90,018)
Gross profit		17,987	20,390
Other revenue	4	3,174	927
Selling and distribution expenses		(1,770)	(910)
Administrative expenses		(3,669)	(861)
Profit from operations		15,722	19,546
Finance costs		(2,493)	(1,080)
Finance income		2,710	38
Share of profit of an associate		1,138	-
Non operating income	5	3,944	-
Profit before taxation		21,021	18,504
Income tax credit	6	-	1
Profit for the period		21,021	18,505
Attributable to:			
Equity holders of the parent		21,021	18,505
Earnings per share	7		
Basic and diluted		19.81cents	36.03cents

Prosperity Minerals Holdings Limited
Condensed consolidated balance sheet
at 30 September 2006

	Note	30 September 2006 US$'000 (unaudited)	31 March 2006 US$'000 (audited)	30 September 2005 US$'000 (unaudited)
Non-current assets				
Property, plant and equipment		134,683	41	45
Lease prepayments		11,840	-	-
Intangible assets	9	15,173	-	-
Interest in an associate	10	19,714	-	-
Goodwill	11	67,053	-	-
		248,463	41	45
Current assets				
Inventories		10,669	-	-
Trade and other receivables		62,143	21,223	24,520
Other financial assets		-	1,000	1,000
Amount due from shareholder		-	-	5,383
Pledged bank deposits	12	12,199	-	1,908
Cash and cash equivalents		51,594	4,633	2,042
		136,605	26,856	34,853
Current liabilities				
Interest bearing loans and borrowings	13	(33,393)	(16,055)	(18,295)
Trade and other payables		(88,609)	(5,885)	(10,942)
Income tax payable		-	(18)	(46)
		(122,002)	(21,958)	(29,283)
Net current assets		14,603	4,898	5,570
Non-current liabilities				
Deferred tax liabilities		(767)	(5)	(5)
Interest bearing loans and borrowings	13	(33,242)	-	-
Other borrowings	14	(16,419)	-	-
		(50,428)	(5)	(5)
Net assets		212,638	4,934	5,610
Capital and reserves				
Share capital		2,351	13	13
Reserves		210,287	4,921	5,597
Total equity		212,638	4,934	5,610

Prosperity Minerals Holdings Limited
Condensed consolidated statement of changes in equity
for the six months ended 30 September 2006 - unaudited

	Share capital US$'000	Share premium US$'000	Statutory reserves US$'000	Retained earnings US$'000	Merger reserve US$'000	Foreign currency translation reserve US$'000	Total US$'000
		Note 15(a)	Note 15(b)		Note 15(c)	Note 15(d)	
At 1 April 2005	13	-	-	7,092	-	-	7,105
Net profit for the period	-	-	-	18,505	-	-	18,505
Dividend declared and approved during the period	-	-	-	(20,000)	-	-	(20,000)
At 30 September 2005	13	-	-	5,597	-	-	5,610
Net profit for the period	-	-	-	15,063	-	-	15,063
Dividend declared and approved during the period	-	-	-	(15,739)	-	-	(15,739)
At 31 March 2006	13	-	-	4,921	-	-	4,934
Issue of new shares net of expenses	1,415	189,665	-	-	-	-	191,080
Transfer to statutory reserves	-	-	1,749	(1,749)	-	-	-
Net profit for the period	-	-	-	21,021	-	-	21,021
Dividend declared and approved during the period	-	-	-	(4,921)	-	-	(4,921)
Removal of share capital of Pro-Rise Business Limited from aggregation	(13)	-	-	-	-	-	(13)
Acquisition of Pro-Rise Business Limited	936	-	-	-	(932)	-	4
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	533	533
At 30 September 2006	2,351	189,665	1,749	19,272	(932)	533	212,638

Prosperity Minerals Holdings Limited
Condensed consolidated cash flow statement
for the six months ended 30 September 2006

