KINETIC MINES AND ENERGY LIMITED

力 量 礦 業 能 源 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1277

Interim Report 2012

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Li *(Chairman)*
Mr. Wang Changchun *(Chief Executive Officer)*
Mr. Zhang Liang, Johnson

Non-executive Director

Ms. Zhang Lin

Independent Non-executive Directors

Mr. Shi Xiaoyu
Ms. Liu Peilian
Mr. Dai Feng

AUDIT COMMITTEE

Ms. Liu Peilian *(Chairman)*
Mr. Dai Feng
Ms. Zhang Lin

REMUNERATION COMMITTEE

Mr. Shi Xiaoyu *(Chairman)*
Ms. Liu Peilian
Ms. Zhang Lin

NOMINATION COMMITTEE

Mr. Zhang Li *(Chairman)*
Mr. Dai Feng
Mr. Shi Xiaoyu

AUTHORISED REPRESENTATIVES

Mr. Wang Changchun
Mr. Tao Chi Keung

COMPANY SECRETARY

Mr. Tao Chi Keung

REGISTERED OFFICE

Clifton House
75 Fort Street, P.O. Box 1350
Grand Cayman KY1-1108, Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Dafanpu Coal Mine
Majiata Village, Xuejiawan Town
Zhunge'er Banner, Erdos City
Inner Mongolia, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1202, 43 Lyndhurst Terrace
Central, Hong Kong

LEGAL ADVISER

Latham & Watkins
18th Floor, One Exchange Square
8 Connaught Place, Central, Hong Kong

COMPLIANCE ADVISER

Guotai Junan Capital Limited
27/F, Low Block, Grand Millennium Plaza
181 Queen's Road Central, Hong Kong

AUDITOR

KPMG
8th Floor, Prince's Building
10 Chater Road, Central, Hong Kong

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–16, 17th Floor
Hopewell Centre, 183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKER

China Minsheng Banking Corp., Ltd

STOCK CODE

1277

WEBSITE OF THE COMPANY

www.kineticme.com

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board") of Kinetic Mines and Energy Limited, I am pleased to present the interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2012.

In the first half of 2012, the Group made good progress in improving its integrated coal operations. The construction of the major facilities in the Dafanpu Coal Mine of the Group was completed, and the mine was under trial production, the stage before the commencement of commercial production. However, as there were lags in the construction of certain facilities in the Dafanpu Coal Mine and some machinery and equipment were subject to further adjustment and testing, the schedule of commencing commercial production at the Dafanpu Coal Mine was delayed. The operation team and staff of the Group are actively communicating and cooperating with the relevant contractors, machinery and equipment manufacturers and relevant government authorities, striving to complete trial production as soon as possible and commence commercial production.

During this period, construction of Xiaojia Station, in which the Group held 45% interest, was substantially completed. Through the Nanping Rail Line and its associated rail spur lines, Xiaojia Station connects to the Datong-Qinhuangdao Rail Line, which is known as the "lifeline of energy in China", and transports self-produced coal or coal products procured from third parties to Qinhuangdao for coal trading. Qinhuangdao is the world's largest transshipment port as well as one of the reference areas which sets the benchmark price for China's coal market. The Group has successfully set up a coal trade centre in Qinhuangdao and obtained the relevant coal sales and trade permits. In this way, the Group can source coal from other coal mine operators and resell to customers through its supply chain, so as to meet the demand for coal products of different customers in different environments. Meanwhile, direct involvement in the coal trading operation in Qinhuangdao allows us to stay up-to-date with regard to pricing, market, transportation, demand, technology, safety and management trends, thereby consolidating our position in the coal industry.

In addition, the Group proactively promotes the development of the coal industry. As one of the few private company members of the China Coal Transportation and Distribution Association, we participate in annual government mandated meetings on the PRC coal market and share with other players the latest industry information to promote growth in the industry.

China is both the world's largest thermal coal producer and consumer. Robust industrial development and rapid urbanisation in China have boosted the demand for energy. Although the price of thermal coal in China fluctuated and the inventories in major coal ports such as Qinhuangdao continued to increase during the first half of 2012, power plants will be able to clear stock effectively when the peak season of power consumption in winter arrives. Demand for thermal coal is expected to rise steadily in the second half of the year, stabilising the price accordingly. Coal is a strategic resources to ensure the energy and power supply in China and therefore the Group is confident in the long-term development of coal industry.

In March 2012, the National Development and Reform Commission of the PRC formulated the *"12th Five Year" Plan on the Development of Coal Industry*, which emphasised accelerating the merging and restructuring of coal companies, eliminating outdated production capacity, establishing large coal groups, enhancing industry concentration, developing and utilising coal resources gradually as well as effectively protecting the ecological environment of mining areas. These measures are favourable to the development of large coal mines. The Group hopes to seize the opportunities by properly increasing coal resources, in turn solidifying the Group's position in the coal market of China. In view of this, a purchase option agreement was entered into between the Group and myself in March 2012, pursuant to which the Group would have the option to purchase Guizhou Yangmei Longtai Coal Mine, which is held by me indirectly as to 85%. In addition, the Group will continue to identify quality coal investment projects with the increase of coal resources and coal reserves as the core strategy of the Group, in the expectation that the integration of such with the Group's business will achieve synergies and economies of scale.

