

29 June 2011

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

Financial Results for the Year ended 31 March 2011

Prosperity Minerals Holdings Limited (PMHL.L) is an iron ore trading business serving the People’s Republic of China (PRC) and a real estate owner and developer in the same market. It is also an investor in two PRC cement manufacturers. Today, Prosperity announces its annual results for the year ended 31 March 2011. All figures are expressed in US dollars unless otherwise stated.

Financial Highlights

- 369% increase in profit before tax to \$192.1 million (2009-10: \$41.0 million)
- 189% increase in EBITDA to \$197.4 million (2009-10: \$68.3 million)
- 17% increase in revenue to \$993.2 million (2009-10: \$850.0 million)
- 139.7 cents basic earnings per share (2009-10: 15.2 cents)
- 9 cents per share final dividend proposed (2009-10: 9 cents)
- 9 cents per share special dividend proposed (2009-10: nil)

Note: Prosperity acquired Bliss Hero HK Group on 31 August 2010. Assets, liabilities, profits and loss of Bliss Hero HK Group are accounted for under merger accounting as it is ultimately controlled by the same controlling parties both before and after the business combination. As a result, it has been included, on a full year basis, for both the reporting and comparative periods. Subsequently, the 2009-10 figures are re-presented.

Operating highlights

Iron Ore Trading

- The Company has entered into three iron ore off-take agreements, one in Malaysia and two in Canada. These agreements will provide Prosperity with increased supplies at competitive prices in the medium term
- In December 2010, Prosperity subscribed for a 35% effective interest in United Goalink Limited (UGL), a joint venture company operating in Brazil, engaged in the exploration and production of iron ore
- The Division’s total tonnage shipped during the year was 6.3 million tonnes (2009-10: 7.9 million tonnes), representing a 20% decrease from the previous year as the Company focused more on sales under long term contracts instead of the spot market
- Iron ore trading contributed a segment profit¹ of \$10.4 million (2009-10: \$10.3 million)

Real Estate Investment and Development

- Prosperity entered into a number of agreements with its partners to develop recreational, commercial and residential projects in Guangzhou City, Guangdong Province (the Dongfang Wende Plaza Project) and Changzhou City, Fujian Province in the southern PRC and Hangzhou City, Zhejiang Province in the eastern PRC. The Company also acquired interests in an existing commercial building (SilverBay Plaza) in Guangzhou City
- As at 31 March 2011, SilverBay Plaza had an occupancy rate of 97.2%
- Pre-sales of the first phase of residential units at the Dongfang Wende Plaza Project (in which Prosperity holds a 55% interest) is planned for October or November 2011
- Construction of the first phase of the Changzhou Project (in which Prosperity holds a 50% interest) has commenced and pre-sales are planned for the end of 2011
- Development plans for the Hangzhou Project (in which Prosperity holds a 50% interest) is currently being formulated and construction is expected to commence in mid 2012

Cement Manufacturing

- In April 2010, Prosperity sold the majority of its cement manufacturing business for HK\$ 3.8 billion (approximately \$487 million) but retained its 33.06% interest in Anhui Chaodong Cement Company Limited (ACC)
- The second 2 million tonnes per annum clinker production line at ACC commenced normal production in January 2011, bringing the total designed saleable output of cement and clinker to 5.1 million tonnes per annum
- ACC reported an attributable profit of \$2.2 million (2009-10: \$0.1 million)
- ACC is listed on the Shanghai Stock Exchange and, as at 24 June 2011, at a closing price of RMB 20.24 per share, it was capitalised at approximately \$745 million, valuing Prosperity's shareholding at approximately \$246.4 million
- In September 2010, Prosperity acquired a 25% interest in Liaoning Changqing Cement Company Limited (Liaoning Changqing) where construction of the first clinker production line of 2 million tonnes per annum was completed in April 2010
- From 1 September 2010 to 31 December 2010, Liaoning Changqing reported an attributable loss of \$0.07 million

Post period end highlights

- In May 2011, Prosperity Materials Macao Commercial Offshore Limited (PMMCO), a wholly owned subsidiary of the Company, signed an iron ore off-take agreement with Grace Wise and Nanjing Iron and Steel. PMMCO acts as exclusive introducing agent for Grace Wise in respect of the transactions under the agreement and will provide it with various administrative services, such as handling shipping documents and liaising with banks for payment. The agreement will enable Prosperity to earn commission income from the sale of iron ore without the risk associated with having to provide Nanjing Iron and Steel with a long term supply of iron ore

Corporate update

- The Board of Prosperity does not intend to propose that the current share repurchasing authority, to repurchase up to approximately 30 per cent of the Company's issued share capital, be renewed at the AGM. Instead, the Board will recommend a share repurchasing authority of approximately 10 per cent of the Company's issued share capital

Copies of the Company's Annual Report and Accounts for the year ended 31 March 2011 will be available for download from the Company's website: www.pmhl.co.uk and posted to shareholders by 25 July 2011.

Chairman and CEO, David Wong said:

"China is the World's largest importer and consumer of iron ore and volumes are expected to continue to increase in order to meet the Country's high demand for steel products. Prosperity's success in securing increased and reliable supplies of iron ore at competitive prices will enable the Company to grow its iron ore trading business both in scale and profit in the medium and longer term.

"In my view, real estate demand in China is strong and particularly so in the areas where Prosperity has chosen to invest. The PRC Government's measures to reduce inflation, in general, and in the property market, specifically, have had and will continue to have an impact. However, I believe that there is robust and sustained demand for our projects and I look forward to satisfactory completions.

"I am pleased with the Company's performance and direction and, I believe, we are strongly positioned and to grow the business and continue to increase shareholder value."