	Six months ended 30 September	
	2006 US$'000 (unaudited)	2005 US$'000 (unaudited)
Operating activities		
Profit before taxation	21,021	18,504
Adjustments for:		
- Non operating income	(3,944)	-
- Depreciation	3,202	10
- Amortisation	496	-
- Share of profit of an associate	(1,138)	-
- Finance costs	2,493	1,080
- Exchange (gain)/losses	(1,931)	6
- Finance income	(779)	(44)
Operating profit before changes in working capital	19,420	19,556
Increase in inventories	(1,207)	-
Increase in trade and other receivables	(29,815)	(54)
Decrease in other financial assets	1,000	-
Increase in amount due from shareholder	-	(30,801)
(Decrease)/increase in trade and other payables	2,505	(6,603)
Cash used in operations	(8,097)	(17,902)
Receipt of government grant	3,944	-
Tax paid	(18)	-
Net cash used in operating activities	(4, 171)	(17,902)

Prosperity Minerals Holdings Limited
Condensed consolidated cash flow statement (Continued)

	Note	*Six months ended 30 September*	
		2006 US$'000 (unaudited)	2005 US$'000 (unaudited)
Investing activities			
Payment for purchase of property, plant and equipment		(5,594)	(16)
Acquisition of associate		(18,088)	-
Acquisition of subsidiary		(120,837)	-
Interest received		779	44
Net cash (used in)/from investing activities		(143,740)	28
Financing activities			
Increase in pledged deposits		4,222	(1,875)
Proceeds from bank loans		5,053	18,295
Interest paid		(2,493)	(1,080)
Dividend paid		(4,921)	-
Exchange gain/(losses)		1,931	(6)
Proceeds from issue of new shares		191,080	-
Net cash from financing activities		194,872	15,334
Net increase/(decrease) in cash and cash equivalents		46,961	(2,540)
Cash and cash equivalents at 1 April		4,633	4,582
Cash and cash equivalents at 30 September		51,594	2,042

Prosperity Minerals Holdings Limited

Notes to the condensed consolidated interim financial report

1. Background

Prosperity Minerals Holdings Limited ("the Company" or "the Group"), was incorporated and registered in Jersey on 26 January 2006 as a limited liability company with registered number 92284 under the Companies (Jersey) Law 1991. The Company acquired the companies comprising the Pro-Rise Group via a share for share exchange with Pro-Rise Business Limited ("Pro-Rise") on 18 May 2006. Prior to the share for share exchange, Pro-Rise was owned by Madam Ching Fong Hon and Mr David Wong.

The Company's shares were admitted to trading on AIM on 24 May 2006 by way of a placing of shares with institutional investors. The Placing comprised 77,703,000 ordinary shares, following which the issued share capital of the Company was 129,056,392 shares of 1p each.

2. Significant accounting policies

(a) Statement of compliance

The condensed consolidated interim financial report has been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted in the EU for interim financial report. The condensed consolidated interim financial report does not include all of the information required for full annual financial statements.

(b) Basis of preparation

The interim financial report is presented in United States dollar's, rounded to the nearest thousand. They are prepared on the historical cost basis.

The preparation of the interim financial report in conformity with IAS 34 Interim Financial Reporting requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

This condensed consolidated interim financial report has been prepared on the basis of IFRSs in issue that are effective or available for early adoption at the Group's annual reporting date, 31 March 2007. Based on these IFRSs, the Board of Directors have made assumptions about the accounting policies expected to be reported ("accounting policies") when the annual financial statements are prepared for the year ending 31 March 2007.

The IFRSs that will be effective or available for voluntary early adoption in the annual financial statements for the period ending 31 March 2007 are still subject to change and to the issue of additional interpretation(s) and therefore cannot be determined with certainty. Accordingly, the accounting policies for that annual period that are relevant to this interim financial information will be determined only when the financial reports are prepared at 31 March 2007.

This interim financial report for the six months ended 30 September 2006 is unaudited but has been reviewed by the Audit Committee and approved by the Board on 11 December 2006.

The accounting policies and presentation applied to these financial statements are consistent with those disclosed in Part III Accountants' Report of the Company's admission document dated 19 May 2006 for its proposed placing and admission to AIM except where the following accounting policies are to be adopted in the Company's next annual financial statements.

