

7 July 2008

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

Financial Results for the 4th Quarter and Year ended 31 March 2008

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 fourth quarter (“Q4”) and year ended 31 March 2008. All figures are expressed in US dollars unless otherwise stated.

Financial Highlights

For the year

- 53% increase in revenue to \$507.5 million (2007: \$331.3 million)
- 38% increase in EBITDA to \$77.7 million (2007: \$56.3 million)
- 15% increase in operating profit to \$47.1 million (2007: \$40.9 million)
- 29% increase in profit before tax to \$59.3 million (2007: \$45.9 million)
- Basic earnings per share was 41.8 cents (2007: 37.4 cents)
- Proposed final dividend of 12 cents per share, making a total for the year of 18 cents per share (2007: 18 cents)

For Q4

- Revenue was 43% higher at \$124.3 million (2007: \$87.2 million)
- EBITDA increased 2.3% to \$13.6 million (2007: \$13.3 million)
- Operating profit was 5% lower at \$9.7 million (2007: \$10.2 million)
- Profit before tax was down 6% at \$9.1 million (2007: \$9.7 million)

Operating highlights

- Yingde Dragon Mountain Co., Ltd (“YDM”), 100% owned, Prosperity Conch Cement Co., Ltd (“PCC”), 25% owned, and Anhui Chaodong Cement Co., Ltd (“ACC”), 33.06% owned, performed in line with expectations
- Cement manufacturing contributed a segment result¹ (profit from operations less unallocated operating income and expenses) of \$35.4 million (2007: \$28.1 million) from YDM and share of profits from associates of \$18.2 million (2007: \$3.2 million) from PCC and ACC
- The residual heat electricity generation unit at YDM was commissioned on 8 September 2007 and is operating smoothly. Two residual heat electricity generation units were commissioned at PCC in March and April 2008 and are expected to increase efficiency and reduce energy costs
- Iron ore trading contributed a segment result² of \$17.3 million (2007: \$16.7 million)
- Prosperity successfully developed alternative sources of iron ore in South East Asian countries including Thailand, Malaysia and Indonesia and increased the percentage of its tonnage shipped from these regions to 37% of the total shipped during the year
- Demand for cement and iron ore in the PRC remains strong
- Cement expansion plans are underway which will increase the designed saleable output of cement and clinker under Prosperity’s control or influence (including the equity interests of partners) from 16.6 to 31.3 million tonnes per annum by the end of fiscal 2010

¹ Segment result for YDM calculated by the method previously used by the Company would be \$40.1 million (2007: 29.8 million)

² Segment result for iron ore trading calculated by the method previously used by the Company would be \$26.4 million (2007: \$21.2 million)

Post period end highlights

- ACC's expansion plans are on schedule. The first clinker production line and two cement grinding facilities at Chao Hu are expected to be commissioned before the end of calendar 2008
- In April 2008, Prosperity acquired a 40% indirect interest in a cement grinding facility in Guangzhou City
- In May 2008, the Company invested in and acquired a 30% interest in a cement and clinker production facility in Anning City, Yunnan Province. In June 2008, Prosperity received all the Governmental approvals to invest in and acquire a 30% interest in a cement and clinker production facility in Baoshan City, Yunnan Province and is currently completing the administrative elements of the investment
- Prosperity has three greenfield projects in Liaoning Province, Guizhou Province and Chongqing Direct Municipal City. The Company obtained all the relevant Governmental approvals for the project in Liaoning Province in May 2008 and expects all the necessary Governmental approvals for the other two projects to be obtained before the end of calendar 2008
- On 6 May 2008 Prosperity announced the issue of \$100 million Loan Notes with attached Warrants, the proceeds of which went towards funding the four expansion projects in Guangdong, Yunnan, Liaoning and Guizhou

Copies of the Company's Annual Report and Accounts for the year ended 31 March 2008 will be available to download from the Company's website: www.pmhl.co.uk

Chairman and CEO, David Wong said:

"I am very pleased with the Company's overall performance and direction. Barring unforeseen circumstances, the Board is looking forward to a year of further progress in line with market expectations."