Notes:

The average exchange rates for the year ended 31 March 2011 and 31 March 2010 were \$1 = RMB 6.7210 and RMB 6.8282 respectively and on 31 March 2011 it was \$1 = RMB 6.5716.

¹ Segment profit: profit before taxation and finance costs, adjusted for head office or corporate administration costs which are not specifically attributable to individual segments

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Corporate Broking: Martin Lampshire**Notes to Editors:**

Prosperity (AIM: PMHL) is:

- an iron ore trading business serving the PRC;
- a specialised real estate owner and developer in the same market; and
- an investor in two cement plants, also in the PRC.

Prosperity's iron ore trading business has been operating since 1992 and it sources iron ore, for shipment and use in the PRC, from major international iron ore producers in South Africa, Brazil and Australia, as well as from South East Asia, Thailand and Malaysia in particular. The majority of the Company's iron ore is sold to large steel manufacturers in the PRC. In the fiscal years ended 31 March 2010 and 2011, Prosperity shipped 7.9 million tonnes and 6.3 million tonnes of iron ore respectively.

Prosperity has operated a real estate investment and development division since February 2010 which is focused on creating a portfolio of PRC property and development assets with good upside potential and manageable risk. The Company has entered into a number of agreements with its partners to develop recreational, commercial and residential projects in Guangzhou City and Changzhou City in the southern PRC and Hangzhou City in the east. Prosperity also acquired interests in an existing commercial building in Guangzhou which is the largest city in the southern PRC and the third largest in the Country (after Beijing and Shanghai). It has a population in excess of 12 million people and is located in the Pearl River Delta, the foremost economic zone.

In April 2010, Prosperity disposed of its cement business in the PRC but retained its 33.06% interest in Anhui Chaodong Cement Company Limited (ACC). ACC is located in Anhui Province in the eastern PRC. The designed sellable output capacity of ACC is 5.1 million tonnes of cement and clinker per annum. On 1 September 2010, Prosperity acquired a 25% equity interest in Liaoning Changqing in Liaoning Province, in the northern PRC. Liaoning Changqing completed construction of a new 2 million tonnes per annum cement and clinker production line in April 2010 and normal production commenced on 2 July 2010.

The PRC is the World's second largest economy (behind the US) and the biggest buyer of iron ore; it is also the largest producer and consumer of cement.

Chairman's Statement

I am pleased to report that Prosperity performed well in the year despite a number of challenges, particularly in the iron ore market. The PRC Government has stepped up efforts to control domestic inflation by restricting loan growth, increasing the reserve ratio requirement for the largest banks, as well as raising interest rates. These measures have had an impact on all of Prosperity's business units.

IRON ORE TRADING

Prosperity's iron ore trading business has been operating since 1992 when I began sourcing product from Brazil, South Africa and Australia. Since then, iron ore imports to China have increased more than tenfold. In 2010, China imported 618.6 million tonnes, slightly below the 2009 all-time record of 627 million tonnes.

Volatility in the iron ore market has increased markedly since 2009 and the abandonment of the industry's 40 year practice of fixing prices on an annual basis. Similarly, prices in the spot market tend to fluctuate, making it more difficult to finalise shipments. This is due to steel manufacturers seeking to minimise costs through delaying orders when they expect prices to fall; similarly their profits and margins have also suffered as the cost of iron ore has increased disproportionately compared to steel.

In fiscal 2010-11, Prosperity shipped 6.3 million tonnes of iron ore (2009-10: 7.9 million tonnes) as the Company focused increasingly on selling iron ore under long term contract, rather than to the higher risk spot market. In turn, this resulted in a decrease in the total tonnage shipped last year.

In 2006 and 2007, Prosperity commenced importing iron ore from non-traditional suppliers in South East Asia, including Thailand and Malaysia in particular. In the year under review, Prosperity entered into three iron ore off-take agreements, one in Malaysia and two in Canada. These agreements will provide the Company with increased supplies at competitive prices in the medium term.

In December 2010, Prosperity completed the subscription for a 35 per cent effective interest in UGL, a joint venture company operating in Brazil, engaged in the exploration and production of iron ore. Brazil is one of the World's largest exporters of iron ore and has a long history of mining. It is also known to have large, high quality deposits and, while the majority of the mining rights held by UGL are at an early stage of exploration, they are located in an area where a number of good quality iron ore deposits have been found. The first shipment of 52,000 tonnes was dispatched in March 2011. This investment will provide an additional source of iron ore for Prosperity's iron ore trading business in the medium to longer term.

In May 2011, PMMCO, a wholly owned subsidiary of the Company, Nanjing Iron and Steel and Grace Wise signed an off-take agreement. PMMCO acts as exclusive introducing agent for Grace Wise in respect of the transactions under the agreement and will provide it with various administrative services, such as handling shipping documents and liaising with banks for payment. The agreement will provide Prosperity with additional iron ore tonnage plus a secure and reputable buyer in Nanjing Iron and Steel.

REAL ESTATE INVESTMENT AND DEVELOPMENT

Prosperity has operated a real estate investment and development division since February 2010, aimed at capitalising on my own and our team's broad experience in the PRC property market. Due to its large population, growing affluence and urbanisation, real estate demand in the PRC has been resilient. During the year under review, Prosperity focused on creating a portfolio of PRC property and development assets with good upside potential and manageable risk.

During the year, Prosperity entered into a number of agreements with its partners to develop recreational, commercial and residential projects in Guangzhou City and Changzhou City in the southern PRC and Hangzhou City in the eastern PRC. The Company also acquired interests in an existing commercial building in Guangzhou City.