(i) Associates

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated interim financial report under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of associate's net assets. The consolidated interim financial report includes the Group's share of the post-acquisition, post-tax results of the associate for the period, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

(ii) Financial statements of foreign operations

The assets and liabilities of entities not denominated in United States dollars are translated to United States dollars at the foreign exchange rate ruling at the balance sheet date. The revenues and expenses of entities not denominated in United States dollars are translated to United States dollars at rates approximating the foreign exchange rates ruling at the dates of transactions.

(iii) Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, and an appropriate proportion of production overheads.

Subsequent expenditure

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group. All other expenditure is recognised in the combined income statement as an expense as incurred.

Depreciation

Depreciation is charged to the combined income statement on a straight-line basis over the estimated useful lives as follows:

Buildings	30 years
Leasehold improvement	5 years
Office equipment, furniture and fixtures	5 years
Plant and machinery	15 years

The useful life is reassessed annually.

(iv) Goodwill

Business combinations are accounted for by applying the purchase method. Goodwill has been recognised on the acquisition of a subsidiary and associate. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less impairment losses. Goodwill is allocated to cash-generating units and is no longer amortised but is tested annually for impairment. In respect of the associate, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Negative goodwill arising on an acquisition is recognised directly in profit or loss.

(v) Intangible asset

Mining rights are stated at cost less accumulated amortisation and impairment losses. The mining right is amortised on a straight-line basis over the estimated useful life of 20 years.

(vi) Construction in progress

Construction in progress represents buildings under construction and equipments pending installation, and is stated at cost less impairment losses. Cost comprises direct costs of construction as well as interest charges during the period of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to fixed assets when the asset is substantially ready for its intended use, notwithstanding any delays in the issue of the relevant commissioning certificates by the relevant authorities in the PRC.

No depreciation is provided in respect of construction in progress until it is substantially complete and ready for its intended use.

(vii) Lease prepayments

Lease prepayments represent purchase cost of land use rights in the PRC. Land use rights are carried at cost less impairment losses and are charged to the profit or loss on a straight-line basis over the period of the right which is 50 years.

(viii) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

(ix) Government grants

Government grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

(x) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those other segments.

(xi) Business combination involving entities under common control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses ultimately are controlled by the same party or parties both before and after the business combination, and that control is not transitory.

In the absence of more specific guidance, the Group consistently applies the book value measurement method to all common control transactions.

3. 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 segments. Revenue from external customers (turnover) represents the sales value of goods supplied to customers.

Business segments

	Iron ore trading US$'000		**Cement US$'000**		**Consolidated US$'000**	
For the six months ended 30 September	2006	2005	2006	2005	2006	2005
Revenue and expenses						
Revenue	112,47	110,408	52,019	-	164,498	110,408
Other revenue	1,062	927	2,112	-	3,174	927
Total	113,54	111,335	54,131	-	167,672	111,335
Segment results	9,153	20,407	10,238	-	19,391	20,407
Administrative expenses					(3,669)	(861)
Profit from operations					15,722	19,546
Net finance income / (costs)					217	(1,042)
Share of profit of an associate	-	-	1,138	-	1,138	-
Non operating income					3,944	-
Income tax credit	-	1	-	-	-	1
Profit for the period					21,021	18,505

4. Other revenue

	30 September 2006 US$'000 (unaudited)	30 September 2005 US$'000 (unaudited)
Tax refund in respect of tax paid in previous year	1,903	-
Demurrage and despatch income	1,063	927
Other	208	-
	3,174	927

5. Non operating income

The Group has been awarded a government grant during the period. The grant received amounted to US$3,944,000 and related to the proceeds received from a sale of land granted to the Group in a previous year. It was recognised as income at the time it became receivable.

6. Income tax

No provision for income tax is made as the Company and its subsidiaries are not subject to any income tax in their country of incorporation.

7. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the parent of US$21,021,000 (six months ended 30 September 2005: US$18,505,000) and the weighted average number of ordinary shares of 106,127,636 (six months ended 30 September 2005: 51,353,392 shares, as if the company has been in existence throughout the six months ended 30 September 2005 with 51,353,392 shares issued on incorporation).

(b) Diluted earnings per share

There were no dilutive potential ordinary shares in existence during the periods ended 30 September 2006 and 2005.

