APAC RESOURCES

APAC RESOURCES LIMITED
亞太資源有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 1104)

ANNOUNCEMENT OF THE RESULTS FOR THE EIGHTEEN MONTHS ENDED 30 JUNE 2011

The board of directors (the "**Board**") of APAC Resources Limited (the "**Company**" or "**APAC**") is pleased to announce the audited final results of the Company and its subsidiaries (collectively the "**Group**") for the eighteen months ended 30 June 2011 (the "**2010/2011 Period**"). This results announcement which covers an eighteen month period is prepared due to the change of financial year end date of the Company from 31 December to 30 June to align with that of the Company's listed Primary Strategic Investments, details of which were disclosed in the announcement of the Company dated 11 February 2011.

RESULTS HIGHLIGHTS

While 2010 favoured the resources market enabling APAC to produce record profits in all business groups, the market took a downturn in 2011. The continued debt issues in the western countries and inflation issues faced by China have affected investment confidence thus slowed down global economy growth. Nevertheless, APAC delivered solid performance for the eighteen month period ended 30 June 2011.

For the eighteen month period ended 30 June 2011
(compared to the twelve month period ended 31 December 2009)

- Attributable profits from Primary Strategic Investment at HK$866 million (2009: HK$115 million)
- Resource Investment posted profit of HK$150 million (2009: HK$97 million)
- Commodity Business reported revenue at HK$1,147 million (2009: HK$301 million), with a profit of HK$138 million (2009: HK$46 million)
- Net profit attributable to owners at HK$1,462 million (2009: HK$373 million), with earnings per share at HK21.89 cents (2009: HK7.15 cents)

OTHER HIGHLIGHTS

- By way of a placement of 1,100,000,000 shares in April 2010, APAC successfully raised gross proceeds of HK$550 million to provide additional working capital
- In 2010, APAC's initial investment to AIM listed Kalahari was purchased from market. APAC's interest in Kalahari now represents 14.79%
- Mount Gibson, one of APAC's Primary Strategic Investments, announced maiden franked dividend at A$0.04 per share

MANAGEMENT DISCUSSION AND ANALYSIS

The current set of financial accounts have been prepared to a 30 June year end to align with the reporting of our Primary Strategic Investments, and relate to an 18 month period. Therefore, the figures will not be directly comparable with the previous 12 months. For reference, there is a comparison of the twelve months ended 31 December 2010 ("**2010 Period**") against the twelve months ended 31 December 2009 ("**2009 Period**"). This is followed by a more in-depth comparison of the results for the six months ended 30 June 2011 ("**2011 1H**") against the six months ended 30 June 2010 ("**2010 1H**").

2010 Period vs. 2009 Period

With improved profitability in all business segments, our net profit attributable to owners at HK$1,104,447,000 (2009: HK$372,603,000), translating to a 196% increase. Our Primary Strategic Investments reported solid operational performances while commodity prices strengthened in the second half. This led to attributable profits from our Primary Strategic Investments of HK$536,379,000 (2009: HK$118,028,000), representing a 354% increase. The fragile global economic environment which had adversely affected the equity markets in the first half of 2010, had improved in the second half of 2010, underpinning strong results in our Resource Investment portfolio which posted a net gain of HK$350,025,000 (2009: HK$124,702,000), representing an increase of 181%. With greater shipments of iron ore, our Commodity Business achieved a net profit of HK$125,772,000 (2009: HK$46,092,000) representing an increase of 173% over 2009. (As detailed in the Second Interim Report 2010)

2011 1H vs. 2010 1H

FINANCIAL RESULTS

The resources sector continued to be volatile in 2011 1H. Early investor optimism was based on signs of economic recovery in the developed world and QE2-induced inflows into the space. However, following the Fukushima disaster in March, risk tolerance levels were rapidly reigned in on increasing inflation concerns in emerging markets and a refocus on Eurozone and US sovereign debt issues. Nevertheless, 2011 1H net profit after tax was HK$357,622,000 (2010 1H: HK$143,382,000) mainly driven by the attributable profits from our Primary Strategic Investments of HK$333,403,000 (2010 1H: HK$172,407,000), up 93% from 2010 1H. However, this was offset by the underperformance in Resource Investment of HK$199,626,000 loss (2010 1H: loss of HK$106,334,000), up 88% from 2010 1H.

PRIMARY STRATEGIC INVESTMENT

Our two Primary Strategic Investments are Mount Gibson Iron Limited ("**Mount Gibson**") and Metals X Limited ("**Metals X**"), both located in Australia. The attributable profits from our Primary Strategic Investments for the first half of 2011 were HK$333,403,000 (2010 1H: HK$172,407,000), representing a 93% rise.

Mount Gibson

Mount Gibson is an Australian listed iron ore mining company. Current production capacity is 7 million tonnes per year from its Koolan Island and Tallering Peak mines, increasing to 10 million tonnes later this year when the new Extension Hill mine starts production. All three projects are located in Western Australia and are Direct Ship Operations, which is a large cost advantage on mines that need to beneficiate ore prior to selling. Company reserves are 56.4 million tonnes at a grade of 62.0% Fe with a total resource of 108.6 million tonnes as of 30 June 2010 and will be updated in September 2011.

