

# FORM: Half yearly/preliminary final report

Name of issuer

Florin Mining Investment Company Limited

ACN or ARBN	Half yearly (tick)	Preliminary final (tick)	Half year/financial year ended ('Current period')
111 170 882		✓	30 <sup>th</sup> June 2006

## For announcement to the market

Extracts from this statement for announcement to the market (see note 1).

					\$A
Sales (or equivalent) operating revenue (item 1.1)	Up	1,186%	to		583,261
Operating profit (loss) before abnormal items and tax (item 1.4)	Up	619%	to		402,535
Abnormal items before tax (item 1.5)		gain (loss) of	to		
Operating profit (loss) after tax but before outside equity interests (item 1.8)	Up	650%	to		297,635
Extraordinary items after tax attributable to members (item 1.13)		gain (loss) of	to		
Operating profit (loss) and extraordinary items after tax attributable to members (item 1.16)	Up	650%	to		297,635
Exploration and evaluation expenditure incurred (item 5.2)	up/down	%	to		
Exploration and evaluation expenditure written off (item 5.3)	up/down	%	to		
Dividends	Franking rate applicable				
Current period		¢	N/A	¢	N/A
Previous corresponding period		¢	¢	¢	¢
Record date for determining entitlements to the dividend, (in the case of a trust distribution ) (see item 15.2)					
Short details of any bonus or cash issue or other items(s) of importance not previously released to the market:					

**Compliance statement**

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).

Identify other standards used

2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.
3. This statement does/does not\* (*delete one*) give a true and fair view of the matters disclosed (see note 2).
4. This statement is based on financial statements to which one of the following applies:
- |  |  |
|--|--|
| The financial statements have been audited.  | The financial statements have been subject to review by a registered auditor (or overseas equivalent). |
| <input checked="" type="checkbox"/> The financial statements are in the process of being audited or subject to review. | The financial statements have <i>not</i> yet been audited or reviewed.                                 |
5. If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any qualifications are attached/will follow immediately they are available\* (*delete one*). (*Half yearly statement only - the audit report must be attached to this statement if the statement is to satisfy the requirements of the Corporations Act.*)
6. The issuer has a formally constituted audit committee.

Sign here: ..... *DMS* ..... Date: ..... *13/9/2006* .....

(Director/Company secretary)

Print name: Daniel Di Stefano

## FLORIN MINING INVESTMENT COMPANY LIMITED

### INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006	2005
		\$	\$
Income from investment portfolio	2	5,012	1,110
Income from trading portfolio	2	576,881	(63,677)
Income from deposits		1,368	8,865
<b>Total income from ordinary activities</b>		<u>583,261</u>	<u>(53,702)</u>
Administration expenses		(51,757)	(20,145)
Borrowing costs expense		(1,477)	(14)
Management fees		(13,514)	(3,703)
Performance fees		(113,978)	-
<b>Operating profit before income tax and realised gains/(losses) on the investment portfolio</b>	3	<u>402,535</u>	<u>(77,564)</u>
Income tax (expense)/credit relating to ordinary activities *	4	(109,658)	23,494
<b>Operating profit before realised gains/(losses) on the investment portfolio</b>		<u>292,877</u>	<u>(54,070)</u>
Realised gains/(losses) on the investment portfolio		6,797	-
Income tax (expense)/credit thereon *	4	(2,039)	-
<b>Profit attributable to members of the company</b>		<u>297,635</u>	<u>(54,070)</u>
 <b>Overall Operations</b>			
Basic earnings per share (cents per share)	7	5.80	-1.05
Diluted earnings per share (cents per share)	7	5.80	-1.05
* Total tax expense / (benefit)		111,697	(23,494)

The accompanying notes form part of these financial statements.