CEMENT MANUFACTURING

In April 2010, the Company disposed of the majority of its cement manufacturing business in the PRC for some \$487 million but retained its 33.06 per cent interest in ACC in the eastern PRC Province of Anhui. ACC is listed on the Shanghai Stock Exchange and, as at 24 June 2011, its closing share price was RMB 20.24 at which ACC's

market capitalisation was RMB 4.9 billion (approximately \$745.3 million), valuing Prosperity's shareholding at approximately \$246.4 million.

The second 2 million tonnes per annum clinker production line at ACC commenced normal production in January 2011, bringing the total designed saleable output of cement and clinker to 5.1 million tonnes per annum.

On 1 September 2010, Prosperity acquired a 25 per cent equity interest in Liaoning Changqing in Liaoning Province, in the northern PRC. Liaoning Changqing completed construction of a new 2 million tonnes per annum cement and clinker production line in April 2010 and normal production commenced on 2 July 2010.

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. 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.

OUR PEOPLE

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

SHAREHOLDERS

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

DIVIDEND

A final dividend of 9 cents per share (2009-10: 9 cents) and a special dividend of 9 cents per share (2009-10: nil) will be recommended by the Board. If approved at the AGM on 26 August 2011, the total dividend for the year will be 18 cents per share (2009-10: 9 cents).

OUTLOOK

China is the World's largest importer and consumer of iron ore and volumes are expected to continue to increase in order to meet the Country's high demand for steel products. Prosperity's success in securing increased and reliable supplies of iron ore at competitive prices will enable the Company to grow its iron ore trading business both in scale and profit in the medium and longer term.

In my view, real estate demand in China is strong and particularly so in the areas where Prosperity has chosen to invest. The PRC Government's measures to reduce inflation, in general, and in the property market, specifically, have had and will continue to have an impact on our property projects. However, I believe there is robust and sustained demand for our projects and I look forward to satisfactory completions.

I am pleased with the Company's performance and direction and, I believe, we are strongly positioned to grow the business and continue to increase shareholder value.

(David) Ben Koon Wong
Chairman & CEO
29 June 2011

Operating Review

IRON ORE TRADING

In fiscal 2010-11, Prosperity's iron ore trading business shipped a total of 6.3 million tonnes of iron ore (2009-10: 7.9 million tonnes) and contributed a segment profit of \$10.4 million (2009-10: \$10.3 million). The Company focused more on sales under long term contract instead of the spot market which resulted in a decrease in total tonnage shipped compared to the previous year, although it was still well ahead of the 4.4 million tonnes shipped in fiscal 2008-9. Profit margins have also been squeezed as PRC steel mills seek to minimise costs by operating with low inventories and delaying shipments when they expect prices to fall.

During the year under review, Prosperity has sought to increase its access to reliable medium to long term supplies of iron ore at competitive prices. As a result, Prosperity entered into three iron ore off-take agreements which will provide the Company with access, at its discretion. The Company has no obligation to purchase this ore if it is able to source product at more competitive prices elsewhere.

Grace Wise Off-take Agreement

On 31 May 2010, Prosperity entered into an iron ore off-take agreement with Grace Wise to purchase iron ore from South East Asia.

Under the agreement the iron ore is to be offered to Prosperity between 1 May 2010 and 31 March 2013. Prosperity will benefit from the right, but not obligation, to attain an increased supply of ore from Grace Wise. There is no initial outlay or prepayment associated with this transaction.

Blackrock Off-take Agreement

On 28 January 2011, the Company entered into an iron ore off-take agreement with Blackrock to secure a supply of 800,000 tonnes of iron ore from the Quebec Province, Canada over a two and a half year period. Blackrock is a mining company which specialises in minerals such as iron, vanadium and titanium.

Iron ore will be sold to Prosperity at a fixed percentage discount to the prevailing market price in the region. Prosperity has the right, but not the obligation, to buy the ore offered by Blackrock. First shipments are expected in the Company's fiscal year 2012-13 and Prosperity also has the option to increase the supply to 4 million tonnes over four years. On 24 March 2011, Prosperity provided an \$8 million deposit to Blackrock to secure 800,000 tonnes of iron ore.

Century Holdings Off-take Agreement

On 14 March 2011, Prosperity signed an off-take agreement with Century Holdings to purchase iron ore from Labrador and Quebec, Canada. Century Holdings is a resource development company which specialises in iron ore.

The agreement gives Prosperity the option to purchase up to 1 million tonnes of iron ore at prevailing market prices over a three year period. Deliveries are expected to commence in Prosperity's fiscal year 2012-13. On 14 March 2011, Prosperity provided a prepayment of \$8 million to Century Holdings.

Investment in joint venture company engaged in the exploration and production of iron ore in Brazil

On 29 December 2010, Prosperity completed the subscription for a 35 per cent effective interest in UGL, a joint venture company which is engaged in the exploration and production of iron ore in the State of Ceará, Brazil. Prosperity subscribed for a 70 per cent interest in Lead Hero for a consideration of \$20 million. Lead Hero, in turn, subscribed for a 50 per cent interest in UGL, which will wholly own approximately 602.3 square kilometres of exploration rights and 3.01 square kilometres of mining concession in Ceará (together referred to as the Brazilian Mining Rights). Prosperity now holds a 35 per cent effective interest in the Brazilian Mining Rights.

It is intended that UGL will develop and operate the mines related to the Brazilian Mining Rights and other iron ore mines which UGL may acquire in the future. All iron ore produced by UGL will be distributed through Lead Hero.

The majority of the Brazilian Mining Rights are at various early stages of exploration but also include one mining concession which has been in operation since 2001 and, as at the time of investment, it produced 3,000 tonnes of iron ore per year. The mining concession is valid until the resource is depleted.