CHAIRMAN'S STATEMENT

Looking ahead, we will continue to focus on constructing and developing the Dafanpu Coal Mine, striving to become a leading privately-owned integrated coal provider in China with mining, processing and trading capabilities. We will also take the initiative to identify new acquisition targets and acquire coal reserves, in order to exploit the enormous development potentials in China's growing energy market and deliver rewards to our shareholders.

Finally, on behalf of the Board, I would like to express my gratitude to all our shareholders and partners for their continuous support to the Group, and to all our employees for their hard work. With the Group's unique competitive advantages, a clear development strategy and an experienced team, the Group remains dedicated to creating a brighter future.

Zhang Li
Chairman and Executive Director

28 August 2012

MANAGEMENT DISCUSSION AND ANALYSIS

The board of directors of (the "Board") of Kinetic Mines and Energy Limited (the "Company") herewith announces the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2012. This interim financial report has been reviewed by the Company's audit committee and the Company's auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

OVERVIEW

Business Review and Results Analysis

The Group has been focusing on becoming an integrated coal provider. During the six months ended 30 June 2012, the Dafanpu Coal Mine in Zhunge'er Banner, Erdos City, Inner Mongolia (the "Dafanpu Coal Mine") owned by the Group was under trial production. The Dafanpu Coal Mine has moderate to thick coal seams and is rich in coal resources. As of November 2010, Dafanpu Coal Mine had Joint Ore Reserves Committee ("JORC") compliant coal resources of approximately 449.9 million tonnes, comprising 145.6 million tonnes of measured coal resources, 247.7 million tonnes of indicated coal resources and 56.6 million tonnes of inferred coal resources.

Notwithstanding the Group's persistent efforts in the timely execution of its trial production plan, there were unexpected lags in the construction of certain facilities in the Dafanpu Coal Mine due to various reasons, and some machinery and equipment were subject to further adjustment and testing. As a result, trial production of the Dafanpu Coal Mine was delayed, affecting the schedule and plan of trial production and commercial production. The Group has actively communicated and cooperated with each contractor, machinery and equipment manufacturer, mining team and relevant government authorities to resolve the delays encountered during trial production in order to complete trial production as soon as possible and commence commercial production.

As at 30 June 2012, construction of the loading station "Xiaojia Station", of which the Group held 45% interest therein, was substantially completed, except for the construction of certain relatively minor structures. On completion and commencement of normal operations, Xiaojia Station will have a coal loading capacity of 15.0 million tonnes per year. With Xiaojia Station and its associated rail spur lines, the Group will have rail capacity to transport coal products from Xiaojia Station along the Nanping Rail Line to Qinhuangdao in Hebei, China's largest transshipment port as well as the reference area which sets the benchmark price for China's coal market. In addition, the Group has set up a coal trade centre in Qinhuangdao and obtained the relevant coal sales and trade permits. In this way, the Group can source coal from other coal mine operators and resell to customers through its integrated supply chain, so as to meet the demand for coal products of different customers in different environments.

Further, in order to lay a solid foundation for the future development of the Dafanpu Coal Mine, the Group has engaged the Coal Mine Research and Design Institute of Inner Mongolia (內蒙古煤炭研究設計院) to formulate a detailed research and design plan on the mining of the No.6 coal seam of Dafanpu Coal Mine, where the richest coal resources are to be found.

OVERVIEW (Cont'd)

Business Review and Results Analysis (Cont'd)

Loss of the Group for the six months period ended 30 June 2012 amounted to approximately RMB70.2 million (six months ended 30 June 2011: RMB16.2 million). The increase in losses was mainly attributable to: (1) Dafanpu Coal Mine being in the construction stage during the six months period ended 30 June 2011 — as Dafanpu Coal Mine commenced trial production and business expansion in January 2012, staff costs and consultation costs increased accordingly; (2) the increase in finance costs of the Group for the six months period ended 30 June 2012 compared to the finance costs incurred during the corresponding period last year, which was mainly attributable to a new interest-bearing short-term bank loan of approximately HK$740.1 million (equivalent to RMB600 million). The loan was used to repay the amounts due to related parties, which were interest-free, prior to the Company's listing in March 2012; and the decrease in interest expenses eligible for capitalisation as construction in progress during the six months period ended 30 June 2012 as the construction of most facilities in Dafanpu Coal Mine was completed in December 2011; and (3) administrative expenses, including the non-recurring listing expenses of approximately RMB16.0 million.

Prospects

While continuing to focus on the trial production and commercial production plans of Dafanpu Coal Mine project as well as the coal trade centre business in Qinhuangdao, the Group believes that it can gain a more dominant position in the coal market if it takes control of more coal resources. Accordingly, the Group entered into a purchase option agreement with Mr. Zhang Li and Zhunge'er Banner Fuliang Coal Mining Limited (准格爾旗富量礦業有限公司) on 9 March 2012, pursuant to which the Group has a right to acquire 85% of the equity interest in Guizhou Fuliang Mining Limited (貴州富量礦業有限公司) which is in the process of obtaining mining rights to the Yangmei Longtai Coal Mine through its wholly-owned subsidiary Guizhou Yangmei Longtai Coal Limited (貴州楊梅龍泰煤業有限責任公司). In addition, the Group will continue to identify quality coal investment projects, with the increase in coal resources and coal reserves as the Group's core strategy, in the expectation that the integration of these with the Group's business will achieve synergies and economies of scale.