Mount Gibson reported a disappointing 2011 1H result due to an extreme tropical wet season in the first quarter, causing widespread flooding at its two mines, plus a number of operational issues which have since been mostly remedied. Production of 2.3 million tonnes and sales of 2.1 million tonnes were down 36% and 32% respectively from 2010 1H. Audited net profit after tax, however, increased marginally from A$93 million to A$100 million on higher received iron ore prices. Mount Gibson is well position for the current financial year with A$386 million in cash on hand and their new mine at Extension Hill to start later this year and mentioned a maiden dividend of A$0.04 per share in August.

Iron ore prices were strong during the period, with the Platts IODEX 62% CFR China index hitting all time highs and averaging US$177 per dry metric tonne. Chinese steel production is exceeding expectations and could top 700 million tonnes this year, while supply remains constrained by export bans in India and delays to major expansions in Australia and Brazil, underpinning a firm medium term outlook.

Metals X

Metals X is an Australian-based emerging diversified resource group with a primary focus on tin via its 50% interest in the producing Renison mine in Tasmania and nickel via its world scale Wingellina nickel development. Metals X also has a portfolio of strategic investments, namely Independence Group NL ("**IGO**") (3.2%), Westgold Resources Limited ("**Westgold**") (25.0%), Mongolian Resource Corporation (formerly Alamar Resources Limited) (17.0%) and Aziana Limited (25.0%) giving it significant exposure to copper, gold, nickel, zinc and bauxite.

During 2011 1H, Renison produced 2,577 tonnes of tin in concentrate (all 100% basis), which was down 25% from 2010 1H on delays in accessing higher grade stopes in the northern part of the mine. However, mine EBITDA increased to A$31 million on higher tin prices and Area 4 exploration results continue to impress. Progress continued at Wingellina, with a Native Title Agreement signed and plans to cancel Jinchuan Group's 12.9% interest in Metals X in return for a 20% direct interest in the project, subject to Chinese regulatory approvals. Other items of note include the sale of its 19.9% stake in Jabiru Metals Limited for cash of A$48 million plus shares in IGO, the merger of Westgold and Aragon Resources Ltd, and the announcement of an on-market buyback up to 10% of issued capital. Metals X finished the period in excellent financial shape with A$97m cash and working capital, and minimal debt.

Despite a pullback during May and June, tin prices averaged US$29,300 per tonne over the period, up 26% from the second half of 2010. Tin prices should remain supported by the tight market fundamentals, with continuing issues with Indonesian supply and ongoing demand growth from the electronics sector. Industry expert ITRI predicts global stockpiles will fall to historically very low levels of 2 to 3 weeks' supply over the next few years in its "most likely" scenario.

RESOURCE INVESTMENT

Resource Investment posted a loss in 2011 1H of HK$199,626,000 (2010 1H loss: HK$106,334,000) up 88%.

Our Resource Investment portfolio is dominated by a 14.79% interest in Kalahari Minerals plc ("**Kalahari**") which represents nearly three-quarters of the portfolio. This was impacted by negative sentiment surrounding the uranium sector following the tragic events at Fukushima in March. The remaining investments comprise mostly minor holdings in various emerging natural resource companies listed on major stock exchanges including Australia, Canada, Hong Kong, the United Kingdom and the United States of America. Many of these positions are in exploration or development stage companies, and this sector of the market has been negatively impacted by increased risk aversion in the second quarter. Investors have become increasingly concerned with rising inflation in China and an escalating sovereign debt crisis in the Eurozone region. Our uranium holdings were additionally affected by the Fukushima incident.

Kalahari

Kalahari's key asset remains its 42.7% holding in ASX-listed Extract Resources Limited ("**Extract**") which is developing the Husab Uranium Project in Namibia. The project advanced considerably during the half, including an increase in resources to over 500 million pounds of uranium and initial JORC reserves of 225 million pounds. Environmental permits were received and a Definitive Feasibility Study confirmed positive economics on a 15 million pounds per annum operation, which would be one of the three largest uranium mines globally. Discussions are continuing with prospective investors and off-take partners with regard to the standalone financing of project construction, and significant progress with the Mine Optimisation and Resource Programme was made subsequent to the period end including an increase in ore reserves to 280 million pounds and a reduction in the mining strip ratio.

At the corporate level, Extract confirmed in February that it was in discussions with Rio Tinto for a potential combination of Husab with the neighbouring Rossing Uranium Mine. The following month, China Guangdong Nuclear Power Corporation ("**CGNPC**") made an indicative cash bid for Kalahari at GBP2.90 per share, prior to the Fukushima incident. After a ruling from the UK Takeover Panel that CGNPC was not allowed to reduce its takeover offer, CGNPC withdrew the proposed offer but reserved its rights to rebid for Kalahari in certain circumstances.