Notes:

The average exchange rates for the three months ended 31 March 2008 and the three months ended 31 March 2007 were \$1 = RMB7.1959 and RMB7.7721 respectively and on 31 March 2008 it was \$1 = RMB7.1115

The average exchange rates for the years ended 31 March 2008 and 31 March 2007 were \$1 = RMB 7.4790 and RMB7.9087 respectively.

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Chairman's Statement

I am delighted to report that both business units, cement manufacturing and iron ore trading, have performed above management's expectations in fiscal 2007/8. Similarly, total revenue for the fiscal year 2007/8 has increased by 53 per cent to \$507.5 million and net profit after tax is up 22 per cent to \$54 million.

The Company serves one market, the People's Republic of China ("PRC"), which is one of the largest and fastest growing economies in the World. It also accounts for more than half the global cement market (both production and consumption) and produces 36 per cent of the World's crude steel.

CEMENT MANUFACTURING

In addition to its founding investments in Yingde Dragon Mountain Cement Co., Ltd ("YDM") and Prosperity Conch Cement Co., Ltd ("PCC"), the Company continued to expand last year and, in June 2007, successfully acquired a substantial interest of 40 per cent in Anhui Chaodong Cement Co., Ltd ("ACC"). This was an enormous achievement for our team which undertook a year-long process of obtaining all the relevant governmental and regulatory approvals required for a foreign company to acquire a substantial block of shares in a Chinese company listed on the Shanghai Stock Exchange. After a share restructuring in July 2007 which converted Prosperity's holding into fully tradable shares, the Company now has a 33.06 per cent interest in ACC. Prosperity acquired the shares at RMB2.48 per share and on 25 June 2008 trading closed at RMB5.82 per share. ACC also provides us with a listed vehicle in the PRC and potential direct access to the PRC capital markets. The Company has conditionally undertaken not to sell the shares it acquired in ACC within three years of the date the shares were transferred to its ownership.

During fiscal 2007/8, Prosperity set in motion plans to increase the gross production under its control or influence (including the equity interests of partners) from 16.6 million tonnes of cement and clinker pa in 2007 to 31.3 million tonnes pa by the end of fiscal 2010. This will raise the Company's attributable tonnage by nearly 100 per cent from the current 8.8 million tonnes of cement and clinker pa to 16.7 million tonnes pa. In the medium to longer term, the Company aims to further increase its gross production to 50 million tonnes pa by expanding existing facilities and adding new projects.

Prosperity has management control in all of its cement projects except for PCC, of which Anhui Conch Cement Company Limited ("Anhui Conch") holds 75 per cent.

Prosperity also enjoys the benefits of scale in its operations and is a market leader in all the locations in which it operates. Its assets have strong underlying value too, which is derived principally from huge limestone reserves. Typically, this key raw material in the manufacture of cement is located close to our plants, water access (for barging raw material and finished product) and an established road network. For example, YDM has a limestone reserve of 120 million tonnes. The current extraction rate is some 8 million tonnes pa which implies a reserve life of around 16 years at the current extraction rate. Similarly, both YDM and PCC are situated next to the Bei River which feeds into the Pearl River Delta. This provides direct access to the major cities in Guangdong such as Guangzhou and Shenzhen and also to the South China Sea. Elsewhere, ACC is situated close to the Yangzi River System which affords access to markets along the river both inland and towards Nanjing, Shanghai and the Pacific Ocean.

One of the Company's main objectives is to expand capacity but also to maintain its status as one of the most profitable cement manufacturers in China. For this reason, Prosperity positions its new projects near the capital cities of the respective provinces in which the highest growth potential exists. To this end, selection of the Company's cement projects is based on a rigorous list of requirements.

In support of this strategy, the Company recently arranged \$100 million in Loan Notes with attached Warrants. As previously announced, we are also investigating the possibility of a spin-off or demerger of the Company's cement manufacturing business by way of an Initial Public Offering ("IPO") and/or dual listing of the Company's shares on an appropriate capital market. Such an undertaking could be the means of unlocking the true value of the cement business for shareholders.