FINANCIAL REVIEW

Turnover

For the six months ended 30 June 2012, the Group recorded turnover of RMB1,024,000 as it commenced sales of coal products from the end of June 2012. Compared to the six months ended 30 June 2011, the Group did not have any turnover as it was in the development stage and had not begun trial production during the six months ended 30 June 2011.

Cost of Sales

For the six months ended 30 June 2012, the Group incurred cost of sales of RMB715,000. Cost of sales mainly comprises salaries of coal mine workers, supplementary materials, fuel and electricity, depreciation, amortisation and surcharges of mining operations. The Group did not have any cost of sales for the six months ended 30 June 2011 as it did not have any turnover during the same period.

FINANCIAL REVIEW (Cont'd)

Other Revenue

Other revenue of the Group increased from RMB3,464,000 for the six months ended 30 June 2011 to RMB6,019,000 for the six months ended 30 June 2012.

For the six months ended 30 June 2012, the Group's other revenue mainly comprises exchange gains from conversion of funds.

For the six months ended 30 June 2011, the Group's other revenue was primarily from sales, net of taxes, of coal produced from the excavation of shafts and tunnels during the construction of the Group's production facilities.

Selling Expenses

For the six months ended 30 June 2012, the Group incurred selling expenses of RMB200,000. The Group did not have selling expenses for the six months ended 30 June 2011 as it did not have any turnover and sales activities during the same period.

Administrative Expenses

The Group's administrative expenses increased from RMB14,850,000 for the six months ended 30 June 2011 to RMB65,730,000 for the six months ended 30 June 2012.

The increase in administrative expenses was mainly due to the professional service fees incurred in connection with the Company's listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") which amounted to RMB15,957,000 (six months ended 30 June 2011: RMB350,000). Moreover, since the commencement of the trial production of the Group, the Group's staff costs and consultation costs also increased from RMB7,216,000 for the six months ended 30 June 2011 to RMB36,201,000 for the six months ended 30 June 2012.

Finance Costs

Finance costs increased from RMB9,602,000 for the six months ended 30 June 2011 to RMB20,262,000 for the six months ended 30 June 2012. The increase was mainly attributable to increase in the amount of interest-bearing bank loans as the Group repaid all the amounts due to related parties, which were interest-free, prior to the Company's listing on the Stock Exchange in March 2012. Moreover, as most of the Group's infrastructure at the Dafanpu Coal Mine was substantially completed in December 2011, the interest expenses which could be capitalised as construction in progress decreased from RMB23,390,000 for the six months ended 30 June 2011 to RMB18,262,000 for the six months ended 30 June 2012.

Income Tax

The Group did not have any income tax expenses for the six-month periods ended 30 June 2012 and 2011 as the Group did not generate any taxable profits during these two periods. However, the Group recorded tax credit of RMB9,750,000 and RMB4,768,000 for the six-month periods ended 30 June 2012 and 2011, respectively, primarily due to the recognition of deferred income tax assets from tax losses.

Total Comprehensive Loss

As a result of the foregoing, the Group's total comprehensive loss was RMB69,359,000 and RMB11,736,000 for the six-month periods ended 30 June 2012 and 2011, respectively.

FINANCIAL REVIEW (Cont'd)

Dividend

No dividends were declared for the six-month periods ended 30 June 2012 and 2011.

Cash Flow Statement

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
Net cash used in operating activities	**(77,366)**	(6,824)
Net cash used in investing activities	**(107,559)**	(166,266)
Net cash generated from financing activities	**471,640**	157,561
Net increase/(decrease) in cash at bank and in hand	**286,715**	(15,529)
Cash at bank and in hand at beginning of the period	**15,737**	46,797
Net foreign exchange difference	**184**	4,484
Cash at bank and in hand at end of the period	**302,636**	35,752

Net Cash Used in Operating Activities

The Group's net cash used in operating activities for the six months ended 30 June 2012 was RMB77.4 million, primarily due to loss before taxation of RMB80.0 million, adjusted for interest expenses on bank loans of RMB20.3 million and increases in other receivables of RMB11.9 million and inventories of RMB5.9 million.

Net Cash Used in Investing Activities

The Group's net cash used in investing activities for the six months ended 30 June 2012 was RMB107.6 million, primarily due to the purchase of property, plant and equipment of RMB133.0 million and a decrease in other non-current assets of RMB25.3 million.

Net Cash Generated from Financing Activities

The Group's net cash generated from financing activities for the six months ended 30 June 2012 was RMB471.6 million, mainly attributable to the proceeds from the Company's listing on the Stock Exchange in March 2012 of RMB949.0 million and an net increase in the Group's bank loans of RMB101.0 million, partially offset by the repayment of amounts due to related parties of RMB548.4 million and interest payments of RMB20.3 million.