Uranium prices performed well up until March, peaking at US$73 per pound on a spot basis before the Fukushima incident significantly dented near-term Japanese demand and sentiment, and closed the half at US$54 per pound. Long-term prices remain relatively stable at US$68 per pound, underpinned by expectations that China's nuclear expansion programme from 11GW in 2010 to 80-90GW by 2020 remain mostly intact, albeit with a small delay.

COMMODITY BUSINESS

For the period, Commodity Business turnover fell by 21% to HK$298,795,000 (2010 1H: HK$378,219,000) as a result of lower shipments, arising from weather-related issues at Mount Gibson's mining operations. Net profit fell to HK$12,239,000 (2010 1H: HK$75,837,000), largely due to new long term purchase agreements with Mount Gibson that we entered in November 2010 as a result of the end of the Benchmark Pricing System. Under the old contracts, we were able to arbitrage the divergence between benchmark pricing and spot Chinese pricing to deliver outsized returns in 2009 and 2010. However, with the breakdown of the Benchmark Pricing System, these returns are no longer available as the new agreements are based on the Platts IODEX 62% CFR China index and provide closer to industry-standard margins for this type of off-take agreement.

Tighter credit conditions in China, particularly for the smaller and midtier steelmills that are our main customer base, also impacted profitability.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2011, our non-current assets amounted to HK$3,889,336,000 (2009: HK$2,454,951,000) and net current assets amounted to HK$1,509,264,000 (2009: HK$507,063,000) with a current ratio of 3.13 times (2009: 16.96 times) calculated on the basis of its current assets over current liabilities.

As at 30 June 2011, we had borrowings of HK$689,530,000 (2009: nil) and had undrawn banking and loan facilities amounting to HK$567,482,000 secured against certain of our investments in listed associates and available-for-sale investments, term deposits and corporate guarantee of the Company. As at 30 June 2011, we had a gearing ratio of 0.13 (2009: Nil), calculated on the basis of total borrowings over equity attributable to owners of the Company.

For the 2010/2011 Period, we successfully placed 1,100,000,000 shares at HK$0.50 per share to new investors, raising gross proceeds of HK$550,000,000 and thereby increasing our working capital base to enable us to take advantage of market opportunities as they arise. As a result of this placement, the exercise of warrants and cancellation of the buy-back shares by the Company, the issued share capital of the Company increased from 5,690,343,455 to 6,863,287,990 during the 2010/2011 Period.

FOREIGN EXCHANGE EXPOSURE

For the 2010/2011 Period, the Group's assets were mainly denominated in Australian Dollars, British Pounds and Hong Kong Dollars while the liabilities were mainly denominated in Hong Kong Dollars. As a substantial portion of the assets is held as long-term investments, there would be no material immediate effect on the cash flows of the Group from adverse movements in foreign exchange. In light of this, the Group did not actively hedge for the risks arising from the Australian Dollars and British Pounds denominated assets.

PLEDGE OF ASSETS

As at 30 June 2011, certain of the Group's investment in listed associates and available-for-sale investments of HK$2,744,285,000 (2009: HK$1,929,666,000) were pledged to a stock-broking firm to secure margin loan facilities made available to the Group. The Group's bank deposits of HK$339,158,000 (2009: HK$89,324,000) were pledged to banks to secure various trade and other banking facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICY

The Group ensured that its employees are remunerated according to the prevailing manpower market conditions and individual performance with its remuneration policies reviewed on a regular basis. All employees are entitled to participate in the Company's benefit plans including medical insurance, share options scheme and Mandatory Provident Fund Scheme (subject to the applicable laws and regulations of the PRC for its employees in the PRC).

FORWARD LOOKING OBSERVATIONS

The macro environment is now at a critical juncture, with a number of dark clouds on the investment horizon, including the ongoing sovereign debt issues in the Eurozone and the United States of America, inflation concerns still prevalent in many emerging economies, and weakening economic data in the developed world. In the absence of QE3, resources could be impacted by investment outflows as speculators generally remain long commodities and commodity currencies like the Australian Dollar against short United States Dollar positions. This is a risk given our Primary Strategic Investments are denominated to Australian Dollars.

In this difficult investment climate, we believe our Primary Strategic Investments are well positioned. Both Mount Gibson and Metals X have strong net cash balances and are current producers, while Kalahari controls a world class uranium development asset, which remains highly strategic as evidenced by previous corporate interest. In terms of our Resource Investments, we will continue to be selective in adding positions and are focused on commodities where China is short, like iron ore, uranium and copper.

We continue to look for opportunities to grow the Commodity Business. We remain in negotiations with Mount Gibson regarding an iron ore off-take agreement at their new Extension Hill mine and expect to receive a greater share of Koolan Island off-take after Mount Gibson cancelled agreements with CITIC and Marubeni.

With the ongoing support from our shareholders, we look forward to continuing to evaluate emerging opportunities that have the potential to significantly enhance the three key planks of our company - our Primary Strategic Investment, our Resource Investment and our Commodity Business.