## FLORIN MINING INVESTMENT COMPANY LIMITED

### BALANCE SHEET AS AT 30 JUNE 2006

	Note	2006 \$	2005 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	26,394	63,564
Trade and other receivables	9	108,247	1,657
Trading Portfolio	10	1,022,457	538,976
Other	11	14,686	--
<b>TOTAL CURRENT ASSETS</b>		<b>1,171,784</b>	<b>604,197</b>
<b>NON-CURRENT ASSETS</b>			
Investment Portfolio	12	458,633	304,922
Deferred tax assets	13	20,192	48,775
<b>TOTAL NON-CURRENT ASSETS</b>		<b>478,825</b>	<b>353,697</b>
<b>TOTAL ASSETS</b>		<b>1,650,609</b>	<b>957,894</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Payables	14	126,923	13,546
Borrowings	15	26,734	--
Current tax liabilities	16	83,201	--
<b>TOTAL CURRENT LIABILITIES</b>		<b>236,858</b>	<b>13,546</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	17	61,041	9,572
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>61,041</b>	<b>9,572</b>
<b>TOTAL LIABILITIES</b>		<b>297,899</b>	<b>23,118</b>
<b>NET ASSETS</b>		<b>1,352,710</b>	<b>934,776</b>
<b>EQUITY</b>			
Contributed equity	18	977,073	977,073
Reserves	19	136,829	11,773
Retained earnings		238,808	(54,070)
<b>TOTAL EQUITY</b>		<b>1,352,710</b>	<b>934,776</b>

The accompanying notes form part of these financial statements.

## FLORIN MINING INVESTMENT COMPANY LIMITED

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2006

	Note	Issued Capital	Retained Profits	Capital Profits Reserve	Investment Revaluation Reserve	Total
		\$	\$	\$	\$	\$
<b>Balance at 1 July 2004</b>		-	-	-	-	-
Issued shares - Initial public offer	18	956,319				956,319
Transactions with equity holders in their capacity as equity holders		956,319				956,319
Other issued capital adjustments		20,754				20,754
Profit / (Loss) for the year			(54,070)			(54,070)
Revaluation of investment portfolio (net of tax)	19b				11,773	11,773
Total direct equity adjustments					11,773	11,773
Total income for the year			(54,070)		11,773	(42,297)
Transfers between reserves	19					
<b>Balance at 30 June 2005</b>		977,073	(54,070)	-	11,773	934,776
<b>Balance at 1 July 2005</b>		977,073	(54,070)	-	11,773	934,776
Dividends paid	6		-			
Transactions with equity holders in their capacity as equity holders		-	-			-
Profit for the year			297,636			297,635
Revaluation of investment portfolio (net of tax)	19b				120,298	120,298
Total direct equity adjustments					120,298	120,298
Total income for the year			297,636		120,298	417,934
Transfers between reserves	19		(4,758)	4,758		-
<b>Balance at 30 June 2006</b>		977,073	238,808	4,758	132,071	1,352,710

The accompanying notes form part of these financial statements.

## FLORIN MINING INVESTMENT COMPANY LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006	2005
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Sales from trading portfolio		1,529,484	152,540
Purchases for trading portfolio		(1,532,212)	(755,194)
Dividends received		39,570	1,110
Interest received		2,015	8,218
		<u>38,857</u>	<u>(593,326)</u>
Administration expenses		(52,624)	(7,582)
Bank charges		(403)	(14)
Borrowing costs		(1,025)	-
Management fees		(12,964)	(2,947)
Performance fees		-	-
Other payments		(2,073)	(782)
<b>Net cash (used in) operating activities</b>	21	<u>(30,232)</u>	<u>(604,651)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Sales from investment portfolio		243,232	-
Purchases for investment portfolio		(276,452)	(288,104)
<b>Net cash (used in) investing activities</b>		<u>(33,220)</u>	<u>(288,104)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		-	1,025,500
Initial public offer costs		-	(69,181)
Proceeds from borrowings		135,444	-
Repayment of borrowings		(131,738)	-
<b>Net cash provided by financing activities</b>		<u>3,706</u>	<u>956,319</u>
Net increase (decrease) in cash held		(59,746)	63,564
Cash at beginning of financial year		63,564	-
<b>Cash at end of financial year</b>	8	<u>3,818</u>	<u>63,564</u>

The accompanying notes form part of these financial statements.

## FLORIN MINING INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

#### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Florin Mining Investment Company Limited is a listed public company, incorporated and domiciled in Australia.

The financial report of Florin Mining Investment Company Limited as an individual entity comply with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

#### **Basis of Preparation**

##### *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*

Florin Mining Investment Company Limited as an individual entity has prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS) from 1 July 2005.

Judgements made by management in the application of AIFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

In accordance with the requirements of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the accounts resulting from the introduction of AIFRS have been applied retrospectively to 2005 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied. These accounts are the first financial statements of Florin Mining Investment Company Limited to be prepared in accordance with Australian equivalents to IFRS.

Reconciliations of the transition from previous Australian GAAP to AIFRS have been included in Note 27 to this report.