Brazil is one of the World's largest exporters of iron ore. It also has a long history of iron ore mining and is known to have large, high quality iron ore deposits. At this time, the majority of the Brazilian Mining Rights are at an early stage of exploration, but they are located in the State of Ceará, an area where many good quality iron ore deposits have been found. Ceará also has good infrastructure, including existing railway lines and port facilities.

The first shipment of 52,001 tonnes of iron ore from UGL was despatched in March 2011. Prosperity expects the tonnage shipped to increase in coming years.

Post period end

Grace Wise & Nanjing Iron and Steel Off-take Agreement

On 10 May 2011, PMMCO, a wholly owned subsidiary of the Company, Nanjing Iron and Steel and Grace Wise signed an off-take agreement. PMMCO acts as exclusive introducing agent for Grace Wise in respect of the transactions under the agreement and will provide Grace Wise with various administrative services, such as handling shipping documents and liaising with payment banks. Grace Wise will pay PMMCO for its services a commission equivalent to \$2 per dry tonne of iron ore shipped to Nanjing Iron and Steel under the agreement. PMMCO has the right to terminate its services under the agreement upon giving 3 months' written notice.

Nanjing Iron and Steel has the right to purchase from Grace Wise up to 19 million tonnes of iron ore over a ten year period, which is capped at 1 million tonnes of ore for the first year commencing 1 June 2011 and up to 2 million tonnes thereafter.

The agreement is entered into in the ordinary course of business of the Company and is similar to another long term off-take agreement which Nanjing Iron and Steel entered into with an independent third party whereby PMMCO acted as agent. The agreement will enable PMMCO to earn commission income from the sale of iron ore without the risk associated with having to provide Nanjing Iron and Steel with a long term supply of ore. It is also in line with the Company's strategy of sourcing from reliable suppliers at a competitive price and its low risk operating policy.

REAL ESTATE INVESTMENT AND DEVELOPMENT

The Real Estate Investment and Development division was established in February 2010 and has been focused on creating a portfolio of PRC property and development assets with good upside potential and manageable risk.

Guangzhou City, Guangdong Province, PRC

On 16 August 2010, the Company completed the purchase of Bliss Hero for a consideration of HK\$ 836 million (approximately \$107 million). Bliss Hero holds interests in an existing commercial building and a new commercial and residential development, both located in downtown Guangzhou City, Guangdong Province, in the southern PRC.

Guangzhou City is the largest city in southern China and the third largest in China (after Beijing and Shanghai). It has a population in excess of 12 million people and is located in the Pearl River Delta, the foremost economic zone in the south.

Bliss Hero owns approximately 11,472 square metres of office and commercial space in SilverBay Plaza which was completed in 2004. As at 31 March 2011, SilverBay Plaza had 97.2 per cent occupancy.

Bliss Hero also holds a 55 per cent interest in a commercial and residential development project known as Dongfang Wende Plaza which is currently under construction and expected to be completed towards the end of calendar year 2012. The other 45 per cent interest is held by Guangzhou Sendao Shiye Limited.

Dongfang Wende Plaza is located in downtown Guangzhou City within a few minutes' walking distance from Beijing Road, a popular pedestrianised shopping street. The Dongfang Wende Plaza development comprises a four floor shopping arcade with four basement floors (one of which is to be part of the shopping arcade and the other three

will form a car park) on top of which is being constructed three residential buildings with 35 floors, one residential building with 29 floors and one commercial building with 26 floors. The aggregate floor area will be approximately 165,519 square metres.

We plan to commence pre-sale of the first phase of residential units in October or November 2011.

The management team is confident about both the prospects for the Dongfang Wende Plaza project and property prices in Guangzhou generally.

Changzhou City, Fujian Province, PRC

On 31 May 2010, Prosperity entered into a 50:50 joint venture agreement to develop a combined recreational, commercial and residential project in Changzhou City, Fujian Province, in the southern PRC.

Following an internal group restructuring of our JV partner, Xiamen Yangguang Shiji Property Development Company Limited transferred its 50 per cent interest in the project to Xinke Group Holdings Limited in December 2010. There is no impact on our interest and rights in the project which remain at 50 per cent.

The development is located 39 kilometres from Xiamen City, which is classed as a special economic zone in the PRC. Xiamen is the economic and financial centre of Fujian Province and the largest city in the Province. A new highway is being built between Xiamen airport and Changzhou City and travelling time between these two cities will be reduced to only 20 minutes once completed.

The development will offer high-end accommodation and hot spring resort facilities on a land area of 4,953 Mu (approximately 3,302,000 square metres), of which 1,600 Mu (approximately 1,066,667 square metres) will be used for development.

Under the joint venture agreement, Prosperity's maximum investment is RMB 480 million (approximately \$73 million).

Construction of the first phase, including 50 low rise residential units and the clubhouse, has commenced and pre-sale of the first phase is planned for the end of calendar year 2011.

Hangzhou City, Zhejiang Province, PRC

On 28 February 2011, Prosperity acquired the rights for use of land on a site in Hangzhou City, the capital of Zhejiang Province in the eastern PRC, which is held in a 50:50 joint venture company.

The other 50 per cent is held by Hangzhou Sanjiang Mining Industry Group Co., Ltd (40 per cent) and Hangzhou Sanjiang Materials Trading Co., Ltd (10 per cent).

Hangzhou City is situated in the Yangtze River Delta, the foremost and most affluent economic region in the Country. It is only a 45 minute train journey from Shanghai and one of the most popular tourist destinations in the PRC. The development is located in the scenic West Lake District, 30 to 40 minutes from Hangzhou International Airport and close to the Song Dynasty Village, a popular tourist area.

The site comprises a total area of 55,589 square metres with a developable gross area of 111,200 square metres.