CONSOLIDATED INCOME STATEMENT

For the eighteen months ended 30 June 2011

	Notes	**1.1.2010 to 30.6.2011** ***HK$'000***	1.1.2009 to 31.12.2009 *HK$'000*
Revenue from sales of goods	*2*	**1,147,494**	301,420
Cost of sales		**(1,005,459)**	(262,822)
		142,035	38,598
Other gains and losses	*4*	**571,118**	275,552
Other income		**10,492**	22,785
Administrative expenses			
– General administrative expenses		**(54,572)**	(32,333)
– Equity-settled share option expenses		**(61,530)**	(14,783)
Finance costs	*5*	**(12,373)**	(13,468)
Share of results of associates		**870,007**	118,028
Profit before taxation	*6*	**1,465,177**	394,379
Income tax expense	*7*	**(3,108)**	(21,776)
Profit for the period/year attributable to owners of the Company		**1,462,069**	372,603
Earnings per share (expressed in HK cents)			
– basic	*9*	**21.89**	7.15
– diluted	*9*	**21.89**	7.07

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the eighteen months ended 30 June 2011

	1.1.2010 to 30.6.2011 *HK$'000*	1.1.2009 to 31.12.2009 *HK$'000* (Restated) *(Note)*
Profit for the period/year	**1,462,069**	372,603
Other comprehensive income, net of tax		
Exchange difference arising from translation of associates	**456,388**	306,501
Exchange difference arising from translation of other foreign operations	**15,115**	2,319
Fair value change of available-for-sale investments	**(48,858)**	2,946
Impairments loss on available-for-sale investments	**17,738**	28,174
Reclassification adjustment of cumulative gain upon partial disposal of investment in an associate	**(24,675)**	–
Share of other comprehensive income of associates	**(50,673)**	144,692
	365,035	484,632
Total comprehensive income for the period/year attributable to owners of the Company	**1,827,104**	857,235

Notes: The comparative figures have been adjusted to present directly in the consolidated statement of changes in equity.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011

	Notes	30.6.2011 HK$'000	31.12.2009 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,370**	992
Interests in associates	*10*	**3,835,439**	2,357,583
Available-for-sale investments		**52,527**	96,376
		3,889,336	2,454,951
Current assets			
Trade and other receivables and loan receivable	*11*	**54,641**	59,415
Investments held for trading	*12*	**1,440,946**	71,899
Pledged bank deposits		**339,158**	89,324
Bank balances and cash		**384,090**	318,203
		2,218,835	538,841
Total assets		**6,108,171**	2,993,792
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	*13*	**686,329**	569,034
Reserves		**3,554,350**	2,885,162
Accumulated profits (losses)		**1,157,921**	(492,182)
		5,398,600	2,962,014
Current liabilities			
Trade and other payables	*14*	**6,773**	10,020
Borrowings		**689,530**	–
Tax payable		**13,268**	21,758
		709,571	31,778
Total equity and liabilities		**6,108,171**	2,993,792
Net current assets		**1,509,264**	507,063
Total assets less current liabilities		**5,398,600**	2,962,014

Notes:

1. **Basis of Preparation and Accounting Policies**

During the current financial period, the reporting period end date of the Group was changed from 31 December to 30 June as a result of the decision of the directors of the Company to bring the annual reporting period end date of the Group in line with that of the Company's principal overseas listed associates which are the Group's substantial investments. Accordingly, the consolidated financial statements for the current period cover eighteen months from 1 January 2010 to 30 June 2011. The corresponding comparative amounts shown for the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover a twelve months period from 1 January 2009 to 31 December 2009 and therefore may not be comparable with amounts shown for the current period.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2009, as disclosed in those financial statements.

In the current period, the Group has applied the following new and revised standards, amendments and interpretations issued by the HKICPA.

HKAS 27 (Revised 2008)	Consolidated and separate financial statements
HKAS 39 (Amendments)	Eligible hedged items
HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions
HKFRS 3 (Revised 2008)	Business combinations
HK(IFRIC) - INT 17	Distributions of non-cash assets to owners
HK - INT 5	Presentation of financial statements - Classification by borrower of a term loan that contains a repayment on demand clause

The application of the new and revised HKFRSs in the current period has had no material effect on the amounts reported in these consolidated financial statements of the Group and/or disclosures set out in these consolidated financial statements.

The Group has not early applied the following new or revised standards, amendments and interpretations that have been issued but are not yet effective.