I believe the Company has now positioned its cement business for long term sustainable growth in revenue and profit.

IRON ORE TRADING

Prosperity's iron ore trading unit increased the tonnage shipped by 11 per cent to 3.6 million tonnes in fiscal 2007/8.

The Company has successfully dealt with substantially increased freight rates and is now in a position where it is less affected by the cost of seaborne transportation.

For the past 17 years, Prosperity has traded iron ore based on back-to-back transactional models, thus eliminating its exposure to inventory or price risks. However, the substantially higher freight rates which have prevailed since the second half of 2006 have put pressure on the Company's profit margin. By that time management had already initiated a strategy to improve its margin by sourcing iron ore from geographically closer locations in South East Asia (in addition to its traditional sources of supply from Brazil, Australia and South Africa). In January 2006, the Company completed its first shipment from Thailand. In fiscal 2007/8, 37 per cent of Prosperity's shipments came from the shorter distance supply sources including Thailand, Malaysia and Indonesia. The Company will continue to tap into iron ore supply sources closer to China.

CORPORATE GOVERNANCE

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

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. I wish to express my sincerest gratitude to the Directors, Management and Staff of Prosperity for their hard work throughout the year.

SHAREHOLDERS

I would like to thank our shareholders, mostly European-based, for their support during the year.

DIVIDEND

A final dividend of 12 cents per ordinary share (2006/7: 12 cents) has been recommended by the Board. If approved at the Annual General Meeting ("AGM") on 8 August 2008 this will, together with the interim dividend of 6 cents per ordinary share (2006/7: 6 cents) which was paid on 25 January 2008, result in a total dividend for the year of 18 cents per ordinary share (2006/7: 18 cents).

The Board has taken the decision to offer shareholders a scrip dividend in relation to the final dividend payment. In other words, give shareholders the opportunity to receive the final dividend in the form of ordinary shares instead of cash. The number of ordinary shares shareholders 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 ordinary share. Shareholders will not be able to choose a mix of scrip and cash dividend payments, the choice will need to be for one or the other. Further details regarding the scrip dividend are set out in the AGM Notice and proxy form being sent to all current shareholders.

I am pleased to inform shareholders that I intend to elect to receive a scrip dividend in respect of my final dividend payment.

The Company will retain the cash arising from the scrip dividend for re-investment in the business.

PROSPECTS

Demand for both cement and iron ore in the PRC has remained strong in 2008. The PRC's GDP grew by 10.6 per cent pa in the first quarter and is expected to maintain strong growth throughout the year.

For Prosperity, operating issues include the effective management of rising product manufacturing costs (including energy), transportation and product pricing. However, our considerable experience has ensured good results in the first few months of the new fiscal year.

The first new clinker production line and two cement grinding facilities at Chao Hu are expected to be commissioned by the end of 2008, bringing the total designed saleable capacity of ACC to 4.8 million tonnes pa. In May 2008, Prosperity invested in a 40 per cent indirect interest in a cement grinding facility in Guangzhou City which will enable Prosperity to open up new target markets while creating synergy with the Company's existing facilities at YDM. In May and June 2008, Prosperity invested in a 30 per cent interest in two new cement and clinker production facilities in Yunnan Province with a total designed saleable capacity of 4.5 million tonnes pa. Together, these projects add 6.5 million tonnes pa to the gross (including the equity interests of partners) total designed saleable capacity under Prosperity's control or influence.

My involvement in the trading of building materials and raw materials in the PRC and the rest of Asia over the past three decades has given me a front seat view of the industry and I am very pleased with the Company's performance and direction. Barring unforeseen circumstances, the Board is also looking forward to a year of further progress in line with market expectations.

The Company will return from quarterly to semi-annual reporting for the fiscal year 2008/9. The next unaudited results for the period ending 30 September 2008 will be announced during the fourth quarter of calendar 2008.