8. Dividends

(a) Dividends attributable to the interim period

	30 September 2006 US$'000 (unaudited)	30 September 2005 US$'000 (unaudited)
Interim dividend declared and paid after the interim period of US6 cents per share	7,743	-

An interim dividend of US6 cents per ordinary share will be paid on 24 January 2007 to ordinary shareholders on the register at close of business on 22 December 2006. The interim dividend has not been recognised as a liability at the balance sheet date. Mr. David Wong

and the other founding shareholder, who together hold 40.9% of the issued share capital of the Company, will waive their entitlement to the interim dividend.

(b) Final dividend in respect of the previous financial year, approved and paid during the period by Pro-Rise Business Limited amounted to US$4,921,000.

9. Intangible assets

Intangible assets represented the mining rights acquired through the acquisition of its subsidiary as set out in note 11 below. The mining rights are amortised from the date they are available for use and the estimated useful life is 20 years. The amortisation charge for the period is included in "cost of sales" in the condensed consolidated income statement.

10. Interests in an associate

On 13 April 2006, the Group acquired 25% of the associated company, Prosperity Conch Cement Company Limited ("PCC") at a consideration of US$18,500,000 (RMB148,800,000), which resulted in goodwill of US$9,600,000.

Goodwill has arisen on acquisition of PCC because of its well established market and strong customer's network in the Guangdong region.

11. Goodwill

On 13 April 2006, the Group acquired all shares in Yingde Dragon Mountain Cement Company Limited ("YDM") at a total consideration of US$141,069,000. The company manufactures cement and clinker. From 13 April 2006 to 30 September 2006 the company contributed profit of US$12,607,000 to the consolidated profit for the period. The acquisitions had the following effect on the Group's asset and liabilities.

Acquiree's net assets at the acquisition date on 13 April 2006

	Recognised values US$'000 (unaudited)	Fair value adjustments US$'000 (unaudited)	Carrying amounts US$'000 (unaudited)
Property, plant and equipment	131,209	-	131,209
Lease prepayments	11,859	(225)	12,084
Intangible assets	15,436	625	14,811
Inventories	9,462	418	9,044
Trade and other receivables	11,105	-	11,105
Pledged bank deposits	16,421	-	16,421
Cash and cash equivalents	4,818	-	4,818
Trade and other payables	(64,073)	-	(64,073)
Interest bearing loans and borrowings	(45,169)	-	(45,169)
Deferred tax liabilities	(762)	(762)	-
Other borrowings	(16,290)	-	(16,290)
Net identifiable assets and liabilities	74,016	56	73,960
Goodwill on acquisition	67,053		
Total purchase price consideration	141,069		

Satisfied by	
Cash	125,655
Other payables	15,414
	141,069
Cash at bank and in hand acquired	(4,818)
Cash consideration paid	125,655
Net cash outflow	120,837

Goodwill has arisen on the acquisition of YDM because of its well established market and strong customer's network in the Guangdong region.

In accordance with IFRS 3 "Business Combinations" the carrying amounts of identifiable assets and liabilities acquired should be adjusted when, subsequent to acquisition, additional evidence becomes available to assist with the estimation of the amounts assigned to those identifiable assets and liabilities when the acquisition was initially accounted for. Such adjustment should be made by the end of the first annual accounting period commencing after acquisition.

12. Pledged bank deposits

Pledged bank deposits represent the deposits pledged to banks to secure banking facilities granted to the Group.

13. Interest bearing loans and borrowings

(a) The analysis of the carrying amount of interest bearing borrowings is as follows:

	30 September 2006 US$'000 (unaudited)	31 March 2006 US$'000 (audited)	30 September 2005 US$'000 (unaudited)
Current portion:			
Bank borrowings	33,393	16,055	18,295
Non-current portion:			
Bank borrowings	31,985	-	-
Other borrowings	1,257	-	-
	33,242	-	-
	66,635	16,055	18,295

The bank borrowings are denominated in RMB and carried at fixed interest rates ranging from 5.022% to 6.03% per annum while the repayment periods are between December 2006 and June 2009. Part of the bank borrowings are secured by the Group's property, plant and equipment with carrying value of US$31,600,000 at 30 September 2006.