HKAS 1 (Amendments)	Presentation of items of other comprehensive income[7]
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets[6]
HKAS 19 (Revised 2011)	Employee benefits[8]
HKAS 24 (Revised 2009)	Related party disclosures[4]
HKAS 27(Revised 2011)	Separate financial statements[8]
HKAS 28 (Revised 2011)	Investments in associates and joint ventures[8]
HKAS 32 (Amendments)	Classification of rights issues[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[3]
HKFRS 7 (Amendments)	Disclosures - Transfers of financial assets[5]
HKFRS 9	Financial instruments[8]
HKFRS 10	Consolidated financial statements[8]
HKFRS 11	Joint arrangements[8]
HKFRS 12	Disclosure of interests in other entities[8]
HKFRS 13	Fair value measurement[8]
HK(IFRIC) - INT 14 (Amendments)	Prepayments of a minimum funding requirement[4]
HK(IFRIC) - INT 19	Extinguishing financial liabilities with equity instruments[2]

1 Effective for annual periods beginning on or after 1 February 2010.
2 Effective for annual periods beginning on or after 1 July 2010.
3 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
4 Effective for annual periods beginning on or after 1 January 2011.
5 Effective for annual periods beginning on or after 1 July 2011.
6 Effective for annual periods beginning on or after 1 January 2012.
7 Effective for annual periods beginning on or after 1 July 2012.
8 Effective for annual periods beginning on or after 1 January 2013.

2. Revenue

	1.1.2010 to 30.6.2011	1.1.2009 to 31.12.2009
	HK$'000	*HK$'000*
Revenue from trading of commodities	**1,147,494**	301,420

3. Segmental Information

Segmental information is presented based on the internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, represented by the board of directors of the Company, for the purpose of allocating resources to segments and assessing their performance. The Group's reportable segments under HKFRS 8 are therefore as follows:

(i) trading of commodities; and

(ii) trading of and investment in listed securities

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1. Segment profit represents the profit earned by each segment without allocation of central administration costs, directors' salaries, share of results of associates, reversal of impairment loss on interests in associates, deemed loss on partial disposal of interest in an associate, gain on partial disposal of interest in an associate and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Information regarding the Group's reportable segments is presented below.

Segment revenue and result

The following is an analysis of the Group's revenue and results by reportable segment.

For eighteen months ended 30 June 2011

	Trading of commodities *HK$'000*	**Trading of and investment in listed securities** *HK$'000*	**Total** *HK$'000*
Revenue	**1,147,494**	**–**	**1,147,494**
Gross sales proceeds from trading of and investment in listed securities	**–**	**252,069**	**252,069**
Segment profit	**138,011**	**150,399**	**288,410**
Share of results of associates			**870,007**
Reversal of impairment loss on interest in an associate			**304,024**
Deemed loss on partial disposal of interest in an associate			**(1,727)**
Gain on partial disposal of interest in an associate			**118,284**
Unallocated corporate income			**4,280**
Unallocated corporate expenses			**(105,728)**
Finance costs			**(12,373)**
Profit before taxation			**1,465,177**
Income tax expense			**(3,108)**
Profit for the period			**1,462,069**

For twelve months ended 31 December 2009

	Trading of commodities *HK$'000*	Trading of and investment in listed securities *HK$'000*	Total *HK$'000*
Revenue	301,420	–	301,420
Gross sales proceeds from trading of and investment in listed securities	–	268,671	268,671
Segment profit	46,092	96,528	142,620
Share of results of associates			118,028
Excess of the Group's interest in the net fair value of an associates identifiable assets, liabilities and contingent liabilities over cost of investment			21,244
Reversal of impairment loss on interest in an associate			466,553
Impairment loss on interest in an associate			(304,024)
Unallocated corporate income			2,079
Unallocated corporate expenses			(38,653)
Finance costs			(13,468)
Profit before taxation			394,379
Income tax expense			(21,776)
Profit for the year			372,603

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the current period and prior year.

Other segment information

Other segment information included in the consolidated income statement for the eighteen months ended 30 June 2011 are as follows:

	Trading of commodities *HK$'000*	Trading of and investments in listed securities *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Depreciation of property, plant and equipment	**4**	**–**	**999**	**1,003**
Interest income	**4,995**	**1,196**	**1,446**	**7,637**
Change in fair value of investments held for trading	**–**	**165,462**	**–**	**165,462**
Addition to non-current assets excluding financial instruments	**–**	**–**	**19,599**	**19,599**

Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:

Interests in associates	**–**	**–**	**3,835,439**	**3,835,439**
Share of results of associates	**–**	**–**	**870,007**	**870,007**

Other segment information included in the consolidated income statement for the twelve months ended 31 December 2009 are as follows:

	Trading of commodities *HK$'000*	Trading of and investments in listed securities *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Depreciation of property, plant and equipment	3	–	655	658
Interest income	6,962	762	115	7,839
Change in fair value of investments held for trading	–	118,522	–	118,522
Addition to non-current assets excluding financial instruments	–	–	441,310	441,310

Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:

Interests in associates	–	–	2,357,583	2,357,583
Share of results of associates	–	–	118,028	118,028

Segment assets and liabilities

An analysis of the Group's assets and liabilities by reportable segment is set out below:

	30.6.2011	31.12.2009
	HK$'000	*HK$'000*
Trading of commodities	**656,271**	424,729
Trading of and investment in listed securities	**1,553,930**	168,631
Total segment assets	**2,210,201**	593,360
Interest in associates	**3,835,439**	2,357,583
Unallocated	**62,531**	42,849
Consolidated assets	**6,108,171**	2,993,792
Trading of commodities	**246,873**	6,212
Trading of and investment in listed securities	**447,275**	329
Total segment liabilities	**694,148**	6,541
Unallocated	**15,423**	25,237
Consolidated liabilities	**709,571**	31,778

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than interests in associates, property, plant and equipment, other receivables and certain bank balances and cash.