The land cost of RMB 392 million (approximately \$60 million) is payable in three phases. The first 50 per cent was paid in early April 2011, with the next 20 per cent and the remaining balance to be settled on or before 20 September 2011 and 6 March 2012 respectively.

Subject to approval of the construction plans from the local government, the site is to be developed into a commercial property primarily comprising office and retail space. A development plan is currently being formulated and, as such, total construction cost and investment are not yet finalised.

Construction is expected to commence in mid 2012 and pre-sale of the properties is planned for 2013.

CEMENT MANUFACTURING

Anhui Chaodong Cement Company

In April 2010, Prosperity disposed of the majority of its cement manufacturing business in the PRC for approximately \$487 million but retained its 33.06 per cent interest in ACC in eastern PRC Province of Anhui. ACC reported an attributable profit of \$2.2 million (2009-10: \$0.1 million).

ACC is listed on the Shanghai Stock Exchange under the listing code 600318 and, as at 24 June 2011, its closing share price was RMB 20.24 at which ACC's market capitalisation was RMB 4.9 billion (approximately \$745.3 million), valuing Prosperity's shareholding at approximately \$246.4 million.

The second 2 million tonnes per annum clinker production line commenced normal production in January 2011, bringing the total designed saleable output of cement and clinker to 5.1 million tonnes per annum.

Liaoning Changqing Cement Company

On 1 September 2010, Prosperity acquired a 25 per cent equity interest for a consideration of RMB 100 million (approximately \$15 million) in Liaoning Changqing which is located near Shenyang, the capital city of Liaoning Province in the northern PRC.

It completed construction of a new 2 million tonnes per annum cement and clinker production line in April 2010 and normal production commenced on 2 July 2010. From 1 September 2010 to 31 December 2010 Liaoning Changqing reported an attributable loss of \$0.07 million.

Financial Review

Profit and Loss Account

The profit and loss account for the reporting period included the trading of iron ore, real estate investment and development, profit from associates and profit from jointly controlled entities. It also includes results from the cement manufacturing business prior to its disposal in April 2010.

For the 12 months ended 31 March 2011, revenue increased 17 per cent from \$850.0 million for the previous year to \$993.2 million, while gross profit for the year decreased from \$72.5 million to \$24.1 million. The gross profit margin decreased from 8.5 per cent to 2.4 per cent.

EBITDA was \$197.4 million for the year (2009-10: \$68.3 million) and included a gain on disposal of subsidiaries, associates and a jointly controlled entity totalling \$208.5 million (2009-10: nil).

There was an operating loss for the year of \$16.7 million (2009-10: \$35.0 million profit).

Interest expense was \$5.0 million, down from \$17.0 million in 2009-10, and this was covered 39.5 times (2009-10: 4.0 times) by EBITDA. Net finance costs were \$3.9 million (2009-10: \$15.3 million).

The Company's share of associate companies' profits (less losses) i.e. 33.06 per cent of ACC and 25 per cent of Liaoning Changqing, amounted to \$2.2 million (2009-10: \$17.7 million). Last year's figure included \$13.1 million from Prosperity Conch Cement Co., Ltd.

The Company's share of profits (less losses) of jointly controlled entities, i.e. 50 per cent interest in Jinhongbang, 50 per cent interest in HPT, and 35 per cent effective interest in UGL, was \$0.5 million (2009-10: \$5.7 million loss).

Profit before tax increased 369 per cent from \$41.0 million in the previous year to \$192.1 million. The provision for tax was 0.8 per cent of the profit before tax or \$1.5 million (2009-10: \$13.4 million).

Basic and diluted earnings per share amounted to 139.7 cents (2009-10: 15.2 cents) and 135.8 cents (2009-10: 15.0 cents) respectively.

The dividend for the year will be 18.0 cents per ordinary share and includes a proposed final dividend of 9.0 cents and a proposed special dividend of 9.0 cents. If these are approved at the AGM on 26 August 2011, they will be payable on 9 September 2011 to shareholders on the Company's register at the close of business on 19 August 2011. The ex-dividend date is 17 August 2011.

Balance Sheet and Cashflow

There was a net cash outflow from operating activities of \$104.0 million for the year (2009-10: \$33.3 million). Investing activities, including proceeds from disposal of subsidiaries, associates and a jointly controlled entity, generated \$171.2 million (2009-10: outflow of \$20.9 million). Cash and cash equivalents at 31 March 2011 amounted to \$213.9 million (2009-10: \$96.1 million).

Liquidity measured by the current ratio (which is current assets divided by current liabilities) was 2.54 (2009-10: 1.63). The quick ratio (which is current assets, excluding properties under development for sale, divided by current liabilities) was 1.69 (2009-10: 1.35).

Capital expenditure of \$10.4 million represented 1.0 per cent of revenue (2009-10: 13.7 per cent).

Net cash at the year end, defined as total borrowings net of cash and cash equivalents, was \$35.6 million (2009-10: net debt of \$261.6 million) compared to net assets of \$548.1 million as at 31 March 2011 (2009-10: \$423.0 million).

The gearing ratio (i.e. total borrowings including secured notes divided by shareholders funds) at the end of fiscal 2010-11 was 38 per cent (2009-10: 106 per cent).