Cash at Bank and in Hand

For the six months ended 30 June 2012, the Group's cash at bank and in hand increased by RMB286.7 million and the exchange gain was RMB0.2 million. The net increase in the Group's cash at bank and in hand was from RMB15.7 million as at 31 December 2011 to RMB302.6 million as at 30 June 2012.

OTHER FINANCIAL INFORMATION

Liquidity and Financial Resources

For the six months ended 30 June 2012, the Group's cash at bank and in hand was mainly used in the development of the Group's Dafanpu Coal Mine, to service the Group's indebtedness and to fund the Group's working capital. After the Company's listing on the Stock Exchange in March 2012, the Group financed its funding requirements mainly through a combination of proceeds from initial public offering, interest-bearing bank loans and cash generated from operating activities. The Group's gearing ratio decreased from 84% as at 31 December 2011 to 36% as at 30 June 2012. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash at bank and in hand. Total capital is calculated as equity plus net debt.

The Group's cash at bank and in hand, amounting to RMB302,636,000 as at 30 June 2012, was denominated in Renminbi (73%) and Hong Kong dollars (27%).

As at 30 June 2012, the Group's bank borrowings were as follows:

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Repayable within one year	**350,000**	248,964
Repayable after two years but within five years	**500,000**	500,000
	850,000	748,964

Notes:

(a) As at 30 June 2012, all the Group's bank loans were denominated in RMB.

(b) As at 30 June 2012, the Group's secured bank loans of RMB500,000,000 were secured by its mining rights, while the Group's unsecured bank loan of RMB350,000,000 was guaranteed by the Company and Mr. Zhang Li, a director of the Company.

Contingent Liabilities

The Group had no material contingent liability as at 30 June 2012.

Capital Expenditures and Commitments

The Group incurred capital expenditures of approximately RMB202,126,000 for the six months ended 30 June 2012, which were mainly related to the construction of mining and coal washing facilities and purchase of other property, plant and equipment for the Dafanpu Coal Mine.

The Group's capital commitments as at 30 June 2012 amounted to RMB120,785,000 which were related to the construction of the Group's mining infrastructure.

OTHER FINANCIAL INFORMATION (Cont'd)

Charge on Assets

As at 30 June 2012, the Group's mining rights with a carrying amount of RMB719,873,000 was pledged to a bank for the relevant banking facilities granted to the Group.

Financial Risk Management

(a) *Interest rate risk*

The Group's interest rate risk arises primarily from bank loans. Borrowings issued at variable rates expose the Group to cash flow interest rate risk and borrowings issued at fixed rates expose the Group to fair value interest rate risk. For the six months ended 30 June 2012, the Group did not enter into any financial instruments to hedge against its interest rate risk but the Board will continue to closely monitor the Group's loan portfolio in order to manage its interest rate risk exposure.

(b) *Foreign currency risk*

The Company and its subsidiaries are not exposed to significant foreign currency risk as their transactions and balances are principally denominated in their respective functional currencies. As the foreign currency risk is not significant, the Group did not enter into any financial instruments to hedge against foreign currency risk for the six months ended 30 June 2012.

Human Resources and Emolument Policy

As at 30 June 2012, the Group employed a total of approximately 300 full-time employees in the PRC and Hong Kong. For the six months ended 30 June 2012, the total staff costs, including the directors' emoluments, amounted to RMB32,819,000.

The Group's emolument policies are formulated based on the performance and experience of individual employee and in line with the salary trends in the PRC and Hong Kong. Other employee benefits include performance-related bonuses, insurance and medical coverage and share options.

Exploration, Development and Mining Production Activities

As at 30 June 2012, the Group's Dafanpu Coal Mine was still at the trial production stage and had not commenced commercial production. During the six months ended 30 June 2012, the Group did not conduct any exploration activities and the majority of the Group's capital expenditures were related to the development of the Dafanpu Coal Mine.

INDEPENDENT REVIEW REPORT

Independent review report to the board of directors of
Kinetic Mines and Energy Limited
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 12 to 26 which comprises the consolidated statement of financial position of Kinetic Mines and Energy Limited as of 30 June 2012 and the related consolidated statement of comprehensive income and consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

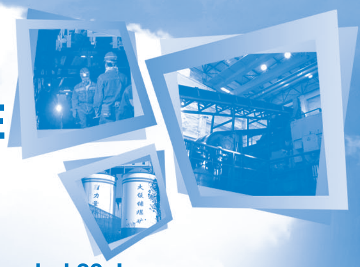
SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing 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.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2012 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
28 August 2012



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012 — unaudited
(Expressed in Renminbi)

	Notes	Six months ended 30 June 2012 RMB'000	2011 RMB'000
Turnover	5	**1,024**	—
Cost of sales		**(715)**	—
Gross profit		**309**	—
Other revenue	6	**6,019**	3,464
Selling expenses		**(200)**	—
Administrative expenses		**(65,730)**	(14,850)
Loss from operations		**(59,602)**	(11,386)
Share of loss of an associate		**(106)**	—
Finance costs	7(a)	**(20,262)**	(9,602)
Loss before taxation	7	**(79,970)**	(20,988)
Income tax	8	**9,750**	4,768
Loss attributable to equity shareholders of the Company for the period		**(70,220)**	(16,220)
Other comprehensive income for the period:			
Exchange differences on translation of financial statements of operations outside the PRC		**861**	4,484
Total comprehensive loss attributable to equity shareholders of the Company for the period		**(69,359)**	(11,736)
Basic and diluted loss per share (RMB)	9	**(0.009)**	(0.002)