##### *Reporting Basis and Conventions*

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

## FLORIN MINING INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (CONTINUED)

#### Accounting Policies

##### a. Investment and Trading Portfolios

###### (i) Balance Sheet classification

The Company has two portfolios of securities, the investment portfolio and the trading portfolio.

The investment portfolio relates to holdings of securities which the directors intend to retain on a long-term basis.

The trading portfolio comprises securities held for short term trading purposes.

The investment portfolio is classified as a 'non-current asset', whereas the trading portfolio is classified as a 'current asset'.

Ordinary securities within the investment portfolio are classified as 'assets available for sale', whilst securities within the trading portfolio are classified as 'assets measured at fair value through the Income Statement'.

###### (ii) Valuation of investment portfolio

Securities, including listed and unlisted shares and notes and options, are initially brought to account at cost, which is the cost of acquisition including transaction costs, and are revalued to market values continuously. Increments and decrements on Ordinary Securities are taken to the Investment Revaluation Reserve while it has a credit balance in total, otherwise they are included in Profit from ordinary activities before income tax expense.

Where disposal of an investment occurs any revaluation increment or decrement relating to it is transferred from the Investment Revaluation Reserve to the Income Statement. Subsequently, any revaluation or decrement relating to the disposal of an investment is transferred to the Capital Profits Reserve.

###### (iii) Valuation of trading portfolio

Securities, including listed and unlisted shares and notes, are initially brought to account at cost which is the cost of acquisition including transaction costs and are revalued to market values continuously.

Increments and decrements on the value of securities in the trading portfolio are taken directly through to the Income Statement.

###### (iv) Determination of market value

Market value for the purposes of valuing holdings of securities is determined by reference to market prices prevailing at balance date, predominantly last sale price, where the securities are traded on an organised market. Where a security is not so traded, its fair value is determined by the Directors.

###### (v) Income from holdings of securities

Distributions relating to listed securities are recognised as income when those securities are quoted ex-distribution basis and distributions relating to unlisted securities are recognised as income when received. If the distributions are capital returns on ordinary securities the amount of the distribution is treated as an adjustment to the carry value of the securities.

##### b. Fair Value of Financial Assets and Liabilities

The fair value of cash and cash equivalents, and non-interest bearing monetary financial assets and liabilities of the Company approximates their carrying value.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.



## FLORIN MINING INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (CONTINUED)

#### c. Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

#### d. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

#### e. Initial Public Offer Costs

The costs incurred in the establishment of the Company and its subsequent initial public offer have been charged directly against contributed equity.

#### f. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### g. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

#### h. Foreign Currency Transactions and Balances

##### Transaction and balances

Foreign currency transactions during the year are converted to Australian currency using the exchange rates applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of foreign exchange ruling at that date.

#### i. Borrowings

The Company is party to an agreement under which BT Securities Limited have agreed to accept listed securities beneficially held by the Company as security under the loan facility.

## FLORIN MINING INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (CONTINUED)

#### NOTE 2: REVENUE

	2006	2005
	\$	\$
<b>a. Income from Investment Portfolio</b>		
— dividends received	5,012	1,110
<b>Total Income from Investment Portfolio</b>	5,012	1,110
<b>b. Income from Trading Portfolio</b>		
— sales revenue	1,576,277	152,540
— cost of sales	(1,034,270)	(216,217)
— Net gains/(losses) from trading portfolio sales	542,007	(63,677)
— dividends received	34,874	—
<b>Total Income from Trading Portfolio</b>	576,881	(63,677)
<b>c. Income from deposits</b>		
— interest income	1,368	8,865
<b>Total income from deposits</b>	1,368	8,865
<b>Total Revenue</b>	583,261	(53,702)

#### NOTE 3: PROFIT FOR THE YEAR

Operating profit before income tax has been determined after:

##### Expenses

Administration expenses	46,346	17,522
Bank expenses	412	540
Borrowing costs	1,477	14
Listing fees	5,000	2,083
Management fees	13,513	3,703
Performance fees	113,978	—
<b>Profit/(loss) from operating activities before income tax and realised gains on the investment portfolio</b>	402,535	(77,564)