At 30 September 2006, guarantees of US$54,100,000 (RMB430,000,000) are provided by a third party in favour of banks in respect of banking facilities granted to the Group.

14. Other borrowings

Other borrowings are unsecured, interest free and repayable on 31 March 2009.

15. Reserves

(a) Share premium

The application of the share premium account and the capital redemption reserve is governed by Section 39 of Companies (Jersey) Law 1991. The amount of expenses netted off against the share premium account was US$18,450,000 (Advisory fees: US$3,208,000, Accountants fees: US$1,662,000, legal fees: US$2,001,000, sponsor fees: US$11,551,000 and others US$28,000)

(b) Statutory reserves

Transfer from retained earnings to statutory reserve has been made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiary incorporated in the PRC and were approved by the respective board of directors.

(i) Statutory surplus reserve

The subsidiary in the PRC are required to transfer 10% of their net profit, as determined in accordance with the PRC accounting rules and regulations, to statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

(ii) Enterprise development fund

The subsidiary in the PRC is required to transfer 5% of its net profit, as determined in accordance with the PRC accounting rules and regulations, to the enterprise development fund. This fund can only be utilised on capital items for the collective benefits of the subsidiary's employees such as the construction of dormitories, canteen and other staff welfare facilities. This fund is non-distributable other than on liquidation. The transfer to this fund must be made before distribution of a dividend to shareholders.

(c) Merger reserve

The Company was incorporated during the period and became the holding company of the Group. The excess of the consolidated net assets represented by the shares acquired over the nominal value of the shares issued by the Company in exchange under the combination was transferred to merger reserve.

(d) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

16. Commitments

(a) On 28 June 2006, the Board unanimously approved to proceed with an acquisition in relation to the purchase of 80,000,000 shares of Anhui Chaodong Cement Company Limited at RMB2.38 per share. The Company has been requested by the relevant Chinese authority to improve the offer of the acquisition and has given an indication that an increase of RMB0.10 per share to RMB2.48 per share should satisfy all parties concerned. On 6 November 2006, the Board approved the improved offer for RMB2.48 per share.

The State-owned Assets Supervision and Administration Commission of the State Council gave its approval for the acquisition of Anhui Chaodong Cement Company Limited. It is expected that the remaining approvals from the Ministry of Commerce and China Securities Regulatory Commission will be obtained by the end of 2006.

In addition for this, the Company has committed to invest a total of RMB37,500,000 equity contribution into two joint venture companies with Anhui Chaodong Cement Company Limited.

(b) In November 2006, the Company has approved YDM to install a residual heat electricity generation project with a total capital expenditure of about RMB187,000,000. The construction is expected to be completed in the third quarter of 2008.

17. Material related party transactions

On 13 April 2006, a wholly owned subsidiary of the Company acquired 25% of the equity interest of YDM from a fellow subsidiary for a consideration of GBP25,000,000.

18. Contingent liabilities

At 31 March 2006, the Group had contingent liabilities in respect of guarantees of US$103,000,000 given to banks to secure facilities granted to a related party of the Group. The guarantees have been released during the period and the Group had no other contingent liabilities at 30 September 2006.

19. Share option scheme

The Group has established a discretionary share option scheme. Up to now, no share options have been awarded under the scheme

20 Possible impact of amendments, new standards and interpretations issued but not yet effective for the annual accounting period ending 31 March 2007

Up to the date of issue of this interim financial report, the International Accounting Standards Board has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting period ending 31 March 2007 and which have not been adopted in this interim financial report.

Of these developments, the following relate to matters that may be relevant to the Group's operations and financial statements:

	Effective for accounting periods beginning on or after
IFRS 7, Financial instruments: disclosures	1 January 2007
Amendment to IAS 1, Capital disclosures	1 January 2007

The Group is in the process of making an assessment of the impact of these amendments, new standards and new interpretations expected in the period of initial application. So far, it has concluded that while the adoption may result in new or amended disclosures, it is unlikely to have a significant impact on the Group's results of operations and financial position.

21. Interim financial report

Copies of this interim financial report will be circulated to the shareholders on or around 12 December 2006.