The notes on pages 16 to 26 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012 — unaudited
(Expressed in Renminbi)

	Notes	**At 30 June 2012 RMB'000**	At 31 December 2011 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	10	**862,167**	660,583
Intangible assets	11	**719,873**	719,951
Interest in an associate		**29,144**	29,250
Deferred tax assets		**30,856**	21,107
Prepayments for machinery		**3,541**	42,165
Other non-current assets		**—**	25,311
		1,645,581	1,498,367
Current assets			
Other receivables	12	**42,281**	30,421
Inventories	13	**5,906**	—
Pledged deposits		**5,025**	5,019
Cash at bank and in hand	14	**302,636**	15,737
		355,848	51,177
Current liabilities			
Trade and other payables	15	**165,293**	658,561
Bank loans	16	**350,000**	248,964
		515,293	907,525
Net current liabilities		**159,445**	856,348
Total assets less current liabilities		**1,486,136**	642,019
Non-current liabilities			
Bank loans	16	**500,000**	500,000
Net assets		**986,136**	142,019
Capital and reserves			
Share capital	17(a)	**54,293**	48,444
Reserves		**931,843**	93,575
Total equity		**986,136**	142,019

The notes on pages 16 to 26 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012 — unaudited
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company						
	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Statutory reserves RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
1 January 2011	–	–	–	–	4,917	(10,379)	(5,462)
Changes in equity for the six months ended 30 June 2011:							
Loss for the period	–	–	–	–	–	(16,220)	(16,220)
Other comprehensive income	–	–	–	–	4,484	–	4,484
Total comprehensive loss for the period	–	–	–	–	9,401	(26,599)	(17,198)
At 30 June 2011 and 1 July 2011	–	–	–	–	9,401	(26,599)	(17,198)
Changes in equity for the six months ended 31 December 2011:							
Loss for the period	–	–	–	–	–	(31,665)	(31,665)
Other comprehensive income	–	–	–	–	607	–	607
Total comprehensive loss for the period	–	–	–	–	607	(31,665)	(31,058)
Waiver of liabilities from ultimate controlling party	–	–	190,275	–	–	–	190,275
Arising from the Reorganisation	48,444	–	(48,444)	–	–	–	–
At 31 December 2011	48,444	–	141,831	–	10,008	(58,264)	142,019
At 1 January 2012	48,444	–	141,831	–	10,008	(58,264)	142,019
Changes in equity for the six months ended 30 June 2012:							
Loss for the period	–	–	–	–	–	(70,220)	(70,220)
Other comprehensive income	–	–	–	–	861	–	861
Total comprehensive loss for the period	–	–	–	–	861	(70,220)	(69,359)
Shares issued under the global offering	5,849	943,166	–	–	–	–	949,015
Share issuance costs	–	(35,539)	–	–	–	–	(35,539)
Appropriation of maintenance and production funds	–	–	–	2,415	–	(2,415)	–
At 30 June 2012	54,293	907,627	141,831	2,415	10,869	(130,899)	986,136

The notes on pages 16 to 26 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2012 — unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
Cash used in operating activities	**(77,366)**	(6,824)
Income tax paid	**—**	—
Net cash used in operating activities	**(77,366)**	(6,824)
Net cash used in investing activities	**(107,559)**	(166,266)
Net cash generated from financing activities	**471,640**	157,561
Net increase/(decrease) in cash at bank and in hand	**286,715**	(15,529)
Cash at bank and in hand at 1 January	**15,737**	46,797
Effect of foreign exchange rate changes	**184**	4,484
Cash at bank and in hand at 30 June	**302,636**	35,752

The notes on pages 16 to 26 form part of this interim financial report.

NOTES TO THE INTERIM FINANCIAL REPORT

(Expressed in Renminbi)

1 BASIS OF PRESENTATION

Kinetic Mines and Energy Limited (the "Company") was incorporated in the Cayman Islands on 27 July 2010, as an exempted company with limited liability under the Company Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company and its subsidiaries (together referred to as the "Group") are principally engaged in the extraction and sales of coal products. Pursuant to the completion of reorganisation of the Group on 20 July 2011 (the "Reorganisation"), the Company became the holding company of its subsidiaries now comprising the Group, in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The shares of the Company have been listed on the Main Board of the Stock Exchange since 23 March 2012. Details of the Reorganisation are set out in the Company's prospectus dated 13 March 2012.

The consolidated financial statements of the Group have been prepared as if the current group structure had been in existence since the beginning of the earliest period reported, or since the respective dates of incorporation or establishment of the group companies, rather than from the date when the Company became the holding company of the Group pursuant to the Reorganisation.

2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 28 August 2012.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2011 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2012 annual financial statements. Details of these changes in accounting policies are set out in note 3.