David Ben Koon Wong
Chairman & CEO
7 July 2008

Operating Review

CEMENT OPERATIONS

Yingde Dragon Mountain Cement Co., Ltd

Prosperity holds a 100 per cent interest in YDM.

YDM performed ahead of management's expectations during fiscal 2007/8 contributing a segment result of \$35.4 million. (2007: \$28.1 million).

In fiscal 2007/8, the average price of coal at YDM increased by approximately 30 per cent over the prior year. During the same period, YDM's average selling price of cement and clinker before VAT increased by 33 per cent which enabled YDM to pass this increase in cost on to the consumer.

Prosperity is committed to reducing its impact on the environment. On 8 September 2007, YDM's residual heat electricity generation unit was successfully commissioned.

This unit captures some of the extreme heat produced during the production of clinker and uses that heat to produce electricity. The system will increase efficiency at the plant and reduce carbon dioxide emissions. From its commissioning until 31 March 2008 the unit generated about 120 million kWh for internal consumption. It is expected to reduce energy costs by about \$8 million pa and decrease the potential impact of any electricity shortages and the rising cost of coal. The unit is operating smoothly and further improved the gross profit margin in line with management's expectations.

Along with manufacturing industry in Guangdong Province, YDM was affected by electricity shortages early in 2008 because of the severe snow storms in the PRC from mid-January to mid-February. Due to the benefits of the residual heat electricity generation unit all three clinker production lines remained operational during this time, although some of the cement grinding facilities had to be temporarily shut down. Normal operations resumed in mid-March.

Prosperity Conch Cement Co., Ltd

Prosperity holds a 25 per cent interest in PCC and Anhui Conch holds 75 per cent.

Fiscal 2007/8 was PCC's first year operating at full capacity. PCC's contribution to the profits from associates increased by 431 per cent to \$17 million.

PCC's first residual heat electricity generation unit was commissioned on 31 March 2008 and the second on 30 April 2008. The units will reduce energy costs and, as with YDM, the potential impact of electricity shortages and rising coal costs.

PCC is situated adjacent to YDM. As such, PCC was also affected by the electricity shortages in Guangdong Province early in 2008. This is traditionally the low season for cement manufacturing as it falls over the Chinese New Year and also coincided with shut-downs for the installation and final testing of the residual heat electricity generation units. Due to these factors PCC was not significantly affected by the electricity shortages, although some of its grinding facilities had to be temporarily closed. As at YDM, normal operations resumed by mid-March.

Anhui Chaodong Cement Co., Ltd

In June 2007 Prosperity acquired a 40 per cent interest in ACC, a company listed on the Shanghai Stock Exchange (600318). Under the same share purchase agreement, Anhui Conch (Prosperity's partner in PCC) acquired a 19.7 per cent interest in ACC. Prosperity acquired the shares at RMB2.48 per share and on 25 June 2008 trading closed at RMB5.82 per share.

After a share restructure in July 2007, Prosperity holds 33.06 per cent fully tradeable shares in ACC. The Company has conditionally undertaken not to sell the shares it acquired in ACC within three years of the date the shares were transferred to its ownership.

Since Prosperity acquired its interest in ACC and took over management, ACC has been turned around from a loss making company to one that contributed \$1.2 million as a share of profits of associates in fiscal 2008.

Expansion plans at ACC is expected to increase the total designed saleable capacity of clinker and cement from the current 2.8 million tonnes pa to 7 million tonnes pa by the end of fiscal 2010.

The new production facilities are being constructed at two locations, Chao Hu and Liu An, both of which are located in Anhui Province and within a short distance of river access. Construction is on schedule and the first clinker production line and two cement grinding facilities at Chao Hu are expected to be commissioned by the end of calendar 2008. This will increase ACC's designed saleable capacity of clinker and cement to 4.8 million tonnes pa. The second clinker production line at Chao Hu and cement grinding facilities at Liu An are expected to be commissioned by the end of fiscal 2010 and will further increase ACC's designed saleable capacity to 7 million tonnes pa.

