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SIBERIAN MINING GROUP COMPANY LIMITED
西伯利亞礦業集團有限公司*

(incorporated in the Cayman Islands with limited liability)
(Stock Code :1142)

INTERIM REPORT
2012

* For identification purpose only

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Lim Ho Sok *(Chairman)*
Choi Jun Ho (appointed on 1 September 2012)
Shin Min Chul (resigned on 1 August 2012)

Non-executive Director

Pang Ngoi Wah Edward

Independent Non-executive Directors

Cho Min Je
Liew Swee Yean
Tam Tak Wah
Young Yue Wing Alvin

COMPANY SECRETARY

Wong Wing Cheong (appointed on 1 August 2012)
Lo Suet Fan (resigned on 1 August 2012)

AUTHORISED REPRESENTATIVES

Lim Ho Sok
Choi Jun Ho (appointed on 1 August 2012)
Lo Suet Fan (resigned on 1 August 2012)

AUDIT COMMITTEE

Tam Tak Wah *(Chairman)*
Liew Swee Yean
Young Yue Wing Alvin

REMUNERATION COMMITTEE

Liew Swee Yean *(Chairman)*
Lim Ho Sok
Tam Tak Wah

NOMINATION COMMITTEE

Lim Ho Sok *(Chairman)*
Cho Min Je
Liew Swee Yean

AUDITOR

BDO Limited

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

16th Floor
No. 8 Queen's Road Central
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

HSBC Trustee (Cayman) Limited
PO Box 484
HSBC House
68 West Bay Road
Grand Cayman
KY1-1106
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26/F Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

HKEX STOCK CODE

1142

WEBSITE

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF SIBERIAN MINING GROUP COMPANY LIMITED
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 3 to 30, which comprises the condensed consolidated statement of financial position of Siberian Mining Group Company Limited (the "Company") and its subsidiaries (together the "Group") as at 30 September 2012 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The directors of the Company are responsible for the preparation and presentation of these interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on these interim financial information based on our review. This report is made 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" ("HKSRE 2410") issued by the HKICPA. A review of interim financial information 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 information is not prepared, in all material respects, in accordance with HKAS 34.

EMPHASIS OF MATTER

Without qualifying our conclusion, we draw attention to Note 2.1 to the interim financial information which indicates that the Group incurred a net loss of HK$287,116,000 for the six months ended 30 September 2012 and, as of that date, the Group's current liabilities exceeded its current assets by HK$74,313,000. These conditions, along with other matters as set forth in Note 2.1 indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

BDO Limited
Certified Public Accountants

Shiu Hong Ng
Practising Certificate Number: P03752
28 November 2012

The board of directors (the "Board") of Siberian Mining Group Company Limited (the "Company") presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (together the "Group") for the six months ended 30 September 2012 together with the comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2012

		Six months ended 30 September					
		Continuing operations		Discontinued operations		Total	
		2012	2011	**2012**	2011	**2012**	2011
		(unaudited)	(unaudited) (restated)	**(unaudited)**	(unaudited) (restated)	**(unaudited)**	(unaudited)
	Notes	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Turnover	4	**3,702**	1,601	**–**	1,468	**3,702**	3,069
Cost of sales		**(3,668)**	(1,593)	**–**	(344)	**(3,668)**	(1,937)
Gross profit		**34**	8	**–**	1,124	**34**	1,132
Other income	4	**15**	30	**–**	289	**15**	319
Other gains and losses	4	**(218,061)**	–	**–**	(8,965)	**(218,061)**	(8,965)
Selling and distribution costs		**(175)**	(208)	**–**	(1,217)	**(175)**	(1,425)
Administrative and other expenses		**(63,909)**	(86,913)	**–**	(7,441)	**(63,909)**	(94,354)
Finance costs	6	**(4,982)**	(16,013)	**–**	(103)	**(4,982)**	(16,116)
Loss before income tax	5	**(287,078)**	(103,096)	**–**	(16,313)	**(287,078)**	(119,409)
Income tax	7	**(38)**	48	**–**	135	**(38)**	183
Loss for the period		**(287,116)**	(103,048)	**–**	(16,178)	**(287,116)**	(119,226)
Attributable to:							
Owners of the Company		**(259,758)**	(96,096)	**–**	(820)	**(259,758)**	(96,916)
Non-controlling interests		**(27,358)**	(6,952)	**–**	(15,358)	**(27,358)**	(22,310)
		(287,116)	(103,048)	**–**	(16,178)	**(287,116)**	(119,226)
							(restated)
Loss per share							
From continuing and discontinued operations	9						
Basic (Hong Kong cents)						**(81.55)**	(68.42)
Diluted (Hong Kong cents)						**(81.55)**	(68.42)
From continuing operations							
Basic (Hong Kong cents)						**(81.55)**	(67.84)
Diluted (Hong Kong cents)						**(81.55)**	(67.84)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2012

	Six months ended 30 September					
	Continuing operations		Discontinued operations		Total	
	2012 (unaudited) HK$'000	2011 (unaudited) (restated) HK$'000	**2012 (unaudited) HK$'000**	2011 (unaudited) (restated) HK$'000	**2012 (unaudited) HK$'000**	2011 (unaudited) HK$'000
Loss for the period	**(287,116)**	(103,048)	**–**	(16,178)	**(287,116)**	(119,226)
Other comprehensive income for the period, net of tax:						
– Exchange differences on translation of financial statements of foreign operations	**(58,068)**	(148,536)	**–**	481	**(58,068)**	(148,055)
Total comprehensive income for the period, net of tax	**(345,184)**	(251,584)	**–**	(15,697)	**(345,184)**	(267,281)
Attributable to:						
Owners of the Company	**(312,019)**	(229,336)	**–**	(532)	**(312,019)**	(229,868)
Non-controlling interests	**(33,165)**	(22,248)	**–**	(15,165)	**(33,165)**	(37,413)
	(345,184)	(251,584)	**–**	(15,697)	**(345,184)**	(267,281)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2012

	Notes	**As at 30 September 2012 (unaudited) HK$'000**	As at 31 March 2012 (audited) HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	**15,362**	20,668
Prepayments for acquisition of property, plant and equipment		**68**	169
Other intangible assets	11	**666,865**	986,722
Exploration and evaluation assets	12	**255,068**	249,600
		937,363	1,257,159
Current assets			
Other receivables, deposits and prepayments		**6,847**	5,840
Cash and cash equivalents		**5,467**	1,524
		12,314	7,364
Current liabilities			
Interest-bearing borrowings	13	**21,485**	–
Other payables, accrued expenses and trade deposits received		**18,689**	11,199
Coal trading deposits received	14	**39,000**	27,300
Purchase consideration payable for additional acquisition	15	**5,253**	10,800
Amount due to directors	19(b)	**2,200**	–
		86,627	49,299
Net current liabilities		**(74,313)**	(41,935)
Total assets less current liabilities		**863,050**	1,215,224
Non-current liabilities			
Amount due to a related party/shareholder	19(a)	**50,648**	53,095
Promissory notes payables	16	**55,353**	104,051
Provision for close down, restoration and environmental costs		**1,938**	1,971
Deferred tax liabilities		**125**	93
		108,064	159,210
Net assets		**754,986**	1,056,014
Equity			
Share capital	17	**70,489**	45,614
Reserves		**638,340**	930,553
Equity attributable to owners of the Company		**708,829**	976,167
Non-controlling interests		**46,157**	79,847
Total equity		**754,986**	1,056,014