The preparation of interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2011 annual financial statements. The condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 11.

2 BASIS OF PREPARATION (Cont'd)

The financial information relating to the financial year ended 31 December 2011 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. The auditors have expressed an unqualified opinion on those financial statements in their report dated 30 March 2012.

The comparatives of the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the condensed consolidated cash flow statement in respect of the six months ended 30 June 2011 and the related notes disclosed in this interim financial report were derived from the Group's management accounts for the six months ended 30 June 2011 which have not been audited nor reviewed.

As at 30 June 2012, the Group's current liabilities exceeded its current assets by RMB159,445,000 which indicated the existence of an uncertainty which may cast doubt on the Group's ability to continue as a going concern. As at 24 August 2012, being the latest practicable date for the purpose of ascertaining certain information contained in this interim financial report, the Group had undrawn banking facilities totalling RMB260,000,000. The Directors have evaluated all the relevant facts available to them and are of the opinion that the Group will have the necessary liquid funds to finance its working capital and capital expenditure requirements. Accordingly, the interim financial report has been prepared on a going concern basis.

3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. None of the amendments are relevant to the Group's current financial statements and the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 SEGMENT REPORTING

Management has determined operating segments with reference to the reports reviewed by the chief operating decision maker of the Group that are used to assess the performance and allocate resources.

The chief operating decision maker of the Group assesses the performance and allocates the resources of the Group as a whole, as all of the Group's activities are considered to be primarily dependent on the performance of the extraction and sales of coal products. Therefore, the Group's management considers that there is only one operating segment under the requirements of HKFRS 8, Operating Segments. In this regard, no segment information is presented for the period.

No geographic information is presented as the Group's operating loss is entirely derived from its business activities in the PRC.

5 TURNOVER

The principal activities of the Group are extraction and sale of coal products.

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
Sales of coal products	**1,024**	—

6 OTHER REVENUE

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
Sales of scrapings	**—**	3,437
Interest income	**88**	27
Exchange gains — net	**5,931**	—
	6,019	3,464

7 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs:

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
Interest expenses on bank loans	**38,524**	32,992
Less: interest expenses capitalised into construction in progress	**(18,262)**	(23,390)
	20,262	9,602

For the six months ended 30 June 2012, borrowing costs were capitalised by applying a capitalisation rate of 7.315%–7.590% per annum (six months ended 30 June 2011: 6.556%–7.315% per annum).

7 LOSS BEFORE TAXATION (Cont'd)

(b) Staff costs:

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
Salaries, wages, bonuses and benefits	**31,509**	6,145
Contribution to defined contribution plans	**1,310**	449
	32,819	6,594

(c) Other items:

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
Operating lease charges	**1,804**	1,371
Auditor's remuneration	**670**	13
Listing expenses	**15,975**	350
Depreciation	**542**	346
Amortisation	**78**	—

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(a) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Company and its subsidiary, Blue Gems Worldwide Limited, are not subject to any income tax in the Cayman Islands and BVI respectively.

(b) No provision has been made for Hong Kong profits tax as the Group did not generate any assessable profit in Hong Kong for the six months ended 30 June 2012 (six months ended 30 June 2011: nil).

(c) The Group's subsidiaries in the People's Republic of China (the "PRC") are subject to corporate income tax of 25% for the six months ended 30 June 2012 (six months ended 30 June 2011: 25%).

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Cont'd)

(d) Reconciliation between income tax and loss before taxation at applicable tax rates is as follows:

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
Loss before taxation	**(79,970)**	(20,988)
Tax on loss before taxation, calculated at the rates applicable to the results in the jurisdictions concerned	**(16,952)**	(5,170)
Entities not subject to income tax	**5,901**	148
Effect of non-deductible expenses	**1,301**	254
	(9,750)	(4,768)

9 LOSS PER SHARE

The calculation of basic loss per share for the six months ended 30 June 2012 is based on the total comprehensive loss attributable to equity shareholders of the Company of RMB69,359,000 and the weighted average number of 8,010,989,000 shares in issue during the period.

The calculation of basic loss per share for the six months ended 30 June 2011 is based on the total comprehensive loss attributable to equity shareholders of the Company of RMB11,736,000 and 7,500,000,000 shares of the Company in issue as at 31 December 2011 as if the shares were outstanding throughout the period.

	Six months ended 30 June	
	2012	2011
	'000 shares	'000 shares
Share issued upon Reorganisation	**7,500,000**	7,500,000
Effect of shares issued upon global offering on 23 March 2012	**510,989**	—
Weighted average number of shares	**8,010,989**	7,500,000

There were no dilutive potential ordinary shares during the six-month periods ended 30 June 2012 and 2011, and therefore, diluted loss per share is the same as the basic loss per share.