Prosperity Minerals Holdings Limited

Consolidated income statement for the year ended 31 March 2011

	<i>Year ended 31 March</i>	
	<i>2011</i>	<i>2010</i>
	US\$'000	US\$'000
		(Re-presented)
Continuing operations		
Revenue	971,905	648,913
Cost of sales	<u>(954,703)</u>	<u>(624,393)</u>
Gross profit	17,202	24,520
Other operating income	4,696	3,850
Distribution expenses	(2,756)	(6,996)
Administrative expenses	<u>(41,963)</u>	<u>(18,999)</u>
(Loss)/profit from continuing operations	(22,821)	2,375
Finance income	1,031	334
Finance expenses	(3,766)	(1,861)
Share of profits less losses of associates	2,165	139
Share of profits less losses of jointly controlled entities	530	-
Change in fair value of investment properties and investment properties under development	2,530	10,572
Reversal of impairment of properties under development for sale	-	12,932
Loss on re-measurement of derivative financial instruments to fair value	<u>(993)</u>	<u>(11,381)</u>
(Loss)/profit before taxation from continuing operations	(21,324)	13,110
Income tax	<u>(111)</u>	<u>(5,882)</u>
(Loss)/profit from continuing operations	(21,435)	7,228
Discontinued operations		
Gain on disposal of subsidiaries, associates and a jointly controlled entity	208,494	-
Profit from discontinued operations (net of income tax)	<u>* 3,613</u>	<u>20,374</u>
Profit for the year	<u>190,672</u>	<u>27,602</u>
Attributable to:		
Equity shareholders of the Company	192,136	20,296
Non-controlling interests	<u>(1,464)</u>	<u>7,306</u>
	** 190,672	27,602

Prosperity Minerals Holdings Limited

Consolidated income statement for the year ended 31 March 2011 (Continued)

	<i>Year ended 31 March</i>	
	<i>2011</i>	<i>2010</i>
	US\$'000	US\$'000 (Re-presented)
Earnings / (loss) per share (US cents)		
Basic		
- from continuing and discontinued operations	139.72	15.18
- from continuing operations	(14.54)	(0.29)
- from discontinued operations	154.26	15.47
	<hr/>	<hr/>
Diluted		
- from continuing and discontinued operations	135.76	14.97
- from continuing operations	(14.12)	(0.29)
- from discontinued operations	149.88	15.26
	<hr/>	<hr/>

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

	<i>Year ended 31 March</i>	
	<i>2011</i>	<i>2010</i>
	US\$'000	US\$'000
Turnover	21,313	201,041
Cost of sales	(14,398)	(153,095)
Other operating income	363	3,067
Distribution expenses	(143)	(2,180)
Administrative expenses	(975)	(16,167)
	<hr/>	<hr/>
Profit from operations	6,160	32,666
Finance income	-	1,390
Finance expenses	(1,206)	(15,179)
Share of profits less losses of associates	-	17,571
Share of loss of a jointly controlled entity	-	(5,677)
Impairment loss on interest in a jointly controlled entity	-	(2,846)
	<hr/>	<hr/>
Profit before taxation	4,954	27,925
Income tax	(1,341)	(7,551)
	<hr/>	<hr/>
Profit for the year from discontinued operations	<hr/>	<hr/>
	3,613	20,374
	<hr/>	<hr/>

Prosperity Minerals Holdings Limited

Consolidated income statement for the year ended 31 March 2011 (Continued)

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

	Year Ended 31 March 2011		
	Continuing Operations US\$'000	Discontinued Operations US\$'000	Total US\$'000
Revenue	971,905	21,313	993,218
Cost of sales	<u>(954,703)</u>	<u>(14,398)</u>	<u>(969,101)</u>
Gross profit	17,202	6,915	24,117
Other operating income	4,696	363	5,059
Distribution expenses	(2,756)	(143)	(2,899)
Administrative expenses	<u>(41,963)</u>	<u>(975)</u>	<u>(42,938)</u>
(Loss)/profit from operations	(22,821)	6,160	(16,661)
Finance income	1,031	-	1,031
Finance expenses	(3,766)	(1,206)	(4,972)
Share of profits less losses of associates	2,165	-	2,165
Share of profits less losses of jointly controlled entities	530	-	530
Change in fair value of investment properties and investment properties under development	2,530	-	2,530
Loss on re-measurement of derivative financial instruments to fair value	(993)	-	(993)
Gain on disposal of subsidiaries, associates and a jointly controlled entity	<u>-</u>	<u>208,494</u>	<u>208,494</u>
(Loss)/profit before taxation	(21,324)	213,448	192,124
Income tax	<u>(111)</u>	<u>(1,341)</u>	<u>(1,452)</u>
(Loss)/profit for the year	<u>(21,435)</u>	<u>212,107</u>	<u>190,672</u>

Prosperity Minerals Holdings Limited

Consolidated income statement for the year ended 31 March 2011 (Continued)

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

	Year Ended 31 March 2010		Total US\$'000
	Continuing Operations US\$'000 (Re-presented)	Discontinued Operations US\$'000	
Revenue	648,913	201,041	849,954
Cost of sales	<u>(624,393)</u>	<u>(153,095)</u>	<u>(777,488)</u>
Gross profit	24,520	47,946	72,466
Other operating income	3,850	3,067	6,917
Distribution expenses	(6,996)	(2,180)	(9,176)
Administrative expenses	<u>(18,999)</u>	<u>(16,167)</u>	<u>(35,166)</u>
Profit from operations	2,375	32,666	35,041
Finance income	334	1,390	1,724
Finance expenses	(1,861)	(15,179)	(17,040)
Share of profits less losses of associates	139	17,571	17,710
Share of loss of a jointly controlled entity	-	(5,677)	(5,677)
Change in fair value of investment properties and investment properties under development	10,572	-	10,572
Reversal of impairment of properties under development for sale	12,932	-	12,932
Loss on re-measurement of derivative financial instruments to fair value	(11,381)	-	(11,381)
Impairment loss on interest in a jointly controlled entity	<u>-</u>	<u>(2,846)</u>	<u>(2,846)</u>
Profit before taxation	13,110	27,925	41,035
Income tax	<u>(5,882)</u>	<u>(7,551)</u>	<u>(13,433)</u>
Profit for the year	<u>7,228</u>	<u>20,374</u>	<u>27,602</u>