## FLORIN MINING INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (CONTINUED)

#### NOTE 4: INCOME TAX EXPENSE

	2006	2005
	\$	\$
<b>a. The components of tax expense comprise:</b>		
Current tax provision	83,201	—
(Increase) / decrease in deferred tax assets - other	28,496	(23,494)
	111,697	(23,494)
<b>b. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:</b>		
<b>Operating profit / (loss) before income tax expense and realised gains on investment portfolio</b>	402,535	(77,564)
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2005: 30%)	120,761	(23,269)
Add:		
Tax effect of:		
— Imputation gross-up on dividends received	4,758	96
— Franking credits on dividends received	(15,861)	(321)
Income tax expense on operating profit before realised gains on investment portfolio	109,658	(23,494)
<b>Realised gains (losses) on investment portfolio</b>	6,797	—
Prima facie tax payable (credit) calculated at 30% (2005: 30%)	2,039	—
Income tax expense (credit) on realised gains (losses) on investment portfolio	2,039	—
Total income tax expense (credit)	111,697	(23,494)
<b>c. Amounts recognised directly in equity</b>		
Increase / (decrease) in deferred tax liabilities relating to capital gains on the increase in unrealised gains on securities in the investment portfolio	51,469	9,572
(Increase) / decrease in deferred tax assets relating to capital losses on the increase in unrealised losses on securities in the investment portfolio	88	(4,527)
	51,557	5,045

## FLORIN MINING INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (CONTINUED)

#### NOTE 5: AUDITORS' REMUNERATION

	2006	2005
	\$	\$
Remuneration of the auditor of the company for:		
<b>Forsythes</b>		
— auditing or reviewing the financial report	6,300	5,000
	6,300	5,000

#### NOTE 6: DIVIDENDS

##### a. Dividends Paid or Declared

There were no dividends paid or declared in the financial year.

	—	—
	—	—

##### b. Franking Account

Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables and it does not reflect the impact of dividends declared after balance date.

	99,383	321
	99,383	321

#### NOTE 7: EARNINGS PER SHARE

	2006	2005
	Number	Number
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	5,127,502	5,127,502
Weighted average number of options outstanding	10,255,000	10,255,000
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive earnings per share	5,127,502	5,127,502
<b>a. Basic and diluted earnings per share</b>	<b>\$</b>	<b>\$</b>
Profit / (Loss) attributable to members of the company	297,635	(54,070)
	Cents	Cents
Basic earnings per share including realised gains(losses) on the investment portfolio	5.80	-1.05
Diluted earnings per share including realised gains(losses) on the investment portfolio	5.80	-1.05

## FLORIN MINING INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (CONTINUED)

#### NOTE 7: EARNINGS PER SHARE (CONTINUED)

b. Basic and diluted operating earnings per share excluding realised gains/(losses) on the investment portfolio	2006	2005
	\$	\$
Operating profit before realised gains/(losses) on the investment portfolio	292,877	(54,070)
	<b>Cents</b>	<b>Cents</b>
Basic operating earnings per share excluding realised gains/(losses) on the investment portfolio	5.71	-1.05
Diluted operating earnings per share excluding realised gains/(losses) on the investment portfolio	5.71	-1.05
c. Classification of securities	Number	Number
The following securities have been classified as potential ordinary shares and are included in determination of dilutive earnings per share:		
- Options outstanding	10,255,000	10,255,000

#### NOTE 8: CASH AND CASH EQUIVALENTS

	2006	2005
	\$	\$
Cash at bank and in hand	—	1,485
Deposits at call	26,394	62,079
	<u>26,394</u>	<u>63,564</u>

The effective interest rate on deposits at call was 4.80% (2005: 4.7%).

The credit risk exposure of the Company in relation to cash and deposits is the carrying amount and any accrued unpaid interest.

#### Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

Cash and cash equivalents	26,394	63,564
Bank overdrafts	(22,576)	—
	<u>3,818</u>	<u>63,564</u>

#### NOTE 9: TRADE AND OTHER RECEIVABLES

##### CURRENT

Outstanding settlements – investment portfolio	58,120	—
Outstanding settlements – trading portfolio	46,752	—
Other debtors	3,375	1,657
	<u>108,247</u>	<u>1,657</u>

Receivables are non-interest bearing and unsecured.

The credit risk exposure of the Company in relation to receivables is the carrying amount.