10 PROPERTY, PLANT AND EQUIPMENT

	Mining structure	Machinery and equipment	Office equipment	Motor vehicles	Buildings	Construction in progress ("CIP")	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount							
As at 31 December 2011	–	1,155	1,165	2,227	5,548	650,488	660,583
Additions	–	82,122	535	–	–	119,469	202,126
Transfer from CIP	324,357	153,192	–	–	221,824	(699,373)	–
Depreciation	–	(66)	(120)	(268)	(88)	–	(542)
As at 30 June 2012	324,357	236,403	1,580	1,959	227,284	70,584	862,167

11 INTANGIBLE ASSETS

Mining rights with a carrying value of RMB719,873,000 (2011: RMB719,951,000) was pledged as securities for the Group's bank loans as at 30 June 2012 and 31 December 2011 (note 16).

12 OTHER RECEIVABLES

	At 30 June 2012	At 31 December 2011
	RMB'000	RMB'000
Prepaid expenses, deposits and other receivables	**42,281**	30,421

13 INVENTORIES

	At 30 June 2012	At 31 December 2011
	RMB'000	RMB'000
Coal products	**5,013**	–
Accessories and chemicals	**893**	–
	5,906	–

During the six months ended 30 June 2012, there were no write down of inventories.

14 CASH AT BANK AND IN HAND

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Cash at bank	**301,801**	13,676
Cash in hand	**835**	2,061
	302,636	15,737

15 TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables with the following aging analysis as at the end of the reporting period. The credit terms granted by the trade suppliers ranged from 30 days to 60 days.

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Trade payables		
— Due within one month or on demand	**3,916**	—
Payables for construction	**112,396**	81,847
Other payables and accruals	**48,981**	28,305
Amounts due to related parties (note 19(b))	**—**	548,409
	165,293	658,561

16 BANK LOANS

(a) As at 30 June 2012 and 31 December 2011, the bank loans were repayable as follows:

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Within 1 year	**350,000**	248,964
After 2 years but within 5 years	**500,000**	500,000
	850,000	748,964

(b) As at 30 June 2012 and 31 December 2011, the bank loans were secured and guaranteed as follows:

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Secured by intangible assets	**500,000**	729,000

16 BANK LOANS (Cont'd)

(b) (Cont'd)

As at 30 June 2012, the Group's bank loans of RMB500 million were secured by its mining rights (note 11) and the remaining unsecured bank loan amount of RMB350 million was guaranteed by the Company and Mr. Zhang Li, a director of the Company.

The bank loans of RMB729 million as at 31 December 2011 were secured by the Group's mining rights (note 11) and guaranteed by Mr. Zhang Li and Huizhou Jin'e SPA Co., Ltd., a company controlled by Mr. Zhang Li. The guarantees were released by the bank prior to the listing of the Company's shares on the Stock Exchange (note 19(d)).

17 CAPITAL AND RESERVES

(a) Share capital

Authorised:

	No. of shares	**Amount**
	'000	US$'000
Ordinary shares of US$0.001 each	500,000,000	500,000

Ordinary shares issued and fully paid:

	No. of shares	**Nominal value of the shares**	
	'000	US$'000	RMB'000 equivalents
At 1 January 2012	7,500,000	7,500	48,444
Shares issued under the global offering	930,000	930	5,849
At 30 June 2012	8,430,000	8,430	54,293

On 23 March 2012, the Company issued 930,000,000 shares with a par value of US$0.001 each, at a price of HK$1.26 per share by way of a global offering. The proceeds from the global offering after offsetting expenses directly attributable to the issuance of shares of RMB35,539,000 were RMB913,476,000, out of which RMB5,849,000 and RMB907,627,000 were recorded in share capital and share premium respectively.

(b) Share premium

Under the Companies Law (Revised) of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

17 CAPITAL AND RESERVES (Cont'd)

(c) Statutory reserves

Pursuant to the relevant PRC regulations for coal mining companies, provision for production maintenance, production safety and other related expenditures are accrued by the Group at fixed rates based on coal production volume (the "maintenance and production funds"). The maintenance and production funds are initially set aside as appropriations of profit attributable to equity shareholders. The maintenance and production funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of maintenance and production funds utilised would be transferred from the statutory reserve back to retained earnings.

(d) Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: nil).

18 COMMITMENTS

(a) Capital commitments

Capital commitments outstanding as at 30 June 2012 not provided for in the condensed consolidated financial statements were as follows:

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Contracted for mining structure construction	**120,785**	156,397

(b) Lease commitments

As at 30 June 2012, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Contracted for lease commitments		
— Within 1 year	**579**	400
— After 1 year but within 2 years	**274**	500
	853	900

19 RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2012, transactions with the following parties are considered as related party transactions.

Name of party	**Relationship**
Mr. Zhang Liang, Johnson	Executive director
Mr. Zhang Li	Executive director
Zhunge'er Banner Fuliang Coal Mining Limited ("Fuliang Coal Mining") (准格爾旗富量礦業有限公司)*	Controlled by Mr. Zhang Li
Huizhou Jin'e SPA Co., Ltd. (惠州市金鵝温泉實業有限公司)*	Controlled by Mr. Zhang Li

* The English translation of the company names is for reference only. The official names of these companies are in Chinese.

(a) Non-recurring transaction

Particulars of significant transactions between the Group and the above related parties are as follows:

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
Advances from:		
Fuliang Coal Mining	–	100,000

(b) Amounts due to related parties

	At 30 June 2012	At 31 December 2011
	RMB'000	RMB'000
Non-trade related		
— Mr. Zhang Li	–	308,000
— Fuliang Coal Mining	–	240,409
	–	548,409

The amounts due to related parties were unsecured, interest-free and repayable on demand.