- all liabilities are allocated to reportable segments other than certain other payables and tax payable.

Geographical information

The Group's revenue from external customers and information about non-current assets (excluding available-for-sale investments) by geographical location of the customers and assets respectively are detailed below.

	Revenue from external customers		Non-current assets	
	1.1.2010 to 30.6.2011	1.1.2009 to 31.12.2009	**30.6.2011**	31.12.2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**1,127,338**	301,420	**1,048**	375
The PRC	**20,156**	–	**31,251**	26,215
Australia	**–**	–	**3,804,510**	2,331,985
	1,147,494	301,420	**3,836,809**	2,358,575

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are under segment of trading of commodities and as follows:

	1.1.2010 to 30.6.2011	1.1.2009 to 31.12.2009
	HK$'000	*HK$'000*
Customer A	**414,038**	N/A[1]
Customer B	**227,113**	45,749
Customer C	**152,326**	45,950
Customer D	**N/A[2]**	163,967
Customer E	**N/A[2]**	45,754

1 There was no transaction with Customer A during the year ended 31 December 2009.

2 The transactions with Customer D and Customer E did not contribute over 10% of the total sales of the Group during the current period.

4. Other Gains and Losses

	1.1.2010 to 30.6.2011 *HK$'000*	1.1.2009 to 31.12.2009 *HK$'000*
Change in fair value of investments held for trading *(Note)*	**165,462**	118,522
Deemed loss on partial disposal of interest in an associate	**(1,727)**	–
Excess of the Group's interest in the net asset value of an associate's identifiable assets, liabilities and contingent liabilities over cost of investment	**–**	21,244
Gain on partial disposal of interest in an associate	**118,284**	–
Impairment loss on interest in an associate	**–**	(304,024)
Impairment losses on available-for-sale investments	**(17,738)**	(28,174)
Reversal of impairment loss on interest in an associate	**304,024**	466,553
Net foreign exchange gain	**2,813**	1,431
	571,118	275,552

Note:

Net realised gain of approximately HK$41,826,000 (2009: Net realised gain of HK$112,133,000) on disposal of investments held for trading are included in change in fair value of investments held for trading.

5. Finance Costs

	1.1.2010 to 30.6.2011 *HK$'000*	1.1.2009 to 31.12.2009 *HK$'000*
Interest on borrowings wholly repayable within five years:		
Bank borrowings	**2,317**	5,202
Securities margin financing	**10,056**	8,266
	12,373	13,468

6. Profit Before Taxation

	1.1.2010 to 30.6.2011	1.1.2009 to 31.12.2009
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Staff costs, including directors' emoluments		
– salaries and allowances	**21,506**	15,221
– equity-settled share option expenses (included in administrative expenses)	**61,530**	14,783
– staff quarter	**1,678**	220
– retirement benefits schemes contributions	**316**	181
Total staff costs	**85,030**	30,405
Auditor's remuneration	**1,148**	340
Depreciation of property, plant and equipment	**1,003**	658
Loss on disposal of property, plant and equipment	**–**	1

7. Income Tax expense

	1.1.2010 to 30.6.2011	1.1.2009 to 31.12.2009
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax	**18,346**	20,543
PRC Enterprise Income Tax	**426**	1,233
	18,772	21,776
Overprovision in prior years	**(15,664)**	–
Total income tax expense	**3,108**	21,776

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for current period and prior year.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for current period and prior year.

Taxation arising from other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The tax charge for the period/year can be reconciled to the profit before taxation per the consolidated income statement as follow:

	1.1.2010 to 30.6.2011	1.1.2009 to 31.12.2009
	HK$'000	*HK$'000*
Profit before taxation	**1,465,177**	394,379
Tax at Hong Kong profits tax rate of 16.5%	**241,754**	65,072
Tax effect of expenses not deductible for tax purpose	**14,170**	60,318
Tax effect of income not taxable for tax purpose	**(99,108)**	(82,455)
Tax effect of tax losses not recognised	**4,850**	–
Tax effect of share of profits of associates	**(143,551)**	(19,475)
Overprovision in prior years	**(15,664)**	–
Utilisation of tax losses previously not recognised	**–**	(2,170)
Effect of different tax rate of subsidiaries and associates operating in other jurisdictions	**657**	419
Others	**–**	67
Tax charge for the period/year in respect of Hong Kong and the PRC	**3,108**	21,776

At 30 June 2011, the Group had unused tax losses of approximately HK$35,928,000 (31.12.2009: HK$6,534,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

8. Dividend

No dividends had been paid or declared by the Company during the 2010/2011 Period (2009: nil).