## FLORIN MINING INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (CONTINUED)

#### NOTE 10: TRADING PORTFOLIO

	2006	2005
	\$	\$
<b>CURRENT</b>		
Listed investments, at market value		
- Shares	979,907	536,101
- Options	42,550	2,875
	1,022,457	538,976

#### NOTE 11: OTHER ASSETS

<b>CURRENT</b>		
New security issue applications	14,461	--
Prepayments	225	--
	14,686	--

#### NOTE 12: INVESTMENT PORTFOLIO

<b>NON-CURRENT</b>		
Listed Investments, at market value		
- Fixed interest securities	25,200	13,000
- Options	3,850	--
- Shares	429,583	291,922
	458,633	304,922

#### NOTE 13: DEFERRED TAX ASSETS

<b>Deferred tax asset</b>		
The deferred tax asset is made up of the following estimated tax benefits:		
- Tax losses	-	20,630
- Timing differences	20,192	28,145
	20,192	48,775

#### NOTE 14: PAYABLES

<b>CURRENT</b>		
Sundry creditors and accrued expenses	126,923	13,546
	126,923	13,546

#### NOTE 15: BORROWINGS

<b>CURRENT</b>		
Overdraft	22,576	--
Short-term borrowings	4,158	--
	26,734	--

The above short term borrowings are secured. Repayment of the facility is done either through the use of cash received from dividends and distributions or the sale of securities.

## FLORIN MINING INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (CONTINUED)

#### NOTE 16: TAX LIABILITIES

	Note	2006 \$	2005 \$
<b>CURRENT</b>			
Income tax payable		83,201	—
		83,201	—

#### NOTE 17: DEFERRED TAX LIABILITIES

##### NON-CURRENT

Provision for deferred income tax attributable to:

- Deferred capital gains tax		61,041	9,572
		61,041	9,572

#### NOTE 18: CONTRIBUTED EQUITY

5,127,502 (2005: 5,127,502) fully paid ordinary shares

	18a	977,073	977,073
		977,073	977,073

##### a. Ordinary shares

At the beginning of reporting period		977,073	—
Shares issued during the year			
— 2 on 29 September 2004		—	1
— 5,127,500 on 3 February 2005		—	1,025,499
Transaction costs relating to share issues		—	(48,427)
At the end of reporting date		977,073	977,073

##### b. Options

On 3 February 2005, 5,127,500 Series A options were granted to the holders of ordinary shares at an exercise price of \$0.25 each. The option is exercisable on or before 15 December 2006.

On 3 February 2005, 5,127,500 Series B options were granted to the holders of ordinary shares at an exercise price of \$0.40 each. The option is exercisable on or before 15 December 2008.

At 30 June 2006 there were 10,255,000 (2005:10,255,000) unissued ordinary shares for which options were outstanding. The options carry no rights to dividends and no voting rights.

## FLORIN MINING INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (CONTINUED)

#### NOTE 19: RESERVES

	Note	2006	2005
		\$	\$
Capital profits	19a	4,758	-
Investment revaluation	19b	132,071	11,773
		136,829	11,773

#### 19a. Capital Profits Reserve

##### Movements During the Year

Opening balance		-	-
Transfer (to) / from retained earnings		4,758	-
Closing Balance		4,758	-

The capital profits reserve records capital profits made upon the sale of investments in the Company's investment portfolio.

#### 19b. Investment Revaluation Reserve

##### Movements During the Year

Opening balance		11,773	-
Revaluation of the investment portfolio		125,056	11,773
Transfer from / (to) Income Statement		(4,758)	-
Closing balance		132,071	11,773

The investment revaluation reserve records revaluations of the Company's investment portfolio.



## FLORIN MINING INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (CONTINUED)

#### NOTE 20: SEGMENT REPORTING

The Company operates in one business segment, being that of a listed investment company. The Company operates from Australia only and therefore has only one geographical segment. However the Company has investment exposures in different countries which are shown below. The Company invests in securities listed on overseas stock exchanges. Details of the geographical exposures are as follows:

2006	Revenue \$	Unrealised Gains \$	Market Value \$	Portfolio %
Australia	39,886	374,959	1,276,111	84.65
Canada	—	11,165	23,800	1.58
New Zealand	—	(13,374)	19,710	1.31
United States of America	—	39,167	161,470	10.71
<b>Sub Total</b>	<b>39,886</b>	<b>411,917</b>	<b>1,481,091</b>	<b>98.25</b>
Cash	1,368	—	26,394	1.75
<b>Total</b>	<b>41,254</b>	<b>411,917</b>	<b>1,507,485</b>	<b>100.00</b>