19 RELATED PARTY TRANSACTIONS (Cont'd)

(c) Key management personnel remuneration

Remuneration for directors and key management personnel of the Group is as follows:

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
Short-term employee benefits	**4,870**	2,180
Contribution to defined contribution retirement plans	**93**	52
	4,963	2,232

(d) Financial guarantees

As at 30 June 2012, the Group's bank loans of RMB350 million were guaranteed by Mr. Zhang Li.

As at 31 December 2011, the Group's bank loans of RMB729 million were guaranteed by Mr. Zhang Li and Jin'e SPA. These guarantees were released by the bank prior to the listing of the Company's shares on the Stock Exchange (note 16).

OTHER INFORMATION

CORPORATE GOVERNANCE

Corporate Governance Code

During the period from 23 March 2012 (the "Listing Date") to 31 March 2012, the Company has complied with the code provisions of the then applicable Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules; and during the period from 1 April 2012 to 30 June 2012, the Company has complied with the code provisions of the existing Corporate Governance Code and Corporate Governance Report as set out in that Appendix.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct for dealing in securities by the Directors. Having made specific enquiries of all the Directors of the Company, all the Directors confirmed that they have complied with the required standards of dealings as set out in the Model Code during the period from the Company's Listing Date to 30 June 2012.

Audit Committee

The audit committee of the Company comprises two independent non-executive directors, namely Ms. Liu Peilian and Mr. Dai Feng and one non-executive director, Ms. Zhang Lin. Ms. Liu Peilian is the chairman of the audit committee. The principal duties of the audit committee include the review and supervision of the Group's financial reporting process and internal control system. The audit committee has reviewed the interim financial report of the Group for the six months ended 30 June 2012.

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

During the period from the Listing Date to 30 June 2012, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

OTHER INFORMATION

DISCLOSURE OF INTERESTS

Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures

As at 30 June 2012, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required to be and were recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long position in the Ordinary Shares of the Company

Name of Director	Capacity/ Type of interest	Number of ordinary shares	Approximate percentage of shareholding
Zhang Li	Personal	53,348,000	0.63%
Zhang Liang, Johnson	Beneficial interest	5,307,450,000	62.96%

Saved as above, as at 30 June 2012, none of the Directors or the chief executive of the Company or any of their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register required to be kept pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

At no time during the six months ended 30 June 2012 was the Company, its subsidiaries, its associate, its fellow subsidiaries or its holding company a party to any arrangements to enable the Directors and chief executive of the Company (including their spouse and children under 18 years of age) to hold any interest or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporations (within the meaning of Part XV of the SFO).

DISCLOSURE OF INTERESTS (Cont'd)

Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares

So far as is known to the Directors and chief executive of the Company, as at 30 June 2012, the persons or corporations who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long position in the ordinary shares of the Company

Name of substantial shareholders	Capacity/ Type of interest	Number of ordinary shares	Approximate percentage of shareholding (Note 1)
Zhang Liang, Johnson	Interest in a controlled corporation (Note 2)	5,307,450,000	62.96%
King Lok Holdings Limited	Beneficial interest (Note 2)	5,307,450,000	62.96%

Notes:

1. The calculation is based on the total number of issued ordinary shares of 8,430,000,000 shares as at 30 June 2012.

2. King Lok Holdings Limited is wholly owned and controlled by Mr. Zhang Liang, Johnson and Mr. Zhang Liang, Johnson is therefore deemed to be interested in the ordinary shares held by King Lok Holdings Limited.

Save as disclosed above, as at 30 June 2012, the Directors and chief executive of the Company are not aware of any other person or corporation having an interest or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Share Option Scheme

The Company has adopted a share option scheme on 6 March 2012 (the "Share Option Scheme") for the purpose of providing incentives to participants to contribute to the Company and enabling the Company to recruit high calibre employees and attract or retain human resources that are valuable to the Group.

The maximum number of shares which may be issued upon exercise of all the options to be granted under the Share Option Scheme and any other share option scheme of the Company (if any) shall not in aggregate exceed 10% of the shares in issue (i.e. a maximum of 843,000,000 shares) as at the Listing Date. Moreover, no option may be granted to a participant if the total number of shares issued and to be issued upon exercise of the options granted and to be granted to that participant in any 12-month period would exceed 1% of the Company's issued share capital from time to time.

DISCLOSURE OF INTERESTS (Cont'd)

Share Option Scheme (Cont'd)

An offer of the grant of an option may be accepted within 28 days from the date of offer and the amount payable on acceptance of such offer is HK$1.0. The subscription price in respect of any particular option is determined by the Board and which shall be the higher of:

(i) the closing price of the shares on the Stock Exchange as stated in the Stock Exchange daily quotations sheet on the offer date;

(ii) the average closing price of the shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the offer date; or

(iii) the nominal value of the shares.

The Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date, after which period no further options will be offered.

For the six months ended 30 June 2012, no option was granted under the Share Option Scheme.