Prosperity Minerals Holdings Limited

Consolidated statement of financial position at 31 March 2011

	<i>At 31 March</i>	
	<i>2011</i>	<i>2010</i>
	US\$'000	US\$'000
		(Re-presented)
Non-current assets		
Property, plant and equipment	840	628
Investment properties	25,117	22,268
Investment properties under development	89,475	75,886
Interests in jointly controlled entities	75,910	-
Interests in associates	48,369	29,824
Available-for-sale investments	9,676	-
Non-current prepayments	<u>16,000</u>	<u>14,650</u>
	265,387	143,256
	-----	-----
Current assets		
Properties under development for sale	189,004	169,160
Trade and other receivables	148,218	89,924
Held-to-maturity investment	5,326	-
Restricted deposits	7,647	2,029
Cash and cash equivalents	<u>213,941</u>	<u>65,836</u>
	564,136	326,949
Assets of a disposal group classified as held for sale	*** <u>-</u>	<u>653,900</u>
	564,136	980,849
	-----	-----
Current liabilities		
Bank loans	160,422	41,576
Trade and other payables	61,326	204,257
Income tax payable	110	106
Obligation under finance lease	<u>8</u>	<u>61</u>
	221,866	246,000
Liabilities directly associated with assets of a disposal group classified as held for sale	*** <u>-</u>	<u>354,473</u>
	221,866	600,473
	-----	-----
Net current assets	<u>342,270</u>	<u>380,376</u>
	-----	-----
Total assets less current liabilities	<u>607,657</u>	<u>523,632</u>
	-----	-----
Non-current liabilities		
Bank loans	17,873	60,493
Obligations under finance lease	-	8
Deferred tax liabilities	<u>41,725</u>	<u>40,104</u>
	59,598	100,605
	-----	-----
NET ASSETS	<u>548,059</u>	<u>423,027</u>
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Prosperity Minerals Holdings Limited

Consolidated statement of financial position at 31 March 2011 (Continued)

	<i>At 31 March</i>	
	<i>2011</i>	<i>2010</i>
	US\$'000	US\$'000
		(Re-presented)
Capital and reserves		
Share capital	2,626	2,463
Reserves	233,109	256,080
Retained earnings	231,731	49,159
Amounts recognised in other comprehensive income and accumulated in equity relating to a disposal group classified as held for sale	-	<u>31,345</u>
Total equity attributable to equity holders of the Company	467,466	339,047
Non-controlling interests	<u>80,593</u>	<u>83,980</u>
TOTAL EQUITY	<u>548,059</u>	<u>423,027</u>

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

	<i>At 31 March 2010 US\$'000</i>
Assets of a disposal group classified as held for sale	
Property, plant and equipment	287,967
Mining right	16,271
Lease prepayments	35,079
Interest in a jointly controlled entity	8,706
Interests in associates	114,246
Goodwill	43,440
Non-current prepayments	41,118
Deferred tax assets	113
Inventories	13,156
Trade and other receivables	61,045
Amount due from a non-controlling shareholder	2,088
Restricted deposits	391
Cash and cash equivalents	<u>30,280</u>
	<u>653,900</u>
Liabilities relating to assets of a disposal group classified as held for sale	
Bank loans	(153,777)
Trade and other payables	(91,634)
Income tax payable	(1,385)
Secured note	(101,873)
Deferred tax liabilities	<u>(5,804)</u>
	<u>(354,473)</u>

Prosperity Minerals Holdings Limited

Consolidated cash flow statement for the year ended 31 March 2011

	<i>Year ended 31 March</i>	
	<i>2011</i>	<i>2010</i>
	US\$'000	US\$'000
		(Re-presented)
Operating activities		
(Loss)/profit before taxation from		
- continuing operations	(21,324)	13,110
- discontinued operations	213,448	27,925
Adjustments for:		
- Depreciation	331	8,938
- Amortisation	16	1,336
- Equity settled share-based transactions	7,161	3,123
- Loss on cancellation of share options	688	-
- Gain on disposal of property, plant and equipment	-	(56)
- Gain on disposal of subsidiaries, associates and a jointly controlled entity	(208,494)	-
- Impairment loss on interest in a jointly controlled entity	5,486	2,846
- Foreign exchange gain	(1)	(26)
- Finance income	(841)	(1,649)
- Finance expenses	4,972	17,040
- Share of profits less losses in jointly controlled entities	(530)	5,677
- Share of profits less losses of associates	(2,165)	(17,710)
- Loss on re-measurement of derivative financial instruments to fair value	993	11,381
- Change in fair value of investment properties and investment properties under development	(2,530)	(10,572)
- Reversal of impairment of properties under development for sale	-	(12,932)
	<u>-</u>	<u>(12,932)</u>
Operating (loss)/profit before changes in working capital	(2,790)	48,431
Decrease/(increase) in inventories	2,591	(2,761)
Increase in trade and other receivables	(84,735)	(66,277)
Decrease/(increase) in amounts due from associates	35	(3,376)
Increase in amount due from a non-controlling shareholder	-	(2,088)
(Decrease)/increase in trade and other payables	(4,467)	11,981
Additional construction cost of properties under development for sale	(13,296)	(14,367)
	<u>(13,296)</u>	<u>(14,367)</u>
Cash used in operations	(102,662)	(28,457)
Tax paid	(1,383)	(4,847)
	<u>(1,383)</u>	<u>(4,847)</u>
Net cash used in operating activities	(104,045)	(33,304)
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Prosperity Minerals Holdings Limited