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2012

The Group	Share capital HK$'000 (Note 17)	Share premium HK$'000 (Note 17)	Translation reserve HK$'000	Other reserve HK$'000 (Note c)	Equity-settled share option reserve HK$'000 (Note d)	Capital reserve HK$'000 (Note a (i) & (ii))	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
As at 1 April 2012 (audited)	45,614	1,689,092	83,611	331,505	1,007	23,496	(1,198,158)	976,167	79,847	1,056,014
Loss for the period	–	–	–	–	–	–	(259,758)	(259,758)	(27,358)	(287,116)
Other comprehensive income for the period	–	–	(52,261)	–	–	–	–	(52,261)	(5,807)	(58,068)
Total comprehensive income for the period	–	–	(52,261)	–	–	–	(259,758)	(312,019)	(33,165)	(345,184)
Issue of shares on exercise of share options	60	78	–	–	(32)	–	–	106	–	106
Issue of shares upon partial settlement of the Modified PN	24,815	24,477	–	–	–	–	–	49,292	–	49,292
Adjustment to the consideration of acquisition of additional interests in a subsidiary from non-controlling interests completed in the prior years (Note 15)	–	–	–	(4,728)	–	–	–	(4,728)	(525)	(5,253)
Waiver of interest on early settlement of amount due to a shareholder (Note 19 (a))	–	–	–	–	–	11	–	11	–	11
As at 30 September 2012 (unaudited)	70,489	1,713,647	31,350	326,777	975	23,507	(1,457,916)	708,829	46,157	754,986

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2011

The Group	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Other reserve HK$'000 (Note c)	Equity-settled share option reserve HK$'000 (Note d)	Capital reserve HK$'000 (Note a (i) & (ii))	Statutory reserve fund HK$'000 (Note b)	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
As at 1 April 2011 (audited)	27,124	1,661,540	133,151	331,505	4,566	7,522	909	(807,634)	1,358,683	139,650	1,498,333
Loss for the period	–	–	–	–	–	–	–	(96,916)	(96,916)	(22,310)	(119,226)
Other comprehensive income for the period	–	–	(132,952)	–	–	–	–	–	(132,952)	(15,103)	(148,055)
Total comprehensive income for the period	–	–	(132,952)	–	–	–	–	(96,916)	(229,868)	(37,413)	(267,281)
Placements of new shares	2,690	17,286	–	–	–	–	–	–	19,976	–	19,976
Lapsed of share options	–	–	–	–	(1,522)	–	–	1,522	–	–	–
Discount received on the early settlement of the Modified PN	–	–	–	–	–	4,192	–	–	4,192	–	4,192
Waiver of interest on early settlement of amount due to a shareholder	–	–	–	–	–	893	–	–	893	–	893
As at 30 September 2011 (unaudited)	29,814	1,678,826	199	331,505	3,044	12,607	909	(903,028)	1,153,876	102,237	1,256,113

Notes:

a. At the end of reporting period, capital reserve of the Group represented: (i) the amount of interest charged on amount due to a shareholder of the Company that was waived as a result of early partial settlement on the principal loan due to the shareholder, which was accounted for as capital contributions from an equity participant of the Company for the current and prior periods; and (ii) the difference between the carrying amount of the Modified PN discharged and the fair value of the new ordinary shares of the Company issued as consideration for the early partial settlements of the Modified PN. This difference was accounted for as a contribution from an equity participant of the Company for the year ended 31 March 2012.

b. The Group's subsidiaries operating in the People's Republic of China (the "PRC") are required to transfer 10% of their net profit as determined in accordance with the PRC Accounting Rules and Regulations to statutory reserve fund until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of dividends to the owners of the PRC subsidiaries. The statutory reserve fund was released in the year ended 31 March 2012 upon the disposal of the Group's subsidiaries operating in the PRC.

c. Other reserve represented the excess of the share of the carrying value of the subsidiary's net assets acquired from the non-controlling interests of a subsidiary over the fair value of the consideration paid on the completion date of the acquisition and the subsequent adjustment to the consideration recognised by the Group upon fulfillment of certain conditions as set out in Note 15.

d. At the end of reporting period, the equity-settled share option reserve represented the fair value of the outstanding share options of the Company at the respective grant dates.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September	
	2012	2011
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Net cash outflow from operating activities	**(1,565)**	(20,914)
Net cash outflow from investing activities	**(17,043)**	(5,250)
Net cash inflow from financing activities	**20,514**	9,395
Effect on foreign exchange rate changes	**2,037**	12,887
Net increase/(decrease) in cash and cash equivalents	**3,943**	(3,882)
Cash and cash equivalents at beginning of the period	**1,524**	9,639
Cash and cash equivalents at end of the period	**5,467**	5,757
Analysis of the balance of cash and cash equivalents		
Cash and bank balances	**5,467**	5,757

The cash flows of the discontinued operations were as follows:

	Six months ended 30 September	
	2012	2011
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Net cash outflow from operating activities	**–**	(1,697)
Net cash inflow from investing activities	**–**	92
Total net cash outflows	**–**	(1,605)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Siberian Mining Group Company Limited was incorporated in the Cayman Islands with limited liability. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company and its subsidiaries are referred to as the "Group" hereinafter. The principal activities of the Group are holding mining and exploration rights of coal mines located in the Russian Federation ("Russia") and conducting the business of mineral resources and commodities trading.

These condensed consolidated interim financial statements are presented in Hong Kong dollars ("HK$").

These condensed consolidated interim financial statements have been approved for issue by the Board of the Company on 28 November 2012.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

2.1 Basis of preparation

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2012 (the "Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

During the period, the Group incurred a loss of approximately HK$287,116,000 and had net current liabilities of approximately HK$74,313,000 as at 30 September 2012.

In preparing the Interim Financial Statements, the directors have given careful consideration to the future liquidity and financial positions of the Group in light of the conditions described in the preceding paragraph. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

The directors are currently implementing the measures (i) and (ii) as set out below to improve the operating and financial position of the Group:

(i) Actively seeking investors to inject funds into the Group to provide working capital. The Company has entered into a placing agreement, a supplemental agreement, a second supplemental agreement and a third supplemental agreement with a placing agent to place convertible bonds of up to an aggregate principal amount of US$30,000,000 (equivalent to approximately HK$234,000,000) (the "CBs"). Conditions precedent facilitating the issue of the CBs pursuant to the second supplemental agreement must be fulfilled by 29 November 2012. The supplemental agreement and the second supplemental agreement were approved by shareholders of the Company in the extraordinary general meeting subsequent to the end of the reporting period. The third supplemental agreement to extend the date for fulfillment of conditions precedent from 29 November 2012 to 29 May 2013 and also the extension of the placing period from 6 December 2012 to 5 June 2013 is subject to approval by shareholders of the Company in an upcoming extraordinary general meeting; and

(ii) Continue to exercise stringent cost control to reduce administrative and other expenses by further streamlining the Group operation.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

(Continued)

2.1 Basis of preparation *(Continued)*

In addition, the Group has obtained funding and financial support from the following parties:

(a) Obtained a written undertaking from a director of a subsidiary of the Company and the Chairman of the Board to provide continuous financial support to the Group. Each of them has agreed to provide a loan facility of up to HK$50,000,000 to the Group repayable on or before 20 February 2014.

(b) A coal purchaser which is also a shareholder of the Company expressed its willingness to render continuous financial support to the Group for a two-year period ending 19 June 2014 for an aggregate amount of up to US$6,000,000 by way of loans or advances at the market interest rate to be agreed mutually. No amount has been drawn as at 30 September 2012.

(c) As set out in Note 19(a), with regard to amount due to a related company, Cordia Global Limited ("Cordia") has agreed not to demand for repayment of the amount due before 20 May 2015.

