



**FLORIN MINING INVESTMENT COMPANY
LIMITED**

ABN 60 111 170 882

**INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED
31ST DECEMBER, 2006**

Florin Mining Investment Company Limited

ABN 60 111 170 882

Interim Financial Report

DIRECTORS' REPORT

Your directors submit the financial report of the Company for the half-year ended 31 December 2006.

Directors

The names of directors who held office during or since the end of the half-year:

Victor Gowan Burley
Robert Franklin Cameron
Steven Pritchard
Daniel Di Stefano

Review of Operations

The investment objectives of Florin Mining Investment Company Limited, are to:

- Preserve of the capital of the Company;
- Achieve a high real rate of return, comprising both income and capital growth; and
- Generally, to limit the investments of the Company to natural resource companies being those companies;
 - ✓ who derive a significant proportion of their revenues from the mining of base and precious metals, industrial minerals, and bulk commodities, the production of oil and gas or geothermal energy; or
 - ✓ have a significant proportion of their assets invested, or they propose to invest a significant proportion of their assets, in activities involved in the exploration for base and precious metals, industrial minerals, and bulk commodities, the production of oil and gas or geothermal energy.

The Company seeks to maximise the capital growth of the Company's portfolio by investing in natural resource companies. Investments are primarily in mining or exploration companies – that are either producing or exploring for base and precious metals, industrial minerals and bulk commodities. From time to time the portfolio may have exposure to oil, gas and geothermal energy companies.

Whilst in making its investment decisions the Company will generally take a medium to long term view, it may however, from time to time acquire investments with a view to profit through short term trading opportunities.

The Company:

- focuses on the investment merits of individual stocks rather than market and economic trends; and
- seeks to invest in shares which it assesses to be undervalued relative to their longer term growth prospects.

The Directors have established a number of key performance indicators that they will use in their assessment of the Company's performance, including, earnings per share, dividends paid to shareholders and asset backing per share.

The net profit after tax for the half year ended 31st December 2006, was \$399,585.

Whilst the asset backing per share increase by 13.5% from \$0.208 to \$0.236, post the bonus issue allotted by the Company on 24 November 2006. The Company paid its maiden dividend of 1 cent per share on 20 November 2006. The Company also declared a special dividend of 2 cents per share to be paid to shareholders on 31 January 2007. The Company presently has short term debt of \$31,516. At the 31st December 2006, approximately 15.3% of the Company's assets remained in Cash and Fixed Interest.

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Auditor's Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 4 for the half-year ended 31 December 2006.

This report is signed in accordance with a resolution of the Board of Directors.



Director

Steven Shane Pritchard

Dated this 27 day February 2007

**Auditor's Independence Declaration
To the Directors of Florin Mining Investment Company Limited**

The Board of Directors
Florin Mining Investment Company Limited
10 Murray Street
HAMILTON NSW 2303

27 February 2007

Dear Sirs,

Florin Mining Investment Company Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Florin Mining Investment Company Limited.

As lead audit partner for the review of the financial statements of Florin Mining Investment Company Limited for the half-year ended 31 December 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



FORSYTHES



Martin Matthews
Partner
Chartered Accountants
Newcastle, 27 February 2007

Florin Mining Investment Company Limited

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CONDENSED INCOME STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	31.12.2006	31.12.2005
	\$	\$
Income from investment portfolio	5,158	2,535
Income from trading portfolio	507,279	249,415
Income from deposits	1,631	656
Other income	4,000	-
Total income from ordinary activities	518,068	252,606
Administration expenses	(39,086)	(25,358)
Borrowing costs expense	(1,800)	-
Management fees	(10,197)	(5,483)
Performance fees	-	-
	<u>(51,083)</u>	<u>(30,841)</u>
Operating profit before income tax and realised gains on the investment portfolio	466,985	221,765
Income tax (expense)/credit relating to ordinary activities*	(139,215)	(66,039)
Operating profit before realised gains on the investment portfolio	327,770	155,726
Realised gains / (losses) on the investment portfolio	102,593	21,209
Income tax (expense)/credit thereon*	(30,778)	(6,363)
Profit attributable to members of the company	399,585	170,572
Overall Operations		
Basic earnings per share (cents per share)	6.50	3.30
Diluted earnings per share (cents per share)	6.50	3.30
* Total Tax Expense	169,993	72,402

The accompanying notes form part of these financial statements.