9. Earnings Per Share

Diluted earnings per share

The earnings used in the calculation of diluted earnings per share are the same as those for the basic earnings per share, as set out above.

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows.

	1.1.2010 to 30.6.2011	1.1.2009 to 31.12.2009
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**6,679,962,107**	5,212,630,859
Effect of dilutive potential ordinary share in respect of:		
– warrants	**–**	55,272,054
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**6,679,962,107**	5,267,902,913

The calculation of the diluted earnings per share did not assume the exercise of the Company's outstanding share options as their exercise prices were higher than the average market price of the Company's shares for the period.

10. Interests in Associates

	30.6.2011	31.12.2009
	HK$'000	*HK$'000*
Cost of investments in associates		
Listed in Australia	**2,082,850**	2,141,346
Unlisted	**22,716**	22,716
Share of post-acquisition profits and other comprehensive income, net of dividends received	**1,729,873**	497,545
	3,835,439	2,661,607
Less: Impairment loss	**–**	(304,024)
	3,835,439	2,357,583
Fair value of listed investments	**5,102,095**	3,573,413

Details of the Group's associates at 30 June 2011 and 31 December 2009 are as follow:

Name of entity	Place of incorporation and operation	Class of shares held	Proportion of ownership interest and voting power held		Principal activities
			30.6.2011	31.12.2009	
平港(上海)貿易有限公司 ("平港貿易")	PRC	N/A	**40%**	40%	Wholesales, import and export, agency service and relevant service for coal, coke, material for metallurgy, mineral products, chemical engineering products, mechanical and electrical equipment and spare parts, steel and steel products, construction material and related products and technology
Mount Gibson Iron Limited ("MGX")	Australia	Ordinary	**25.46%**	26.75%	Mining of hematite deposits at Tallering Peak and Koolan Island; development of hematite mining operations at Extension Hill; and exploration of hematite deposits in Western Australia
Metals X Limited ("MLX")	Australia	Ordinary	**29.08%**	29.08%	Exploration for and the mining, treatment and marketing of tin concentrate and nickel in Australia; exploration for phosphate in Australia; the development and construction of tin mine projects and exploration for precious and base metals through significant shareholding in other companies

11. Trade and other receivables and loan receivable

	30.6.2011	31.12.2009
	HK$'000	*HK$'000*
Trade receivables	**1,828**	48,660
Interest receivables	**–**	5,685
Loan receivable	**42,296**	–
Other deposits and prepayment	**10,517**	5,070
	54,641	59,415

The Group allows an average credit period of 90 days to its trade customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period:

	30.6.2011	31.12.2009
	HK$'000	*HK$'000*
0 to 90 days	**1,828**	48,660

The trade receivables disclosed above are neither past due nor impaired at the end of the reporting period.

During the 2010/2011 Period, the Group has paid a lump sum of HK$42,296,000 in form of shareholder's loan to an unlisted company ("**Borrower**"), which is one of its available-for-sale investments. The loan receivable has no fixed repayment terms and is expected to be repaid within the twelve months from the end of the reporting period and interest bearing. Taking into consideration of the financial information of the Borrower, the management is of the view that the loan is recoverable and no impairment loss is recognised.

12. Investments held for trading

	30.6.2011	31.12.2009
	HK$'000	*HK$'000*
Listed securities:		
– Equity securities listed in Hong Kong	**–**	7,839
– Equity securities listed in United Kingdom	**1,082,368**	–
– Equity securities listed in United States of America	**4,967**	–
– Equity securities listed in Australia	**260,167**	64,060
– Equity securities listed in Canada	**93,444**	–
	1,440,946	71,899

As at 30 June 2011, particulars of the Group's investments included in investments held for trading which exceed 10% of the assets of the Group disclosed pursuant to Section 129(2) of the Hong Kong Companies Ordinance are as follows:

Name of company	**Place of incorporation**	**Class of shares**	**Number of shares held by the Group**	**Percentage of issued share capital held by the Group**
Kalahari Minerals plc	United Kingdom	Ordinary	36,296,059	14.79%

13. Share Capital

Authorised and issued share capital

	30.6.2011 Number of shares	30.6.2011 Amount HK$'000	31.12.2009 Number of shares	31.12.2009 Amount HK$'000
Ordinary shares of HK$0.10 each				
Authorised	**20,000,000,000**	**2,000,000**	8,000,000,000	800,000
Issued and fully paid:				
At beginning of the period/year	**5,690,343,455**	**569,034**	4,728,659,055	472,866
Issue of shares upon placement (a)	**1,100,000,000**	**110,000**	900,000,000	90,000
Issue of shares upon exercise of warrants (b)	**131,784,535**	**13,179**	61,684,400	6,168
Shares repurchased and cancelled	**(58,840,000)**	**(5,884)**	–	–
At end of the reporting period	**6,863,287,990**	**686,329**	5,690,343,455	569,034

(a) For reduction of borrowings and for general working capital of the Group, on 12 March 2010, the Company and the placing agent entered into a placing arrangement to place a total of 1,100,000,000 shares to independent investors at a price of HK$0.5 per placing share. The new shares rank pari passu with the existing shares in all respects.