2005	Revenue \$	Unrealised Gains \$	Market Value \$	Portfolio %
Australia	1,110	(60,263)	805,877	88.95
United States of America	—	1,731	38,022	4.20
<b>Sub Total</b>	<b>1,110</b>	<b>(58,532)</b>	<b>843,899</b>	<b>93.15</b>
Cash	8,865	—	62,079	6.85
<b>Total</b>	<b>9,975</b>	<b>(58,532)</b>	<b>905,978</b>	<b>100.00</b>

#### NOTE 21: CASH FLOW INFORMATION

	2006 \$	2005 \$
<b>a. Reconciliation of Cash Flow from Operations with Profit after Income Tax</b>		
Profit / (loss) after income tax	297,635	(54,070)
Cash flows excluded from profit attributable to operating activities		
Net realised (gains) / losses on the investment portfolio	(4,758)	—
(Increase)/decrease in current receivables	(50,016)	(1,657)
(Increase)/decrease in the trading portfolio	(483,481)	(538,976)
(Increase)/decrease in the new security issue applications	(14,461)	—
(Increase)/decrease in prepayments	(225)	
Increase/(decrease) in current payables	113,377	13,546
Increase/(decrease) in income taxes balances	111,697	(23,494)
Cash flow from operations	<u>(30,232)</u>	<u>(604,651)</u>

## FLORIN MINING INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (CONTINUED)

#### NOTE 22: RELATED PARTY TRANSACTIONS

	2006	2005
	\$	\$
<p>Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.</p>		
<p>Transactions with related parties:</p>		
— Rees Pritchard Pty. Limited for accounting fees.	24,358	19,000
<p>Steven Pritchard is interested in the above transactions as a director and a beneficial shareholder of Rees Pritchard Pty. Limited.</p>		
— Cameron Stockbrokers Limited for reimbursement of initial public offer costs.	—	24,438
— Cameron Stockbrokers Limited for handling fees on subscriptions made under the initial offer of shares in the Company.	—	20,510
— Cameron Stockbrokers Limited for brokerage fees.	33,709	9,717
— Cameron Stockbrokers Limited for investment management and performance fees.	127,491	3,702
<p>Steven Pritchard and Robert Cameron have an interest in the above transactions as directors of Cameron Stockbrokers Limited and as directors and beneficial shareholders of Cameron Capital Limited.</p>		
<p>Daniel Di Stefano is interested in the above transaction as a director and beneficial shareholder of Cameron Capital Limited.</p>		
<p>Cameron Stockbrokers Limited is a wholly owned subsidiary of Cameron Capital Limited.</p>		
— Pritchard & Partners Pty Limited for handling fees	—	5,806
<p>Steven Pritchard is interested in the above transaction as a director and beneficial shareholder of Pritchard &amp; Partners Pty. Limited.</p>		
— Newcastle Capital Markets Registries Pty. Limited for share registry costs	6,070	4,299
<p>Steven Pritchard is interested in the above transaction as a director and beneficial shareholder of Newcastle Capital Markets Registries Pty. Limited.</p>		

## FLORIN MINING INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (CONTINUED)

#### NOTE 23: DIRECTORS AND EXECUTIVES DISCLOSURE

In accordance with the Corporations Amendments Regulation 2005 (No.4) the Company has transferred the disclosure required by AASB 1046 from the notes to the Financial Statements to the Directors' Report under the heading of Remuneration Report.

#### NOTE 24: INVESTMENT TRANSACTIONS

The total number of contract notes that were issued for transactions in investments during the year was 341 (2005: 63). Each contract note may involve multiple transactions. The total brokerage paid on these contract notes was \$33,709 (2005: \$9,717).

#### NOTE 25: COMPANY DETAILS

The registered office of the Company is:

10 Murray Street  
HAMILTON NEW SOUTH WALES 2303

The principle place of business is:

10 Spring Street  
SYDNEY NEW SOUTH WALES 2000

#### NOTE 26: FINANCIAL RISK MANAGEMENT

Accounting Standards identify three types of risk associated with financial instruments (i.e. the Company's investments, receivables, payables and borrowings):

##### a. Credit Risk

The standard defines this as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk is managed as noted in the Notes to the financial statements with respect to cash and trade and other receivables. None of these assets are over-due or considered to be impaired.

##### b. Liquidity Risk

The standard defines this as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company monitors its cash-flow requirements and ensures that it has either cash or access to short term borrowing facilities sufficient to meet any payments.

The assets of the Company are largely in the form of readily tradeable securities which can be sold on-market if necessary.

##### c. Market Risk

The standard defines this as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price.