EXPANSION PLANS

On 10 March 2008, Prosperity announced two acquisitions and two proposed new investments, all strategically located near their target markets in the capital cities of their respective provinces in China. The four projects are expected to increase the designed saleable output of cement and clinker under Prosperity's control or influence (including the equity interests of Prosperity's partners) from 21 to nearly 30 million tonnes pa by the end of fiscal 2010. Recently, Prosperity signed another Memorandum of Understanding with the local government of Chongqing for a greenfield project that, on completion and start-up, should increase Prosperity's gross tonnage capacity to 31 million tonnes of cement and clinker pa by the end of fiscal 2010.

On 6 May 2008 Prosperity announced the issue of \$100 million Notes with attached Warrants, the proceeds of which went towards funding the four expansion projects in Guangdong, Yunnan, Liaoning and Guizhou.

IRON ORE TRADING

In the year, iron ore trading made further good progress with a segment result of \$17.3 million (2007: \$16.7 million).

The Company sources iron ore directly from major international iron ore producers such as Kumba (South Africa) and Vale (Brazil). More recently, the Company sought and located new sources of iron ore in South East Asian countries and subsequently has drawn increasing tonnage from there, in particular from Thailand and Malaysia. These countries are located much closer to the PRC, which will reduce the Company's costs. Prosperity's first shipment from Thailand was completed in January 2006 and in fiscal 2007/08 the Company shipped some 1.3 million tonnes from this and other South East Asian countries to China.

The shorter freight distance for the iron ore also allows Prosperity to employ smaller handysize vessels of around 20,000 tonnes that can avoid the large congested ports for capesize vessels of around 160,000 tonnes. The smaller vessels can also travel up river in China and deliver iron ore closer to the customer.

In fiscal 2007/8, Prosperity increased its short distance shipments to 37% of the total shipped. At the same time, the Company increased the total tonnage shipped by 11% to 3.6 million tonnes.

Financial Review

PROFIT AND LOSS ACCOUNT

The profit and loss account for the reporting period included the cement business, consisting of the consolidated results from YDM and the profit from associates, and the iron ore business.

For the 12 months ended 31 March 2008, revenue rose 53 per cent from \$331.3 million in the previous year to \$507.5 million, while gross profit for the period increased from \$49.4 million to \$69.6 million. The gross profit margin decreased from 14.9 per cent to 13.7 per cent.

EBITDA was \$77.7 million for the year (2007: \$56.3 million) and included other operating income of \$4.1 million (2007: \$5.3 million), which originated from both cement and iron ore businesses.

Operating profit was 15 per cent higher at \$47.1 million (2007: \$40.9 million) and included other operating income totalling \$4.1 million (2007: \$5.3 million).

Interest expenses were \$8.8 million, up from \$5.7 million in 2007. Interest was covered 5.4 times (2007: 7.1 times) by operating profit; and 8.9 times (2007: 9.8 times) by EBITDA. Net finance costs were \$7.3 million (2007: \$2.2 million) including an exchange gain of \$0.9 million (2007: exchange gain of \$1.9 million).

The Company's share of associate company's profits i.e. 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 amounted to \$18.2 million. In the previous fiscal year, the Company's share of associate company's profits, consisting only of the maiden contribution of PCC, was \$3.2 million.

Profit before tax increased 29 per cent from \$45.9 million for the prior year to \$59.3 million. The tax charge provided for was nominal at less than 9 per cent of the profits before tax or \$5.3 million (2007: \$1.8 million).

Basic and diluted earnings per share amounted to 42 cents (2007: 37 cents) an increase of 14 per cent.

The dividend for the year was 18 cents per ordinary share and includes a proposed final dividend of 12 cents. If this is approved at the AGM on 8 August 2008, it will be payable on 5 September 2008 to shareholders on the Company's register at the close of business on 22 August 2008. The ex-dividend date is 20 August 2008. The total dividend in the year (\$7.7 million) shown in the profit and loss account excludes the proposed final payment and is covered 7 times by earnings (\$54 million).