(d) On 27 June 2012, the Company also entered into a loan agreement with the coal purchaser who has agreed to make available an unsecured revolving loan facility to the Group of up to an aggregate amount of US$3,000,000 repayable within three years from the date of drawdown. The loan facility so withdrawn bears interest at 6% per year. No amount has been drawn as at 30 September 2012.

With the successful implementation of the measures and funding and financial support obtained as set out above, and having regard to the terms of the trade deposits paid by the coal purchaser during the current period and the year ended 31 March 2012 as set out in Note 14, in the opinion of the directors, the Group will have sufficient funds to satisfy its future working capital and other financial commitments as and when they fall due. Accordingly, the directors are of the view that it is appropriate to prepare the Interim Financial Statements on a going concern basis.

Should the Group be unable to continue as a going concern, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business, the effect of which has not yet been reflected in the interim financial statements. Adjustments may have to be made to write down assets to their recoverable amounts. In addition, the Group may have to provide further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities.

2.2 Principal accounting policies

The Interim Financial Statements have been prepared under the historical cost convention, as modified for certain financial instruments, which are carried at fair value.

The accounting policies and methods of computation adopted for preparation of the Interim Financial Statements are consistent with those applied in the preparation of the annual financial statements of the Group for the year ended 31 March 2012 (the "Annual Financial Statements").

In the current period, the Group has applied, the following amendments to standards issued by the HKICPA, which are effective for the Group's financial year beginning on 1 April 2012.

HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets

The adoption of these amendments has no significant impact on the Group's Interim Financial Statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT INFORMATION

The Group determines its operating segments based on the report received by the chief operating decision-maker that are used to make strategic decisions.

The Group's operating segments are structured and managed separately according to the nature of their operations, and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments. Details of the operating segments are summarised as follows:

(i) Mining segment comprises holding mining and exploration rights of coal mines in Russia and will be engaged in the exploration and mining of coal.

(ii) Mineral resources and commodities trading segment comprises the business of coal, aluminium and scrapped iron trading to the Republic of Korea ("Korea").

(iii) Digital television technology services segment engaged in the provision of digital television technology services, including sale of cable video-on demand systems, information broadcasting systems and embedded television systems in the PRC. During the year ended 31 March 2012, the Group disposed of its business of digital television technology services. Accordingly, the business segment of digital television technology services was classified as discontinued operation.

(iv) The vertical farming segment engages in the provision of vertical farming projects in the PRC. During the year ended 31 March 2012, the Group disposed of its business of vertical farming. Accordingly, the business segment of vertical farming was classified as discontinued operation.

In determining the Group's geographical areas, revenues and results are attributed to the segments based on the locations of the customers, and assets are attributed to the segments based on the location of the assets.

Inter segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT INFORMATION *(Continued)*

(a) Reportable segments

The following tables present revenue, results and certain expenditure information for the Group's reportable segments for the six months ended 30 September 2012 and 2011.

	Six months ended 30 September 2012 Continuing operations		
	Mining (unaudited) HK$'000	Mineral resources and commodities trading (unaudited) HK$'000	Consolidated total (unaudited) HK$'000
Reportable segment revenue			
Revenue from external customers	–	3,702	3,702
Reportable segment loss	(280,063)	(79)	(280,142)
Impairment loss on other intangible assets	(215,577)	–	(215,577)
Impairment loss on property, plant and equipment	(4,948)	–	(4,948)
Depreciation	(37)	(1)	(38)
Amortisation of other intangible assets	(45,331)	–	(45,331)

	Six months ended 30 September 2011						
	Continuing operations (restated)			Discontinued operations (restated)			
	Mining (unaudited) HK$'000	Mineral resources and commodities trading (unaudited) HK$'000	Subtotal (unaudited) HK$'000	Digital television technology service (unaudited) HK$'000	Vertical farming (unaudited) HK$'000	Subtotal (unaudited) HK$'000	Consolidated total (unaudited) (restated) HK$'000
Reportable segment revenue							
Revenue from external customers	–	1,601	1,601	1,457	11	1,468	3,069
Reportable segment loss	(83,096)	(318)	(83,414)	(3,287)	(12,923)	(16,210)	(99,624)
Impairment loss on other intangible assets	–	–	–	–	(8,000)	(8,000)	(8,000)
Depreciation	(64)	(2)	(66)	(36)	(186)	(222)	(288)
Amortisation of other intangible assets	(63,071)	–	(63,071)	–	(1,694)	(1,694)	(64,765)
Allowance for doubtful trade receivables	–	–	–	(965)	–	(965)	(965)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT INFORMATION *(Continued)*

(a) Reportable segments *(Continued)*

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities:

	Six months ended 30 September 2012 (unaudited) HK$'000	2011 (unaudited) HK$'000
Revenue		
Reportable segment revenue and consolidated revenue	**3,702**	3,069

	Six months ended 30 September 2012 (unaudited) HK$'000	2011 (unaudited) (restated) HK$'000
Loss before income tax expenses from continuing and discontinued operations		
Reportable segment loss	**(280,142)**	(99,624)
Interest income	–	1
Other gains and losses	**2,464**	–
Unallocated corporate expenses	**(4,418)**	(3,670)
Finance costs	**(4,982)**	(16,116)
Consolidated loss before income tax expenses from continuing and discontinued operations	**(287,078)**	(119,409)

	As at 30 September 2012 (unaudited) HK$'000	As at 31 March 2012 (audited) HK$'000
Assets		
Reportable segment assets	**945,812**	1,263,082
Unallocated corporate assets	**3,865**	1,441
Consolidated total assets	**949,677**	1,264,523

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT INFORMATION *(Continued)*

(a) Reportable segments *(Continued)*

	As at 30 September 2012 (unaudited) HK$'000	As at 31 March 2012 (audited) HK$'000
Liabilities		
Reportable segment liabilities	**(81,389)**	(66,646)
Unallocated corporate liabilities	**(113,302)**	(141,863)
Consolidated total liabilities	**(194,691)**	(208,509)

(b) Geographical areas

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments and deferred tax assets (the "Specific non-current assets"):

	Revenue from external customers		**Specific non-current assets**	
	Six months ended 30 September 2012 (unaudited) HK$'000	Six months ended 30 September 2011 (unaudited) HK$'000	**As at 30 September 2012 (unaudited) HK$'000**	As at 31 March 2012 (audited) HK$'000
Continuing operations				
Russia	**–**	–	**937,353**	1,257,144
Korea	**3,702**	1,601	**10**	11
Others	**–**	–	**–**	4
	3,702	1,601	**937,363**	1,257,159
Discontinued operations				
PRC	**–**	1,468	**–**	–

(c) Information about major customers

For the six months ended 30 September 2012, the sole customer of the mineral resources and commodities trading segment contributed all the Group's revenue of HK$3,702,000.