By its nature as the Company invests a substantial proportion of its assets in tradeable securities the Company is always subject to market risk as it invests its capital in securities where are not risk free i.e. the market price of these securities can fluctuate.

## FLORIN MINING INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (CONTINUED)

#### NOTE 27: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

	Note	Previous GAAP at 30.6.2005 \$	Adjustments on introduction of Australian equivalents to IFRS \$	Australian equivalents to IFRS at 30.6.2005 \$
<b>Reconciliation of Equity at 30 June 2005</b>				
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash assets		63,564	-	63,564
Receivables		1,657	-	1,657
Trading portfolio	27a	538,976	-	538,976
<b>TOTAL CURRENT ASSETS</b>		<b>604,197</b>	<b>-</b>	<b>604,197</b>
<b>NON-CURRENT ASSETS</b>				
Investment portfolio	27a	304,922	-	304,922
Deferred tax assets		48,775	-	48,775
<b>TOTAL NON-CURRENT ASSETS</b>		<b>353,697</b>	<b>-</b>	<b>353,697</b>
<b>TOTAL ASSETS</b>		<b>957,894</b>	<b>-</b>	<b>957,894</b>
<b>CURRENT LIABILITIES</b>				
Payables		13,546	-	13,546
Current tax liabilities		-	-	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>13,546</b>	<b>-</b>	<b>13,546</b>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities	27c&d	9,572	-	9,572
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>9,572</b>	<b>-</b>	<b>9,572</b>
<b>TOTAL LIABILITIES</b>		<b>23,118</b>	<b>-</b>	<b>23,118</b>
<b>NET ASSETS</b>		<b>934,776</b>	<b>-</b>	<b>934,776</b>
<b>EQUITY</b>				
Issued capital	27f	956,319	20,754	977,073
Reserves		11,773	-	11,773
Retained earnings	27e	(33,316)	(20,754)	(54,070)
<b>TOTAL EQUITY</b>		<b>934,776</b>	<b>-</b>	<b>934,776</b>

## FLORIN MINING INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (CONTINUED)

#### NOTE 27: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONT'D)

	Note	Previous GAAP	Effect of transition to Australian equivalents to IFRS	Australian equivalents to IFRS
Reconciliation of Profit or Loss for the year 30 June 2005		\$	\$	\$
Income from investment portfolio		1,110	-	1,110
Income from trading portfolio	27b	(63,677)	-	(63,677)
Income from deposits		8,865	-	8,865
Other income		-	-	-
<b>Total income from ordinary activities</b>		<b>(53,702)</b>	<b>-</b>	<b>(53,702)</b>
Administration expenses		(20,145)	-	(20,145)
Borrowing costs expense		(14)	-	(14)
Management fees		(3,703)	-	(3,703)
Performance fees		-	-	-
Other expenses from ordinary activities		-	-	-
<b>Profit from ordinary activities before income tax expense</b>		<b>(77,564)</b>	<b>-</b>	<b>(77,564)</b>
Income tax benefit/(expense) relating to ordinary activities	27c	44,248	(20,754)	23,494
<b>Profit from ordinary operating activities after related income tax expense</b>		<b>(33,316)</b>	<b>(20,754)</b>	<b>(54,070)</b>
Realised gains / (losses) on investment portfolio	27e	-	-	-
Income tax expense thereon	27e	-	-	-
<b>Profit attributable to members of the company</b>		<b>(33,316)</b>	<b>(20,754)</b>	<b>(54,070)</b>
Direct adjustments against equity				
Realised gains/(losses) on investment portfolio (net of tax)	27e	-	-	-
Unrealised gains/(losses) on investment portfolio (net of tax)	27d	11,773	-	11,773
<b>Total valuation adjustments recognised directly in equity</b>		<b>11,773</b>	<b>-</b>	<b>11,773</b>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>		<b>(21,543)</b>	<b>(20,754)</b>	<b>(42,297)</b>

FLORIN MINING INVESTMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (CONTINUED)  
 NOTE 27: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONT'D)

Effect of transition to Australian equivalents to IFRS  
 Previous equivalents to IFRS  
 GAAP  
 IFRS  
 IFRS