BALANCE SHEET AND CASH FLOW

There was a net cash inflow from operating activities of \$50.5 million for the year (2007: inflow of \$22.6 million). Investing activities, including acquisitions, absorbed \$50 million (2007: \$156.7 million). Cash and cash equivalents at 31 March 2008 were \$41.7 million (2007: \$51.3 million).

Liquidity as measured by the current ratio (which is current assets divided by current liabilities) was 1.08 (2007: 1.12). The quick ratio (which excludes stocks from current assets) was 0.91 (2007: 1.03).

Capital expenditure of \$22 million represented 4.3 per cent of turnover (2007: 5.8%).

Net debt for the year end, defined as total borrowings net of cash and cash equivalents, was \$74.8 million (2007: \$37.7 million) against net assets of \$259.7 million as at 31 March 2008 (2007: \$208.1 million). The gearing ratio (i.e. total borrowings divided by total shareholders' fund) at the end of fiscal 2007/8 was 45 per cent (2007: 43 per cent).

Note: Segment result presentation

Certain administrative expenses of \$6,227,000 were allocated to the business segments for the year ended 31 March 2007 as management of the Group considers that such presentation better reflects the Group's operations. The same is presented in Note 4 to the Financial Statements. Such allocations would not have any impact of the profit of any period previous reported. The following are the presentational effects of such improvement on presenting segment results on a quarterly basis throughout the year and its comparison with the previous:

	Iron ore	Cement	Total	Iron ore	Cement	Total
First Quarter	3 months ended 30 June 2007			3 months ended 30 June 2006		
Revenue	67,093	37,295	104,388	68,099	22,302	90,401
Other revenue	206	41	247	496	1,780	2,276
Total	67,299	37,336	104,635	68,595	24,082	92,677
Segment results previously presented	6,748	3,960	10,708	7,245	4,654	11,899
Expenses allocated for better presentation	(1,005)	(719)	(1,724)	(724)	(201)	(925)
Segment results	5,743	3,241	8,984	6,521	4,453	10,974
Unallocated expense			(605)			(353)
Profit from operation			8,379			10,621
Second Quarter	3 months ended 30 September 2007			3 months ended 30 September 2006		
Revenue	72,390	31,659	104,049	44,380	30,027	74,407
Other revenue	115	538	653	566	332	898
Total	72,505	32,197	104,702	44,946	30,359	75,305
Segment results previously presented	7,831	5,658	13,489	1,908	5,479	7,387
Expenses allocated for better presentation	(2,402)	(1,024)	(3,426)	(947)	(506)	(1,453)
Segment results	5,429	4,634	10,063	961	4,973	5,934
Unallocated expense			(816)			(938)
Profit from operation			9,247			4,996
Third Quarter	3 months ended 31 December 2007			3 months ended 31 December 2006		
Revenue	121,649	53,192	174,841	40,799	38,506	79,305
Other revenue	464	431	895	206	572	778
Total	122,113	53,623	175,736	41,005	39,078	80,083
Segment results previously presented	7,092	17,778	24,870	6,089	11,430	17,519
Expenses allocated for better presentation	(2,006)	(1,457)	(3,463)	(1,221)	(1,065)	(2,286)
Segment results	5,086	16,321	21,407	4,868	10,365	15,233
Unallocated expense			(1,632)			(120)
Profit from operation			19,775			15,113

Fourth Quarter	3 months ended 31 March 2008			3 months ended 31 March 2007		
Revenue	78,415	45,839	124,254	53,660	33,566	87,226
Other revenue	2,638	(361)	2,277	1,319	66	1,385
Total	81,053	45,478	126,531	54,979	33,632	88,611
Segment results previously presented	4,711	13,254	17,965	5,958	8,262	14,220
Expenses allocated for better presentation	(3,717)	(2,008)	(5,725)	(1,652)	89	(1,563)
Segment results	994	11,246	12,240	4,306	8,351	12,657
Unallocated expense			(2,520)			(2,462)
Profit from operation			9,720			10,195