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CONDENSED BALANCE SHEET AS AT 31 DECEMBER 2006

	Note	31.12.2006	30.06.2006
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		511,399	26,394
Receivables		64,782	108,247
Trading portfolio		1,977,160	1,022,457
Other		3,550	14,686
TOTAL CURRENT ASSETS		2,556,891	1,171,784
NON-CURRENT ASSETS			
Investment portfolio		766,313	458,633
Deferred tax assets		19,606	20,192
TOTAL NON-CURRENT ASSETS		785,919	478,825
TOTAL ASSETS		3,342,810	1,650,609
CURRENT LIABILITIES			
Payables		123,676	126,923
Provision		219,011	-
Borrowings		31,516	26,734
Current tax liabilities		254,579	83,201
TOTAL CURRENT LIABILITIES		628,782	236,858
NON-CURRENT LIABILITIES			
Deferred tax liabilities		122,854	61,041
TOTAL NON-CURRENT LIABILITIES		122,854	61,041
TOTAL LIABILITIES		751,636	297,899
NET ASSETS		2,591,174	1,352,710
EQUITY			
Issued capital	4	1,949,513	977,073
Reserves		362,489	136,829
Retained earnings		279,172	238,808
TOTAL EQUITY		2,591,174	1,352,710

The accompanying notes form part of these financial statements.

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**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

	Note	Share Capital	Retained Profits	Capital Profits Reserve	Investment Revaluation Reserve	Total
		\$	\$	\$	\$	\$
Balance at 1.7.2005		977,073	(54,070)	-	11,773	934,776
Dividends paid						-
Dividend reinvestment plan						-
Transactions with equity holders in their capacity as equity holders						-
Profit for the period			170,572			170,572
Revaluation of investment portfolio (net of tax)					28,486	28,486
Total income for period			170,572		28,486	199,058
Transfers between reserves			(14,846)	14,846		-
Balance at 31.12.2005		977,073	101,656	14,846	40,259	1,133,834
Balance at 1.7.2006		977,073	238,808	4,758	132,071	1,352,710
Dividends paid and declared			(287,406)			(287,406)
Dividend reinvestment plan		24,955				24,955
Shares issued (net of costs)	4b	947,485				947,485
Transactions with equity holders in their capacity as equity holders		972,440	(287,406)			685,034
Profit for the period			399,585			399,585
Revaluation of investment portfolio (net of tax)					153,845	153,845
Total income for period			399,585		153,845	553,430
Transfers between reserves			(71,815)	71,815		-
Balance at 31.12.2006		1,949,513	279,172	76,573	285,916	2,591,174

The accompanying notes form part of these financial statements.

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CONDENSED CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	31.12.2006	31.12.2005
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Sales from trading portfolio	603,453	484,604
Purchases for trading portfolio	(962,661)	(536,290)
Dividends received	8,857	2,535
Interest received	1,631	656
Other receipts	-	2,587
	<u>(348,720)</u>	<u>(45,908)</u>
Administration expenses	(20,653)	(24,512)
Bank charges	(271)	(269)
Borrowing costs	(1,924)	-
Management fees	(5,758)	-
Performance fees	(113,978)	-
Income tax paid	-	-
Other payments	(10,468)	-
Net cash (used in) operating activities	<u>(501,772)</u>	<u>(70,689)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales from investment portfolio	274,053	180,677
Purchases for investment portfolio	(201,242)	(112,681)
Net cash provided by investing activities	<u>72,811</u>	<u>67,996</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	952,500	-
Initial Public Offer Costs	-	-
Proceeds from borrowings	180,140	-
Repayment of borrowings	(152,657)	-
Dividends paid	(43,441)	-
Net cash provided by financing activities	<u>936,542</u>	<u>-</u>
Net increase (decrease) in cash held	507,581	(2,693)
Cash at beginning of period	3,818	63,564
Cash at end of period	<u>511,399</u>	<u>60,871</u>

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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED
31 DECEMBER 2006**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation of the Condensed Financial Statements

The half-year condensed financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134: Interim Financial Reporting, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2006 and any public announcements made by Florin Mining Investment Company Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

(a) Holdings of Securities

(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, and has been classified as a non-current asset.

The trading portfolio comprises securities held for short term trading purposes and is classified as a current asset.

(ii) Valuation of investments

Securities, including listed and unlisted shares, notes and options, are initially brought to account at cost (including any associated transaction costs) and are continuously carried at fair value.

Fair 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.

(iii) Gains and losses on investments

Investment portfolio

When investments in the investment portfolio are sold or impaired, the accumulated fair value adjustments are transferred from the investment revaluation reserve to the Income Statement as gains or losses on the investment portfolio. The cumulative gain or loss, net of tax, is then transferred from retained profits to the realised capital profits reserve. Unrealised gains and losses arising from changes in the fair value of long-term investments are recognised in equity in the investment revaluation reserve.

Trading Portfolio

Realised and unrealised gains and losses arising from changes in the fair value of the trading investments are included in the Income Statement in the period in which they arise.

(iv) Income from holdings of securities

Distributions relating to listed securities are recognised as income when those securities are quoted ex-distribution basis. Distributions relating to unlisted securities are recognised as income when received unless the distributions are capital returns in which case the amount of the distribution is treated as an adjustment to the cost base of the securities.

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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED
31 DECEMBER 2006**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Income Tax

The Company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any non-assessable or disallowed items.

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.