Consolidated cash flow statement for the year ended 31 March 2011 (Continued)

	<i>Year ended 31 March</i>	
	2011 US\$'000	2010 US\$'000 (Re-presented)
Investing activities		
Interest received	891	444
Payment for purchase of property, plant and equipment	(8,649)	(83,259)
Payment for purchase of an investment property	(2,306)	-
Additional construction cost of investment properties under development	(5,402)	(3,420)
Proceeds from disposal of property, plant and equipment	-	554
Dividend received from an associate	-	1,881
Payment for acquisition of land use rights	-	(6,856)
Net cash outflow from acquisition of associates	(14,708)	-
Net cash outflow from acquisition of subsidiaries	(107,130)	-
Net cash outflow from acquisition of a jointly controlled entity	(34,456)	-
Capital contributions to jointly controlled entities	(22,563)	-
Deposit paid for purchase of available-for-sale investments	(2,000)	-
Advances to jointly controlled entities	(14,858)	-
Deposit paid for acquisition of a jointly controlled entity	-	(14,650)
Decrease in amount due from an associate	-	10,255
Net cash outflow from acquisition of non-controlling interests	-	(1,075)
Increase in non-current prepayments	-	(27,347)
Acquisition of available-for-sale investments	(7,547)	-
Acquisition of held-to-maturity investment	(5,326)	-
Proceeds from disposal of shareholder loans	189,778	-
Proceeds from disposal of subsidiaries, associates and a jointly controlled entity	<u>205,485</u>	<u>102,564</u>
Net cash generated from/(used in) investing activities	<u>171,209</u>	<u>(20,909)</u>

Prosperity Minerals Holdings Limited

Consolidated cash flow statement for the year ended 31 March 2011 (Continued)

	<i>Year ended 31 March</i>	
	<i>2011</i>	<i>2010</i>
	US\$'000	US\$'000
Financing activities		(Re-presented)
(Increase)/decrease in restricted deposits	(5,618)	3,611
Proceeds from new bank loans	143,761	204,902
Repayments of bank loans	(70,025)	(113,805)
Interest paid	(7,253)	(20,987)
Proceeds from exercise of warrants and options	15,259	979
Payments for cancellation of share options	(3,237)	-
Purchase of own shares	(11,388)	-
Decrease in amount due to a director	-	1,794
Dividends paid	<u>(12,255)</u>	<u>(732)</u>
Net cash generated from financing activities	<u>49,244</u>	<u>75,762</u>
Net increase in cash and cash equivalents	<u>116,408</u>	<u>21,549</u>
Cash and cash equivalents at 1 April	96,116	74,281
Effect of foreign exchange rate changes	<u>1,417</u>	<u>286</u>
Cash and cash equivalents at 31 March	<u>213,941</u>	<u>96,116</u>

Segment reporting

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

- Trading of iron ore;
- Real estate investment and development; and
- Manufacture and sale of cement and clinker

Other operating segments which do not meet the quantitative thresholds prescribed by IFRS 8 for determining reportable segments are combined as "all other segments". Such operating segments generate profits mainly from equity investment holding business and fair value adjustment of the financial derivatives.

Segment results

For the purposes of assessing segment performances, the Group's CODM monitors the results attributable to each reportable segment on the following bases:

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

Segment results

Information regarding the Group's reportable segments for the years ended 31 March 2011 and 2010 is set out below.

	<i>Trading of iron ore</i>		<i>Real estate investment and development</i>		<i>Manufacture and sale of cement and clinker (Discontinued)</i>		<i>All other segments</i>		<i>Total</i>	
	<i>Year ended 31 March</i>		<i>Year ended 31 March</i>		<i>Year ended 31 March</i>		<i>Year ended 31 March</i>		<i>Year ended 31 March</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
	Re-presented		Re-presented		Re-presented		Re-presented		Re-presented	
Reportable segment revenue	<u>970,839</u>	<u>647,922</u>	<u>1,066</u>	<u>991</u>	<u>21,313</u>	<u>201,041</u>	<u>-</u>	<u>-</u>	<u>993,218</u>	<u>849,954</u>
Reportable segment profit	<u>10,397</u>	<u>10,261</u>	<u>(4,081)</u>	<u>23,038</u>	<u>6,160</u>	<u>20,725</u>	<u>(1,672)</u>	<u>7,676</u>	<u>10,804</u>	<u>61,700</u>
Finance income	200	292	36	67	-	1,604	332	-	568	1,963
Finance expenses	(1,157)	(988)	(2,376)	(488)	(1,206)	(15,179)	(621)	(588)	(5,360)	(17,243)
Depreciation and amortisation for the year	(53)	(89)	(169)	(166)	(47)	(10,328)	-	(24)	(269)	(10,607)
Share of profits less losses of associates	-	-	-	-	2,165	139	-	-	2,165	139
Share of profits less losses of jointly controlled entities	<u>684</u>	<u>-</u>	<u>(154)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>530</u>	<u>-</u>

Reconciliation of reportable segment profit

	<i>Year ended 31 March</i>	
	<i>2011</i>	<i>2010</i>
	US\$'000	US\$'000 (Re-presented)
Revenue		
Reportable segment revenue	993,218	849,954
Less: Revenue of discontinued operations	(21,313)	(201,041)
	<hr/>	<hr/>
Consolidated turnover of continued operations	<u>971,905</u>	<u>648,913</u>
Profit		
Reportable segment profit	10,804	61,700
Unallocated head office and corporate expenses	(27,174)	(20,665)
Less: Discontinued operations profit before taxation	(4,954)	(27,925)
	<hr/>	<hr/>
Consolidated (loss)/profit before taxation from continuing operations	<u>(21,324)</u>	<u>13,110</u>