For the six months ended 30 September 2011, two customers of the mineral resources and commodities trading segment with revenue of HK$1,005,000 and HK$506,000 respectively, each contributed to more than 10% of the Group's revenue.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. TURNOVER, OTHER INCOME AND OTHER GAINS AND LOSSES

	Six months ended 30 September					
	Continuing operations		Discontinued operations		Total	
	2012	2011	**2012**	2011	**2012**	2011
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Turnover:						
Trading of mineral resources and commodities	**3,702**	1,601	**–**	–	**3,702**	1,601
Provision of digital television technology services	–	–	**–**	1,457	**–**	1,457
Sales of goods	–	–	**–**	11	**–**	11
	3,702	1,601	**–**	1,468	**3,702**	3,069
Other income:						
Interest income	**–**	30	**–**	2	**–**	32
Sundry income	**15**	–	**–**	287	**15**	287
	15	30	**–**	289	**15**	319
Other gains and losses:						
Allowance for doubtful trade receivables	**–**	–	**–**	(965)	**–**	(965)
Impairment loss on property, plant and equipment (Note 10)	**(4,948)**	–	**–**	–	**(4,948)**	–
Impairment loss on other intangible assets (Note 11)	**(215,577)**	–	**–**	(8,000)	**(215,577)**	(8,000)
Gain on partial settlement of the Modified PN (as defined in Note 16(a)) in exchange for new shares of the Company	**2,464**	–	**–**	–	**2,464**	–
	(218,061)	–	**–**	(8,965)	**(218,061)**	(8,965)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. LOSS BEFORE INCOME TAX

	Six months ended 30 September					
	Continuing operations		Discontinued operations		Total	
	2012 (unaudited) HK$'000	2011 (unaudited) HK$'000	**2012 (unaudited) HK$'000**	2011 (unaudited) HK$'000	**2012 (unaudited) HK$'000**	2011 (unaudited) HK$'000
Loss before income tax has been arrived at after charging:						
Amortisation of other intangible assets						
– Mining rights	**45,331**	63,071	**–**	–	**45,331**	63,071
– Technical know-how	**–**	–	**–**	1,694	**–**	1,694
Depreciation	**42**	76	**–**	222	**42**	298

6. FINANCE COSTS

	Six months ended 30 September					
	Continuing operations		Discontinued operations		Total	
	2012 (unaudited) HK$'000	2011 (unaudited) HK$'000	**2012 (unaudited) HK$'000**	2011 (unaudited) HK$'000	**2012 (unaudited) HK$'000**	2011 (unaudited) HK$'000
Interest expenses on:						
Other loans, wholly repayable within five years	**363**	–	**–**	–	**363**	–
Loan from a related party (Note 19(a))	**976**	1,090	**–**	–	**976**	1,090
Imputed interest on promissory notes (Note 16)	**3,595**	14,897	**–**	97	**3,595**	14,994
	4,934	15,987	**–**	97	**4,934**	16,084
Bank charges	**48**	26	**–**	6	**48**	32
	4,982	16,013	**–**	103	**4,982**	16,116

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAX

	Six months ended 30 September					
	Continuing operations		Discontinued operations		Total	
	2012 (unaudited) HK$'000	2011 (unaudited) HK$'000	**2012 (unaudited) HK$'000**	2011 (unaudited) HK$'000	**2012 (unaudited) HK$'000**	2011 (unaudited) HK$'000
Current tax – PRC	**–**	–	**–**	(135)	**–**	(135)
Deferred tax	**38**	(48)	**–**	–	**38**	(48)
	38	(48)	**–**	(135)	**38**	(183)

No provision had been made for Hong Kong profits tax as the Hong Kong subsidiaries of the Group sustained losses for taxation purposes for both the current and prior periods. Taxes on profits assessable in the PRC was calculated at the rates of 25% on the estimated assessable profits in the prior period. Taxation for the Russian and other foreign operations are similarly charged at the appropriate current rates of taxation ruling in the relevant countries.

8. DIVIDEND

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

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share is based on the loss for the period attributable to the owners of the Company, and the weighted average number of ordinary shares in issue during the period.

The calculation of diluted loss per share for the period is based on the loss for the period attributable to the owners of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

As the Company's outstanding share options had an anti-dilutive effect to the basic loss per share calculation for the current and prior periods, the conversion of the above potential dilutive shares was therefore not assumed in the computation of dilutive loss per share for the current and prior periods.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY
(Continued)

From continuing and discontinued operations

The calculation of basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Six months ended 30 September	
	2012	2011
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Loss		
Loss attributable to the owners of the Company, used in the basic and diluted loss per share	**(259,758)**	(96,916)

	Six months ended 30 September	
	2012	2011
Shares		
Weighted average number of ordinary shares for basic and diluted loss per share calculation	**318,512,132**	141,648,249

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations is based on the following data:

	Six months ended 30 September	
	2012	2011
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Loss attributable to the owners of the Company from continuing operations, used in the basic and diluted loss per share	**(259,758)**	(96,096)

The denominators used are the same as those detailed above for calculating basic and diluted loss per share from continuing and discontinued operations.

From discontinued operations

Basic loss per share amount from discontinued operations is Nil Hong Kong cents and 0.58 Hong Kong cents per share for the six months ended 30 September 2012 and 2011 respectively, based on the loss for the current and prior period from discontinued operations of HK$Nil and HK$820,000, respectively. The denominators used are the same as those detailed above for basic and diluted loss per share from continuing and discontinued operations.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2012, the Group acquired items of property, plant and equipment with total cost of HK$902,000 (30 September 2011: HK$199,000) and did not have any significant disposal of property, plant and equipment. An impairment loss for property, plant and equipment was recognised during the period. Details are set out in Note 11(a).

11. OTHER INTANGIBLE ASSETS

	Mining rights HK$'000 (Note a)	Customer base HK$'000 (Note b)	Technical know-how HK$'000 (Note c)	Total HK$'000
Cost:				
At 1 April 2011	3,451,893	43,966	22,638	3,518,497
Disposal of subsidiaries	–	(45,506)	(23,260)	(68,766)
Exchange realignments	(118,387)	1,540	622	(116,225)
At 31 March 2012 and 1 April 2012 (audited)	**3,333,506**	**–**	**–**	**3,333,506**
Exchange realignments	(198,093)	–	–	(198,093)
At 30 September 2012 (unaudited)	**3,135,413**	**–**	**–**	**3,135,413**
Accumulated amortisation and impairment losses:				
At 1 April 2011	2,041,861	43,966	9,577	2,095,404
Charge for the year	121,526	–	1,875	123,401
Impairment loss	253,012	–	8,000	261,012
Disposal of subsidiaries	–	(45,506)	(19,743)	(65,249)
Exchange realignments	(69,615)	1,540	291	(67,784)
At 31 March 2012 and 1 April 2012 (audited)	**2,346,784**	**–**	**–**	**2,346,784**
Charge for the period	45,331	–	–	45,331
Impairment loss (Note 4)	215,577	–	–	215,577
Exchange realignments	(139,144)	–	–	(139,144)
At 30 September 2012 (unaudited)	**2,468,548**	**–**	**–**	**2,468,548**
Net carrying value				
At 30 September 2012 (unaudited)	**666,865**	**–**	**–**	**666,865**
At 31 March 2012 (audited)	**986,722**	**–**	**–**	**986,722**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. OTHER INTANGIBLE ASSETS *(Continued)*

(a) Mining rights

The mining rights relating to the cash generating unit of coal mining (the "Coal Mining CGU") were acquired in prior periods.

In performing the impairment test for current period, the directors of the Company have engaged Cushman & Wakefield Valuation Advisory Services (HK) Limited ("Cushman"), an independent firm of professional valuer in determining the recoverable amount of the Coal Mining CGU which is the higher of the Coal Mining CGU fair value less costs to sell and its value in use. Given the current development status of the Coal Mining CGU, the directors have determined the fair value less costs to sell to be its recoverable amount. The recoverable amount is derived by using a discounted cash flow ("DCF") analysis. The DCF analysis has incorporated assumptions that a typical market participant would use in estimating the Coal Mining CGU's fair value.

The key assumptions used in the DCF analysis in current period include:

(i) Cash flow projection is determined for a period of 13 years up to 2024 (31 March 2012: a period of 13 years up to 2024) with the first year of production taken to be from year 2015 (31 March 2012: 2015) based on the senior management's current best estimated production plan.

(ii) The post-tax discount rate applied to the cash flow projection is 19.93% (31 March 2012: 20.72%).

(iii) Coal sales prices used in the DCF in the current and prior periods are determined with reference to current market information of the respective valuation dates, which show a decrease of approximately 19% when compared to that of the year ended 31 March 2012.