(b) On 5 February 2007, the Company issued a total of 251,800,000 bonus warrants (the "**Warrants**"), as a result of the rights issue completed on 1 February 2007, with an aggregate subscription amount of HK$75,540,000. Each of the Warrants entitled the warrant-holder to subscribe for one ordinary share of the Company of HK$0.10 each at the initial subscription price of HK$0.30.

During the 2010/2011 Period, 131,784,535 Warrants were exercised for 131,784,535 ordinary shares (year ended 31 December 2009: 61,684,400 Warrants were exercised for 61,684,400 ordinary shares) at a price of HK$0.30 each. The rights attaching to the outstanding 309,515 Warrants expired on 4 February 2010.

14. Trade and other payables

	30.6.2011	31.12.2009
	HK$'000	*HK$'000*
Trade payables	**4,144**	6,716
Other payables	**2,629**	3,304
	6,773	10,020

The following is an aged analysis of trade payables presented based on the invoice date at the end of reporting period:

	30.6.2011	31.12.2009
	HK$'000	*HK$'000*
0 to 90 days	**4,144**	6,716

DIVIDEND

The Board has resolved not to declare the payment of a dividend for the 2010/2011 Period (2009: nil) as the Company has the intention to repurchase shares of the Company as and when the market conditions are considered appropriate and the available cash flow and/or working capital facilities will be retained for such purpose.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the 2010/2011 Period, the Company repurchased 61,840,000 shares of HK$0.10 each in the capital of the Company at prices ranging from HK$0.39 to HK$0.53 per share on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Particulars of the purchase of shares are as follows:

Date of repurchase	**No. of Shares**	**Price per share**		**Aggregate Price**
		Highest	**Lowest**	
		HK$	*HK$*	*HK$*
16/11/2010	1,800,000	0.530	0.530	954,000
29/11/2010	6,240,000	0.510	0.510	3,182,400
30/11/2010	1,800,000	0.485	0.480	869,000
02/12/2010	540,000	0.495	0.495	267,300
03/12/2010	1,180,000	0.495	0.490	583,200
11/04/2011	1,340,000	0.490	0.490	656,600
12/04/2011	5,000,000	0.490	0.490	2,450,000
13/04/2011	3,580,000	0.480	0.480	1,718,400
15/04/2011	8,080,000	0.480	0.475	3,863,000
21/04/2011	5,000,000	0.480	0.480	2,400,000
28/04/2011	7,500,000	0.470	0.465	3,512,250
03/05/2011	1,000,000	0.450	0.450	450,000
04/05/2011	4,000,000	0.440	0.435	1,750,000
11/05/2011	1,000,000	0.450	0.450	450,000
12/05/2011	40,000	0.445	0.445	17,800
13/05/2011	1,340,000	0.450	0.445	601,300
19/05/2011	1,900,000	0.445	0.445	845,500
13/06/2011	7,000,000	0.415	0.410	2,880,000
14/06/2011	500,000	0.390	0.390	195,000
27/06/2011	1,000,000	0.400	0.400	400,000
29/06/2011	2,000,000	0.400	0.400	800,000
TOTAL	61,840,000			28,845,750

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") for the 2010/2011 Period except that all the independent non-executive directors of the Company were not appointed for a specific term since they are subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the relevant provisions of the Company's Bye-laws.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 of the Listing Rules as the code (the "**Code**") for dealing in securities of the Company by the Directors and supervisors. Having made specific enquiry, the Company confirmed that all Directors and supervisors had complied with the required standard as set out in the Code for the 2010/2011 Period.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 30 June 2011, and of the Group's profit and cash flows for the eighteen months ended 30 June 2011 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2009 were audited by another auditor who expressed an unmodified opinion on these statements on 23 April 2010.

REVIEW OF RESULTS BY AUDIT COMMITTEE

The Group's final results for the 2010/2011 Period have been reviewed by the Audit Committee of the Company.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the 2010/2011 Period as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the 2010/2011 Period. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere appreciation to our shareholders for their continued support and to my fellow directors, the management and staff for their continuing contributions and effort.

By Order of the Board
APAC RESOURCES LIMITED
Chong Sok Un
Chairman

Hong Kong, 23 August 2011

As at the date of this announcement, the directors of the Company are:

Executive Directors
Ms. Chong Sok Un *(Chairman)*, Mr. Andrew Ferguson *(Chief Executive Officer)*, Mr. Yue Jialin and Mr. Kong Muk Yin

Non-Executive Directors
Mr. Lee Seng Hui, Mr. So Kwok Hoo, Mr. Liu Yongshun and Mr. Peter Anthony Curry

Independent Non-Executive Directors
Dr. Wong Wing Kuen, Albert, Mr. Chang Chu Fai, Johnson Francis and Mr. Robert Moyse Willcocks

* *For identification purpose only*