	June 2006	Reconciliation of Profit or Loss for the year 30			
Income from investment portfolio	1,110	1,110	27b	Income from investment portfolio	1,110
Income from trading portfolio	(63,627)	(63,627)		Income from deposits	8,865
Other income	--	--		Other income	--
Total income from ordinary activities	(62,517)	(62,517)		Total income from ordinary activities	(62,517)
Administration expenses	(20,145)	(20,145)		Administration expenses	(20,145)
Donating costs expense	(14)	(14)		Donating costs expense	(14)
Management fees	(3,703)	(3,703)		Management fees	(3,703)
Performance fees	--	--		Performance fees	--
Other expenses from ordinary activities	--	--		Other expenses from ordinary activities	--
Profit from ordinary activities before income tax expense	(77,584)	(77,584)		Profit from ordinary activities before income tax expense	(77,584)
Income tax benefit/(expense) relating to ordinary activities	--	--		Income tax benefit/(expense) relating to ordinary activities	--
Profit from ordinary operating activities after related income tax expense	44,248	44,248	27c	Profit from ordinary operating activities after related income tax expense	44,248
Realised gains / (losses) on investment portfolio	(33,316)	(33,316)		Realised gains / (losses) on investment portfolio	(33,316)
Income tax expense thereon	--	--		Income tax expense thereon	--
Profit attributable to members of the company	(33,316)	(33,316)	27e	Profit attributable to members of the company	(33,316)
Direct adjustments against equity	--	--		Direct adjustments against equity	--
Realised gains/(losses) on investment portfolio (net of tax)	--	--	27e	Realised gains/(losses) on investment portfolio (net of tax)	--
Unrealised gains/(losses) on investment portfolio (net of tax)	11,773	11,773	27d	Unrealised gains/(losses) on investment portfolio (net of tax)	11,773
Total valuation adjustments recognised directly in equity	11,773	11,773		Total valuation adjustments recognised directly in equity	11,773
Total changes in equity other than those resulting from transactions with owners as owners	(21,543)	(21,543)		Total changes in equity other than those resulting from transactions with owners as owners	(21,543)
	(20,754)	(20,754)			(20,754)
	(42,297)	(42,297)			(42,297)

Income from investment portfolio  
 Income from trading portfolio  
 Other income  
 Total income from ordinary activities  
 Administration expenses  
 Donating costs expense  
 Management fees  
 Performance fees  
 Other expenses from ordinary activities  
 Profit from ordinary activities before income tax expense  
 Income tax benefit/(expense) relating to ordinary activities  
 Profit from ordinary operating activities after related income tax expense  
 Realised gains / (losses) on investment portfolio  
 Income tax expense thereon  
 Profit attributable to members of the company  
 Direct adjustments against equity  
 Realised gains/(losses) on investment portfolio (net of tax)  
 Unrealised gains/(losses) on investment portfolio (net of tax)  
 Total valuation adjustments recognised directly in equity  
 Total changes in equity other than those resulting from transactions with owners as owners

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## FLORIN MINING INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (CONTINUED)

#### NOTE 27: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONT'D)

##### Notes to the Reconciliations of Equity and Profit and Loss at 30 June 2005

(a) Investments measured at market value

All investments (including the trading portfolio) are measured at market value.

(b) Unrealised gains/losses on the trading portfolio

All unrealised gains or losses on the trading portfolio are included in the Income Statement for that period.

(c) Provision for deferred tax on unrealised gains/losses in the Income Statement

A provision for the tax that would be due on unrealised gains or the credit receivable on unrealised losses that are included in the Income Statement is made on the Balance Sheet, and changes to this provision are reflected in the Income Statement.

(d) Provision for deferred capital gains tax on unrealised gains through the Investment Revaluation Reserve

A provision for the tax that would be due on unrealised gains or the credit receivable on unrealised losses that are included in the Investment Revaluation Reserve is made on the Balance Sheet, and changes to this provision are reflected directly through equity.

(e) Realised gains or losses on securities in the investment portfolio

All realised gains or losses, and the tax payable/tax credit receivable thereon, are accounted for through the Income Statement, and are therefore part of the Profit attributable to Members. The net gains/losses may be transferred through reserves from Retained Earnings to the Capital Profits Reserve which is available for distribution.

(f) Recognition of deferred tax assets on transaction costs on issue of equity instruments

Under AIFRS, the expenses incurred in issuing equity instruments are deducted from issued capital net of any tax benefit. The tax benefit is claimed over a five year period and gives rise to a deferred tax asset.

(g) Effect of AIFRS on the cash flow statement for the financial year ended 30 June 2006

There are no material differences between the cash flow statement presented under AIFRS and the cash flow statement presented under the superseded accounting policies.