(iv) The directors have assumed the average increment in coal sales prices for the first four years is 5% p.a. (31 March 2012: 5% p.a. for the first four years), which is in line with the comparable market information. The average increment in coal sales prices in the remaining revenue-generating years is assumed to be 3% p.a. (31 March 2012: 3% p.a.).

(v) The exchange rate for US Dollars ("US$") to Russian Rubles ("RUB") with reference to the approximate spot rate as of 30 September 2012 is taken to be 1.00 US$ to 31.180 RUB (31 March 2012: 1.00 US$ to 29.347 RUB).

(vi) The inflation rate on operating costs is 3% p.a. (31 March 2012: 3% p.a.).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. OTHER INTANGIBLE ASSETS *(Continued)*

(a) Mining rights *(Continued)*

(vii) The Group is able to renew the relevant licence for the mining rights upon its existing expiry date.

Apart from the changes in parameters for the major assumptions in the DCF analysis for items (ii), (iii) and (v) mentioned above, other major assumptions used in the DCF analysis in current period, such as estimated production volumes, operation costs structure and relevant taxation rate, remained unchanged when compared with that used for the year ended 31 March 2012.

The directors of the Company are of the opinion that based on the valuation, the Coal Mining CGU was impaired by HK$220,525,000; the mining rights and the property, plant and equipment attributable to the Coal Mining CGU were impaired by HK$215,577,000 (31 March 2012: HK$253,012,000) and HK$4,948,000 (31 March 2012: HK$5,283,000), respectively, as compared with its respective carrying values as at 30 September 2012. The impairment loss is mainly attributable to the decrease of approximately 19% in the market prices of coking coals and steam coals during the current period as compared to the year ended 31 March 2012. Changes in parameters for items (ii) and (v) above do not have material impacts on the resultant impairment loss when compared with that of coal prices decreases.

Details of the Group's mining rights are as follows:–

Intangible assets	Locations	Expiry date
Mining rights		
Lapichevskaya Mine	Industrial area, Kemerovo district, Kemerovo region, 650906, Russian Federation	31 December 2014

(b) Customer base

Customer base relates to the cash generating unit of digital television technology services ("DTV CGU") and was acquired as part of the acquisition of DTVChina, Inc. ("DTVChina") and its subsidiary (collectively referred to as the "DTV Group"). During the year ended 31 March 2012, customer base attributable to the DTV CGU was derecognised upon the disposal of the DNC Group.

(c) Technical know-how

Technical know-how on cash generating unit of vertical farming (the "Vertical Farming CGU") was acquired as part of the acquisition of the 70% equity interest in the SOFOCO Development Limited and its subsidiary (collectively referred to as the "SOFOCO Group") in prior years.

During the year ended 31 March 2012, technical know-how attributable to the Vertical Farming CGU was derecognised upon the disposal of the SOFOCO Group.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets are partial considerations paid for the acquisition of the exploration and mining rights located adjacent to the Lapichevskaya Mine (the "New Exploration and Mining Licence").

Movement during the period represented costs directly attributable to exploration drilling of HK$5,431,000 capitalised. During the period, an exchange realignment of HK$37,000 was recorded on the exploration and evaluation assets.

The Group has adopted HKFRS 6 "Exploration for and Evaluation of Mineral Resources" which requires the Group to assess if there is any indicator for impairment at each reporting date. The directors of the Company are of the opinion that there are no indicators of impairment in respect of the New Exploration and Mining Licence as at 30 September 2012 and 31 March 2012.

13. INTEREST-BEARING BORROWINGS

	Notes	**As at 30 September 2012 (unaudited) HK$'000**	As at 31 March 2012 (audited) HK$'000
Interest-bearing borrowings which are wholly repayable within one year are as follows:			
Other Loan 1 (as defined below)	(a)	**19,000**	–
Other Loan 2 (as defined below)	(b)	**2,485**	–
		21,485	–

Notes:

(a) Other loans in the aggregate amount of HK$19,000,000 ("Other Loan 1") were received from an independent third party ("Lender 1"). Other Loan 1 is interest-bearing at 10% per annum and repayable after 12 months from the date of drawdown, subject to extension as agreed by Lender 1. Cordia has (i) pledged part of its interests in the Modified PN in the amount of approximately US$7,251,000 (approximately HK$56,558,000); and (ii) assigned partially its advances due by the Company in amount of US$2,000,000 (approximately HK$15,600,000) to Lender 1 as securities for the Other Loan 1. Other Loan 1 is also secured by guarantees given by each of Cordia and a director of a subsidiary of the Company.

Interest on Other Loan 1 is payable every six months after the drawdown date. Interest expenses incurred during the current period was amounted to HK$284,000, and was classified as current liabilities and included in other payables, accrued expenses and trade deposits received as at 30 September 2012.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. INTEREST-BEARING BORROWINGS *(Continued)*

Notes: *(Continued)*

(b) Other loan in the amount of RUB10,000,000 (approximately HK$2,485,000) (“Other Loan 2”) was received from a Russian, who was a former shareholder of the Group’s Russian subsidiary (the “Russian Lender”). Other Loan 2 is interest-bearing at 13% per annum and was repayable before 31 August 2012. On 31 August 2012, the Russian Lender agreed to extend the repayment terms of Other Loan 2 to 31 October 2012 and the interest rate was increased to 16% per annum.

Subsequent to the end of reporting period, the Russian Lender agreed to further extend the repayment terms of Other Loan 2 such that amounts of RUB1,000,000, RUB2,000,000 and RUB7,000,000 are repayable on 31 October 2012, 1 December 2012 and 15 January 2013, respectively. The interest rate of Other Loan 2 was increased to 17% per annum. Up to the date of this report, the Group had settled RUB1,000,000 which was repayable on 31 October 2012.

Interest on Other Loan 2 is payable every month after the drawdown date and interest expenses incurred during the period had been fully settled by the Group.

14. COAL TRADING DEPOSITS RECEIVED

As at 30 September 2012, coal trading deposits received represented two deposits of approximately US$1,500,000 (the “1st Deposit”) and US$3,500,000 (the “2nd Deposit”) (equivalent to approximately HK$11,700,000 and HK$27,300,000) (31 March 2012: a deposit of approximately US$3,500,000 (equivalent to approximately HK$27,300,000)) received from the then independent third party (the “Coal Purchaser”) for future supply of coal by the Group. The Group is required to supply each year (i) a certain quantity of coal of Russian origin to the Coal Purchaser over a period of three years starting not later than one month from 1 December 2014 in relation to the 1st Deposit; and (ii) a certain quantity of coal of Russian origin to the Coal Purchaser over a period of five years starting not later than one month from 1 November 2014 in relation to the 2nd Deposit. Both the 1st Deposit and the 2nd Deposit are unsecured and non-interest bearing, except interest of 5% per annum will be applied and the full amount of the deposits are refundable if the Group cannot supply coal of Russian origin to the Coal Purchaser within one month from 1 December 2014 for the 1st Deposit and 1 November 2014 for the 2nd Deposit, respectively.

During the current period, pursuant to a supplementary agreement, the Coal Purchaser reduced the quantity of coal of Russian origin to be supplied by the Group and the amount of the 1st Deposit already paid was reduced from US$3,500,000 (equivalent to approximately HK$27,300,000) to US$1,500,000 (equivalent to approximately HK$11,700,000). Accordingly, the Group refunded US$2,000,000 (equivalent to approximately HK$15,600,000) of the 1st Deposit to the Coal Purchaser.