Total year (Note 4 of Financial Statements)	Year ended 31 March 2008			Year ended 31 March 2007		
Revenue	339,547	167,985	507,532	206,938	124,401	331,339
Other revenue	3,423	649	4,072	2,587	2,750	5,337
Total	342,970	168,634	511,604	209,525	127,151	336,676
Segment results (as if or) previously presented	26,382	40,650	67,032	21,200	29,825	51,025
Expenses allocated for better presentation	(9,130)	(5,208)	(14,338)	(4,544)	(1,683)	(6,227)
Segment results	17,252	35,442	52,694	16,656	28,142	44,798
Unallocated expense			(5,573)			(3,873)
Profit from operation			47,121			40,925

Prosperity Minerals Holdings Limited

Condensed income statement for the three and twelve months ended 31 March 2008

	For the three months ended 31 March		For the year ended 31 March	
	2008 US\$'000	2007 US\$'000	2008 US\$'000	2007 US\$'000
Revenue	124,254	87,226	507,532	331,339
Cost of sales	(103,869)	(72,807)	(437,904)	(281,918)
Gross profit	20,385	14,419	69,628	49,421
Other operating income	2,277	1,385	4,072	5,337
Distribution expenses	(4,695)	(1,584)	(6,666)	(3,733)
Administrative expenses	(8,247)	(4,025)	(19,913)	(10,100)
Profit from operations	9,720	10,195	47,121	40,925
Finance costs	(2,164)	(1,645)	(8,769)	(5,746)
Finance income	660	432	1,508	3,510
Non-operating income	-	-	-	3,944
Negative goodwill from acquisition of an associate	(2,631)	-	1,200	-
Share of profits of associates	3,518	713	18,224	3,236
Profit before taxation	9,103	9,695	59,284	45,869
Income tax	(1,967)	(1,199)	(5,316)	(1,793)
Profit for the period/year	7,136	8,496	53,968	44,076
Earnings per share				
Basic	0.06	0.07	0.42	0.37
Diluted	0.06	0.07	0.42	N/A

Prosperity Minerals Holdings Limited

Condensed balance sheet at 31 March 2008

	31 March 2008 US\$'000	31 March 2007 US\$'000
Non-current assets		
Property, plant and equipment	173,354	148,226
Mining rights	17,575	17,330
Lease prepayments	15,967	15,045
Interests in associates	74,698	22,455
Other investments	827	-
Goodwill	41,513	36,828
Non-current prepayments	2,794	-
Pledged deposits	2,139	-
	----- 328,867	----- 239,884
Current assets		
Inventories	17,312	10,635
Trade and other receivables	50,283	67,517
Pledged deposits	300	2,724
Cash and cash equivalents	41,698	51,320
	----- 109,593	----- 132,196
Current liabilities		
Interest bearing loans and borrowings	41,582	45,718
Trade and other payables	57,885	71,482
Income tax payable	1,575	1,307
	----- 101,042	----- 118,507
Net current assets	----- 8,551	----- 13,689
Total assets less current liabilities	----- 337,418	----- 253,573

Prosperity Minerals Holdings Limited

Condensed balance sheet at 31 March 2008 (continued)

	31 March 2008 US\$'000	31 March 2007 US\$'000
Non-current liabilities		
Interest bearing loans and borrowings	74,960	29,712
Long-term payables	-	13,578
Deferred tax liabilities	2,723	2,199
	-----	-----
	77,683	45,489
	-----	-----
Net assets	259,735	208,084
	=====	=====
Capital and reserves		
Share capital	2,351	2,351
Retained earnings	58,933	34,584
Reserves	198,451	171,149
	-----	-----
Total equity	259,735	208,084
	=====	=====