(c) Comparative Figures

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

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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED
31 DECEMBER 2006**

NOTE 2: REVENUE	2006 \$	2005 \$
Income from investment portfolio		
dividends received	5,158	2,535
Total Income from investment portfolio	5,158	2,535
Income from trading portfolio		
sales revenue	581,426	480,036
cost of sales	(78,531)	(230,621)
Net gains/(losses) from trading portfolio sales	502,895	249,415
dividends received	4,384	-
Total income from trading portfolio	507,279	249,415
Income from deposits		
deposit income	1,631	656
Total income from deposits	1,631	656
Other income		
Foreign exchange gain	-	-
Sub-underwriting fees	4,000	-
Total other income	4,000	-
Total Revenue	518,068	252,606

NOTE 3: DIVIDENDS	2006 \$	2005 \$
Dividends Paid		
Final fully franked ordinary dividend of 1 (2005: Nil) cent per share paid on 20 November 2006.	68,395	-
Dividends Declared		
Special fully franked ordinary dividend of 2 (2005: Nil) cents per share payable on 31 January 2007. The aggregate amount of the proposed special dividend expected to be paid to shareholders on the register at the 19 January 2007.	219,011	-

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

NOTE 4: ISSUED CAPITAL

Movements in Issued Capital of the Company during the half-year were as follows:

Date	Details	Notes	Number of Shares	Issue Price \$	Issued Capital \$
01/07/2006	Opening balance		5,127,502		977,073
10/11/2006	Exercise of Options	c	1,722,000	0.25	430,500
10/11/2006	Exercise of Options	c	15,000	0.40	6,000
20/11/2006	Dividend Reinvestment Plan	a	110,947	0.225	24,955
24/11/2006	Bonus Issue	b	1,395,108		-
15/12/2006	Exercise of Options	c	2,580,000	0.20	516,000
Various	Transaction costs relating to share issues				(5,015)
31/12/2006	Balance		<u>10,950,557</u>		<u>1,949,513</u>

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands

a. Dividend Reinvestment Plan

The Company has a Dividend Reinvestment Plan (DRP) under which shareholders elected to have all or part of their dividend payment reinvested in new ordinary fully paid shares. Pricing of the new DRP shares was based on the average selling price of shares traded on the National Stock Exchange in the three days preceding the books close date.

b. Bonus Issue

The Company made a bonus issue of 1 ordinary fully paid share for every 5 ordinary fully paid share held by shareholders on 21 November 2006.

c. 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 was 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.

By the 15 December 2006 the company had received exercise notice acceptance forms for 4,302,000 shares, which were issued by the Company at \$0.25 each (pre bonus share issue allotted 24 November 2006). By the 15 December 2006 the company had received exercise notice acceptance forms for 15,000 shares, which were issued by the Company at \$0.40 each (pre bonus share issue allotted 24 November 2006).

All Series A options unexercised as at 5.00pm on 15 December 2006 expired.

At 31 December 2006 there were 5,112,500 unissued ordinary shares for which options were outstanding.

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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED
31 DECEMBER 2006**

NOTE 5: SEGMENT REPORTING

The Company operates in one business segment, being that of a listed investment company. The Company operates in 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 / (Losses) \$	Market Value \$	Portfolio %
Australia	9,542	913,148	2,552,743	77.22
Canada	-	64,740	180,730	5.47
Great Britain	-	(7,485)	30,000	0.91
United States of America	-	11,652	30,600	0.92
Sub Total	9,542	982,055	2,794,073	84.52
Cash	1,631	-	511,589	15.48
Total	11,173	982,055	3,305,662	100.00

2005	Revenue \$	Unrealised Gains \$	Market Value \$	Portfolio %
Australia	2,535	245,857	1,049,799	87.62
Canada	-	8,801	18,550	1.55
United States of America	-	13,750	70,720	5.90
Sub Total	2,535	268,408	1,139,069	95.07
Cash	656	-	59,019	4.93
Total	3,191	268,408	1,198,088	100.00

NOTE 6: CONTINGENT LIABILITIES

A performance fee may be payable to the manager based on the performance of the portfolio. At reporting date this is not considered a liability as it is calculated on the annual performance of the portfolio. If the Manager had been entitled to the performance fee at the reporting date, the amount payable has been estimated to be \$171,117.

NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE

There were no events subsequent to period end that require disclosure other than those matters referred to elsewhere in this report.

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DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 13:
 - a. comply with Accounting Standards and the Corporations Regulations; and
 - b. give a true and fair view of the entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors pursuant to s.303(s) of the Corporations Act.



Steven Shane Pritchard



Daniel Di Stefano

Dated this 28 day of February 2007

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FLORIN MINING INVESTMENT COMPANY LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Florin Mining Investment Company Limited, which comprises the balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the company.

Directors' Responsibility for the Half-Year Financial Report

The directors of Florin Mining Investment Company Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 "Review of an Interim Financial Report Performed by the Independent Auditor of the Entity", in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001. As the auditor of Florin Mining Investment Company Limited, ASRE 2410 requires that we comply with the ethical requirements to the audit of the annual financial report.

A review of the half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Florin Mining Investment Company Limited is not in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.



FORSYTHES



Martin Matthews
Partner

Newcastle
27 February 2007