The Coal Purchaser is also a strategic shareholder of the Company which, to the best knowledge of the Company, holds approximately 3.12% of the total issued share capital of the Company as at the date of this report.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. PURCHASE CONSIDERATION PAYABLE FOR ADDITIONAL ACQUISITION

Pursuant to the sales and purchases agreement dated 23 November 2009, Langfeld, a 90% indirectly owned subsidiary of the Company, acquired the remaining 30% equity interest in LLC "Shakhta Lapichevskaya" ("Lapi") held by three Russians for a consideration of US$9,490,600 (equivalent to approximately HK$74,027,000) to be satisfied by payment of cash in four stages (the "Additional Acquisition"). The first and second stages of payments in aggregate amount of US$4,095,300 (equivalent to approximately HK$31,943,000) were made before 31 March 2010. The remaining consideration payable on the Additional Acquisition will be settled in two stages upon the fulfilment of the certain conditions as follows: (i) an amount of US$4,095,300 (equivalent to approximately HK$31,943,000) when the Group obtain the New Exploration and Mining Licence (the "3rd Adjusted Consideration") and (ii) an amount of US$1,300,000 (equivalent to approximately HK$10,140,000) which is only payable as and when the Group obtains the confirmation from the relevant tax authority in Russia of the taxation liabilities of Lapi (the "4th Adjusted Consideration").

During the year ended 31 March 2012, the Group settled an aggregate amount of US$2,710,700 (equivalent to approximately HK$21,143,000) of the 3rd Adjusted Consideration, the remaining balance of the 3rd Adjusted Consideration of US$1,384,600 (equivalent to approximately HK$10,800,000) was fully settled by the Group during the current period.

During the period, the Group had recognised US$673,400 (equivalent to approximately HK$5,253,000) as purchase consideration payable for the acquisition of additional 30% equity interest in Lapi. HK$4,728,000 out of the balance payable was debited directly to other reserve in equity.

The directors consider that the remaining balance of US$626,600 (equivalent to approximately HK$4,887,000) out of the 4th Adjusted Consideration is only payable as and when the Group obtains the confirmation from the relevant tax authority in Russia.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. PROMISSORY NOTES PAYABLES

	Notes	HK$'000
At 1 April 2011 (audited)		
– Modified PN		154,757
– Others		1,913
Repaid during the year		
– Modified PN		(23,400)
Imputed interest charged		
– Modified PN		20,395
– Others		200
Converted to equity and utilised to settle purchase consideration		
– Modified PN		(47,701)
Disposal of subsidiaries		
– Others		(2,113)
At 31 March 2012 and 1 April 2012 (audited)		104,051
Repaid during the period		
– Modified PN		(200)
Imputed interest charged		
– Modified PN	6	3,595
Converted to equity		
– Modified PN	(a)	(52,093)
At 30 September 2012 and included in non-current liabilities (unaudited)		55,353

Note:

(a) During the prior periods, three unsecured promissory notes in the aggregate principal amount of US$35,000,000 (equivalent to approximately HK$273,000,000) ("Modified PN") were issued by the Company to Cordia as a result of a conditional modification deed entered into between the Company and Cordia. The Modified PN initially recognised at HK$161,973,000 is non-interest-bearing and payable in one lump sum on maturity date of 25 May 2015.

The effective interest rate of the Modified PN is determined to be 10.5% per annum.

As at the end of the reporting period, the carrying amount of the Modified PN was HK$55,353,000 (31 March 2012: HK$104,051,000), and is classified as non-current liabilities and carried at amortised costs until extinguished on redemption.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. PROMISSORY NOTES PAYABLES *(Continued)*

Note: (a) *(Continued)*

During the year ended 31 March 2012, Cordia transferred part of the Modified PN with principal amounts of US$4,500,000 (equivalent to approximately HK$35,100,000), US$3,000,000 (equivalent to approximately HK$23,400,000) and US$1,500,000 (equivalent to approximately HK$11,700,000) respectively to the then three independent third parties (collectively referred to as the "Three New PN Holders"). Each of the Three New PN Holders entered into a subscription agreement with the Company for the subscription of 62,036,055, 41,357,370 and 20,678,685 new ordinary shares of the Company respectively, at the subscription price of HK$0.5658 per share (the "Subscriptions"), the total aggregate nominal consideration for the Subscriptions was US$9,000,000 (equivalent to approximately HK$70,200,000).

The Subscriptions were completed on 21 May 2012 and was settled in full by discharging the equivalent carrying amount of the Modified PN held by the Three New PN Holders in the aggregate amount of US$6,678,600 (equivalent to approximately HK$52,093,000). The difference of HK$2,464,000 between the market value of the shares of the Company issued for the Subscription in the aggregate amount of HK$49,629,000 and carrying amount of the Modified PN of US$6,678,600 (equivalent to approximately HK$52,093,000) discharged was credited to the profit or loss during the current period.

17. SHARE CAPITAL

Ordinary shares of HK$0.2 each:	**Number of shares As at 30 September 2012 (unaudited)**	**Nominal value As at 30 September 2012 (unaudited)** HK$'000
Authorised:	5,000,000,000	1,000,000
Issued and fully paid:		
At beginning of the period	228,070,653	45,614
Issue of shares on exercise of share options (Note (i))	300,000	60
Issue of shares on partial settlement of the Modified PN (Note (ii))	124,072,110	24,815
At end of the period	352,442,763	70,489

All shares issued by the Company rank pari passu with the then existing shares in all respects.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. SHARE CAPITAL *(Continued)*

Notes:

(i) During the period ended 30 September 2012, 300,000 new ordinary shares of par value HK$0.2 each were issued at subscription price of HK$0.355 each on exercise of 300,000 share options at an aggregate consideration of HK$106,000, of which HK$60,000 was credited to share capital and the remaining balance of HK$46,000 was credited to the share premium. In addition, an amount attributable to the related share options of HK$32,000 has been transferred from equity-settled share option reserve to the share premium.

(ii) During the period ended 30 September 2012, an aggregate of 124,072,110 new ordinary shares at par value of HK$0.2 each were issued at subscription price of HK$0.5658 to the Three New PN Holders, to discharge part of the Modified PN with aggregate principal amount of approximately US$9,000,000 (equivalent to approximately HK$70,200,000). The fair value of the 124,072,110 new ordinary shares of the Company issued was HK$49,629,000 determined with reference to the market share price of HK$0.4 per share on the issuance date, of which HK$24,815,000 was credited to share capital and HK$24,477,000 (net of issue expenses) was credited to share premium. Please refer to Note 16 for further details.

18. CAPITAL COMMITMENTS

Details of the capital expenditure contracted for but not provided in the Interim Financial Statements are as follows:

	As at 30 September 2012 (unaudited) HK$'000	As at 31 March 2012 (audited) HK$'000
Exploration related contracts	**465**	–
Property, plant and equipment	**5,071**	1,026

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Save for those related party transactions disclosed elsewhere in these Interim Financial Statements, details of transactions between the Group and other related parties are disclosed below.

(a) During the period, the Group had the following transactions with related parties, which in the opinion of the directors, were conducted at arm's length and on normal commercial terms:

	Six months ended 30 September	
	2012	2011
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Interest expenses on loans from a related party (Note i)	**976**	1,090
Consultancy fee paid to Mr. Choi Sung Min (Note ii)	**–**	900

Notes:

(i) During the period, Cordia, which was a shareholder at the beginning of the reporting period, disposed of all of its shares of the Company. Cordia was therefore not a shareholder of the Company at end of the reporting period. Amount due to a related company (31 March 2012: Amount due to a shareholder) represents loans from Cordia which are unsecured, interest-bearing at rates of 6-8% per annum and Cordia has agreed not to demand for repayment of the amount due before 20 May 2015.