Prosperity Minerals Holdings Limited

Condensed cash flow statement for the year ended 31 March 2008

	Year ended 31 March	
	2008	2007
	US\$'000	US\$'000
Operating activities		
Profit before taxation	59,284	45,869
Adjustments for:		
- Non-operating income	-	(3,944)
- Negative goodwill arising on acquisition of an associate	(1,200)	-
- Depreciation	9,520	7,122
- Amortisation	1,616	1,051
- Finance expenses	8,769	5,746
- Finance income	(1,508)	(3,510)
- Impairment loss on other receivables	1,000	-
- Equity settled share-based transactions	1,882	-
- Foreign exchange gain	940	1,947
- Share of profits of associates	<u>(18,224)</u>	<u>(3,236)</u>
Operating profit before changes in working capital	<u>62,079</u>	<u>51,045</u>
Increase in inventories	(5,735)	(1,173)
Decrease/(increase) in trade and other receivables	17,846	(35,197)
Decrease in other financial assets	-	1,000
(Decrease)/increase in trade and other payables	<u>(18,688)</u>	<u>2,992</u>
Cash generated from operations	<u>55,502</u>	<u>18,667</u>
Receipt of government grant	-	3,944
Tax paid	<u>(5,000)</u>	<u>(18)</u>
Net cash generated from operating activities	<u>50,502</u>	<u>22,593</u>

	<i>Year ended 31 March</i>	
	2008	2007
	US\$'000	US\$'000
Investing activities		
Interest received	568	1,562
Payment for purchase of property, plant and equipment	(22,034)	(19,316)
Acquisition of an associate	(27,744)	(18,088)
Payment for other investments	(827)	-
Net cash outflow from acquisition of minority interests	-	(45,550)
Net cash outflow from acquisition of subsidiary	<u>-</u>	<u>(75,287)</u>
Net cash used in investing activities	<u>(50,037)</u>	<u>(156,679)</u>
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Financing activities		
Decrease in pledged deposits	285	13,697
Proceeds from new bank and other borrowings	265,402	70,365
Repayment of bank and other borrowings	(230,524)	(80,501)
Repayment of long-term payables	(16,098)	-
Interest paid	(7,147)	(4,227)
Proceeds from issue of new shares	-	191,039
Dividend paid to ex-equity shareholders	-	(4,921)
Dividends paid to equity shareholders of the Company	<u>(23,229)</u>	<u>(4,576)</u>
Net cash (used in)/generated from financing activities	<u>(11,311)</u>	<u>180,876</u>
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Net (decrease)/increase in cash and cash equivalents	(10,846)	46,790
Cash and cash equivalents at 1 April	51,320	4,633
Effect of foreign exchange rate changes	<u>1,224</u>	<u>(103)</u>
Cash and cash equivalents at 31 March	<u>41,698</u>	<u>51,320</u>
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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.

Business segments

There are no sales between the business segments.

	For the 3 months ended 31 March					
	2008			2007		
	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	78,415	45,839	124,254	53,660	33,566	87,226
Other revenue from external customers	2,638	(361)	2,277	1,319	66	1,385
Total	81,053	45,478	126,531	54,979	33,632	88,611
Segment result	994	11,246	12,240	4,306	8,351	12,657
Unallocated operating income and expenses			(2,520)			(2,462)
Profit from operations			9,720			10,195
Finance expenses			(2,164)			(1,645)
Finance income			660			432
Share of profits of associates			3,518			713
Negative goodwill (from acquisition of an associate) adjustment			(2,631)			-
Income tax			(1,967)			(1,199)
Profit for the period			7,136			8,496

Segment reporting (continued)

There are no sales between the business segments.

	For the 12 months ended 31 March					
	2008			2007		
	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	339,547	167,985	507,532	206,938	124,401	331,339
Other revenue from external customers	3,423	649	4,072	2,587	2,750	5,337
Total	342,970	168,634	511,604	209,525	127,151	336,676
Segment result	17,252	35,442	52,694	16,656	28,142	44,798
Unallocated operating income and expenses			(5,573)			(3,873)
Profit from operations			47,121			40,925
Finance expenses			(8,769)			(5,746)
Finance income			1,508			3,510
Share of profit of associates			18,224			3,236
Negative goodwill from acquisition of an associate			1,200			
Non operating income			-			3,944
Income tax			(5,316)			(1,793)
Profit for the year			53,968			44,076