During the period, before Cordia disposed of all its shares of the Company, Cordia agreed to waive a portion of the interest charged in the total of US$1,400 (equivalent to approximately HK$11,000) on the amount due in view of the early settlement on part of the principal loan. The amount of interest waived in substance constituted a contribution from an equity participant of the Company and was credited directly to capital reserve within equity of the Company.

After Cordia ceased to be a shareholder of the Company, Cordia also agreed to waive a portion of the interest charged in the total of US$27,800 (equivalent to approximately HK$217,000) on the amount due in view of the early settlement on part of the principal loan. Such amount of interest waived was credited to the profit or loss during the current period.

(ii) In accordance with a consultancy agreement entered into by Mr. Choi Sung Min ("Mr. Choi"), the sole shareholder of Cordia in the prior period, Mr. Choi was entitled to a monthly consultancy fee of HK$150,000 for providing, inter alia, business development advice and exploring business opportunities in relation to the current business of the Group and any other business that may be developed by the Group, in particular to solicit the business of coal mining in Russia and coal trading all over the world. The consultancy agreement expired on 31 December 2011 and was not renewed.

(b) The amounts due to directors are unsecured, interest-free and repayable within 1 year from the end of the reporting period.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Compensation of key management personnel of the Group

	Six months ended 30 September	
	2012	2011
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Directors' remuneration		
– Executive directors	**2,212**	2,138
– Non-executive director	**60**	60
– Independent non-executive directors	**348**	228
	2,620	2,426

20. LITIGATIONS

(i) Legal Proceedings Taken By a Former Shareholder of a Russian Subsidiary Against the Group

As disclosed in Note 15, the 3rd Adjusted Consideration had been fully paid by the Group during the current period, thus the three legal claims in respect of the 3rd Adjusted Consideration had been fully settled.

In March 2012, a former shareholder of Lapi, Tannagashev Ilya Nikolaevich (the "Claimant"), submitted a claim for his share in the 4th Adjusted Consideration for the payment of US$673,400 (equivalent to HK$5,253,000) (the "Claim"). The Russian court in August 2012 passed a judgment in favour of the Claimant in respect of the Claim, yet the Group in September 2012 launched appeals against the said judgment.

As disclosed in Note 15, the Group has fully provided for the full amount of the Claim.

(ii) Civil Proceedings Taken by the Company Against Three Former Directors of the Company

As set out in the Company's announcement dated 25 November 2008, inter alia, the Securities and Futures Commission commenced proceedings in the High Court to seek a disqualification order and a compensation order against three former executive directors of the Company in entering into certain transactions during the period between late 2002 and late 2005 for and on behalf of the Group. The financial impacts on the Group in relation to these transactions had already been provided for and reflected in the previous financial results of the Group and they shall have no further adverse effects on the existing financial position of the Group.

As set out in the Company's announcement dated 22 March 2010, the judgment of the High Court delivered on 18 March 2010, inter alia, (i) directed the Company to commence civil proceedings against these three former executive directors of the Company to recover loss attributable to their mismanagement of the Company in entering into certain transactions for and on behalf of the Group during the period between late 2002 and late 2005; and (ii) ordered that any settlement of this civil action by the Company should be subject to the court's approval.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. LITIGATIONS *(Continued)*

(ii) Civil Proceedings Taken by the Company Against Three Former Directors of the Company *(Continued)*

On 15 April 2010, the Company commenced civil proceedings against these three former executive directors to claim damages in the total sum of approximately HK$18,980,000. In pursuing the proceedings, mediation has been sought with a view to settle the matter according to the Civil Justice Reform. Senior Counsel has advised the Company to consider negotiations for a settlement for the sake of saving time and legal costs, provided that the ultimate settlement amount is desirable and acceptable. Any settlement arrangement shall be subject to approval by the court.

However, no settlement arrangement has been reached and the Company proceeds further with the action against these three former directors. As at the date of this report, the Company is in the course of proceeding with case management summons and conference.

21. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

(a) On 17 August 2012, the Company entered into the second supplemental agreement with a placing agent in relation to the placing of the CBs of up to an aggregate principal amount of US$30,000,000 (equivalent to approximately HK$234,000,000). The allotment and issue of new convertible shares in the capital of the Company was approved by the shareholders on 19 October 2012. Conditions precedent facilitating the issue of the CBs must be fulfilled by 29 November 2012. Details are set out in the Company's announcements dated 17 August 2012 and 19 October 2012, and circular dated 4 October 2012.

(b) On 27 November 2012, the Company entered into the third supplemental agreement with the placing agent in relation to the placing of the CBs, pursuant to which the Company and the placing agent agreed to extend the placing period from 6 December 2012 to 5 June 2013 and also to extend the date for fulfillment of conditions precedent from 29 November 2012 to 29 May 2013. Details are set out in the Company's announcement dated 27 November 2012. The third supplemental agreement is subject to approval by shareholders of the Company in an upcoming extraordinary general meeting. Details are set out in the Company's announcement dated 28 November 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30 September 2012, the Group recorded a turnover of approximately HK$3,702,000 (2011: HK$3,069,000), representing an increase of approximately 20.6% as compared to the corresponding period in last year. During the period under review, the Group commenced its trading in aluminium and generated a turnover of approximately HK$3,702,000 (2011: nil), and no turnover was recorded for scrapped iron trading (2011: HK$1,601,000). As a result of business rationalization implemented in previous year, vertical farming business and digital television technology services business had been discontinued since last year end date, hence no turnover was recorded during the period under review in respect of vertical farming business (2011: HK$11,000) and digital television technology services business (2011: HK$1,457,000).

As cost control measures gradually took effects coupled with decreases in amortization of mining rights, overall administrative and other expenses for period under review demonstrated a 32.3% drop to approximately HK$63,909,000 (2011: HK$94,354,000). Imputed interest on promissory notes reduced as a result of decreases in outstanding amount of promissory notes, thus contributing to the overall decrease in finance costs by 69.1% to approximately HK$4,982,000 (2011: HK$16,116,000) for the period under review.

For the six months ended 30 September 2012, the loss before income tax of the Group was approximately HK$287,078,000 (2011: HK$119,409,000), representing an increase of 140.4% as compared to the corresponding period in last year. The increase in loss was mainly attributable to the impairment loss of approximately HK$215,577,000 (2011: nil) on the carrying amount of the mining rights of the Russian coal mines primarily due to the decrease in international coal prices.

OPERATION REVIEW

Mineral Resources and Commodities Trading

The international coal prices have kept lowering due to uncertainties in world economic recovery and the Group continued to implement a prudent approach in coal trading and thus no turnover in coal trading was recorded. No turnover in scrapped iron trading was recorded since soft demand in scrapped iron had caused extremely keen price competition. Hence, the Group started aluminium trading during the period under review.

Coal Mining

Since the commencement of the first phase of exploration drilling in Lot 2 of the Russian coal mines ("Lot 2") in late April 2012, the progress had been rather smooth. The first phase drilling was completed by late August 2012 which was one month earlier than originally targeted, with a total drilled length of approximately 3,270 metres for a total of six boreholes. Analysis of fieldwork data and laboratory studies of coal samples obtained from drilling had been commenced.

As mentioned in 2011 Interim Report, due diligence on the target coal mines in Colombia by SK Networks Co., Ltd. ("SK Networks") was performed. Due to unforeseeable changes in world economic recovery, both the Group and SK Networks decided not to proceed with the establishment of the target joint venture company for potential future acquisition of the target coal mines in Colombia. According to the terms and conditions of the memorandum of understanding ("MOU") dated 11 August 2011 entered into by the Group and SK Networks, the MOU would be automatically terminated as no definitive agreement was entered into after 45 days upon completion of due diligence, as disclosed in the announcement of the Company dated 11 August 2011. Hence, the MOU had then become null and void upon termination.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

Mineral Resources and Commodities Trading

The Group will maintain its prudent approach in coal trading and will continue to seek for long-term strategic partners. Scrapped iron and aluminium trading will be the prime contributor to the Group's turnover in the foreseeable future.

Coal Mining

The Group will start the second phase of drilling in Lot 2 in first half of 2013 when the climate there is less harsh, and to comply with the requirements of the New Mining License, a total length of 6,000 metres will be drilled by October 2013.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2012, the Group had net current liabilities of HK$74,313,000 (31 March 2012: HK$41,935,000). The Group's current ratio, taken as the ratio of current assets to current liabilities, was 14.2% (31 March 2012: 14.9%) and the Group's gearing ratio, the ratio of total interest-bearing borrowings to total assets, was 5.69% (31 March 2012: 2.95%).

The Group generally finances its operations with internally generated cash flows, the facilities provided by Cordia, a related party of the Company and through the capital market available to listed companies in Hong Kong. The facility letter from Cordia dated 25 May 2009 was revised on 21 October 2009.

During the period under review, the Group recorded a net cash inflow of approximately HK$3,943,000 (2011: cash outflow of HK$3,882,000), while its total cash and cash equivalents increased to HK$5,467,000 (2011: decreased to HK$5,757,000) as at 30 September 2012.

The management will endeavour to further enhance the Group's financial strengths so as to tackle the net current liabilities of the Group as at 30 September 2012. Cost control measures have already been in place to monitor the day-to-day operational and administrative expenses. The management will continue to closely review the Group's financial resources in a cautious manner and explore opportunities in potential financial institutions financing and equity funding. As a matter of fact, the Company had successfully completed the allotments of new shares in May 2012 to generate net proceeds of approximately HK$70 million which was applied to direct set off of liabilities of the Company, as disclosed in the announcements of the Company dated 21 May 2012. As of 28 November 2012, the Company has secured standby financial support totalling HK$100 million from the following two connected persons: (i) undertaking of financial support up to HK$50 million from Mr. Choi Sung Min who is currently the sole shareholder of Cordia and also a director of a subsidiary of the Company; (ii) undertaking of financial support up to HK$50 million from Mr. Lim Ho Sok who is currently the Chairman of the Board and an Executive Director of the Company. Another standby financial support up to US$6 million (equivalent to HK$46.8 million) is obtained from an independent third party.

INTERIM DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND RELATED HEDGES

The Group's turnover, expenses, assets and liabilities are denominated in Hong Kong dollars ("HKD"), United States dollars ("USD"), Russia rubles ("RUB") and Korean won ("KRW"). The exchange rates of USD against HKD remained relatively stable during the period under review. Certain expenses of the Group are dominated in RUB and KRW which fluctuated in a relatively greater range in the period. Therefore, shareholders should be aware that the exchange rate volatility of RUB and KRW against HKD may have favourable or adverse effect on the operating results of the Group.

Taking into consideration the amount of revenue and expenses involved, the Group at present has no intention to hedge its exposure from foreign currency exchange rate risk involving RUB and KRW. However, the Group will constantly review exchange rate volatility and will consider using financial instruments for hedging when necessary.

CONTINGENT CONSIDERATIONS

As of 30 September 2012, the Group had a contingent consideration payable for the acquisition of Lot 2 of LLC "Shakhta Lapichevskaya" ("Lapi") to be settled by the issuance of another convertible note with the principal amount to be determined by an agreed formula which, inter alia, takes into account the proven reserves and probable reserves of Lot 2 of the Coal Mine to be confirmed in a technical report to be issued by a technical expert. It is expected that the principal amount of this convertible note will range from the minimum amount of US$255,150,000 (equivalent to approximately HK$1,990,170,000) to the maximum amount of US$550,800,000 (equivalent to approximately HK$4,296,240,000).

LITIGATIONS

During the period under review and up to the date of this report, the Group has been involved in (i) legal proceedings taken by one former shareholder of a Russian subsidiary against the Group; and (ii) civil proceedings taken by the Company against three former directors of the Company.

Details of the litigations are set out in Note 20 to the unaudited condensed consolidated financial statements.

CAPITAL COMMITMENTS

Details of capital commitments of the Group as at 30 September 2012 as disclosed in Note 18 to the unaudited condensed consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2012, the Group had approximately 28 staff in Hong Kong and the Russia Federation (31 March 2012: 30).

The Group's remuneration policy is reviewed periodically and determined largely based on industry practice, company performance and individual qualifications and performance. Remuneration packages comprise salary, commissions and bonuses based on individual performance. Share options may also be granted to eligible employees of the Group.

PLEDGE OF ASSETS

The Group has not pledged any of its assets for bank facilities as at 30 September 2012 or 31 March 2012.

OTHER INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

At 30 September 2012, the interests of the directors, chief executives and their associates in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), were as follows:

(i) Long position in shares of HK$0.20 each in the Company

Name	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Executive director			
Lim Ho Sok ("Mr. Lim") (Note 1)	Interests in controlled corporation	11,400,000	3.23%
Non-executive director			
Pang Ngoi Wah Edward	Beneficial owner	175,000	0.05%

Note 1: These 11,400,000 shares are beneficiary owned by Goldwyn Management Limited ("Goldwyn"). The entire issued share capital of Goldwyn is legally and beneficiary owned by Mr. Lim.

(ii) Long position in underlying shares of HK$0.20 each in the Company – share options

Name	Date of grant	Number of underlying shares comprised in the options	Exercise price per share	Exercisable period
Executive director				
Lim Ho Sok	30 January 2012	2,000,000	0.355	30 January 2012 to 29 January 2022
Non-executive director				
Pang Ngoi Wah Edward	30 January 2012	2,000,000	0.355	30 January 2012 to 29 January 2022

Save as disclosed above, as at 30 September 2012, none of the directors or any of their associates or chief executives of the Company (as defined in the Listing Rules) had any interests or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which are required to be notified to the Company and the Stock Exchange pursuant to SFO (including interests which they are taken or deemed to have under SFO) or which are, pursuant to Section 352 of the SFO, entered in the register referred to therein or, pursuant to the Model Code as otherwise notified to the Company and the Stock Exchange.

OTHER INFORMATION

SHARE OPTION SCHEME

Pursuant to the share option scheme approved and adopted by the Company on 19 October 2002 (the "Old Scheme"), share options were granted to subscribe for shares in the Company in accordance with the terms of the Old Scheme. At the annual general meeting of the Company held on 31 August 2012, the shareholders of the Company approved the adoption of a new share option scheme (the "New Scheme") and termination of the Old Scheme. The New Scheme is in line with the prevailing requirements of Chapter 17 of the Listing Rules in relation to the share option schemes. Upon termination of the Old Scheme, no further options may be granted but in all other respects the provisions of the Old Scheme shall remain in full force and effect. The outstanding options granted under the Old Scheme shall continue to be valid and exercisable in accordance with the terms of the Old Scheme. The detailed terms of the Old Scheme were disclosed in the 2012 annual report of the Company.

During the six months ended 30 September 2012 and before its termination, no option has been granted under the Old Scheme. No option has been granted under the New Scheme since the adoption date to the date of this report.

Movements in the Company's share options outstanding under the Old Scheme during the period under review were as follows:

	Number of share options							
Name or category of participant	**As at 1 April 2012**	**Granted during the period**	**Exercised during the period**	**Lasped during the period**	**As at 30 September 2012**	**Date of grant of share options**	**Exercise period of share options**	**Exercise price of share options*** HK$
Executive director								
Lim Ho Sok	2,000,000	–	–	–	2,000,000	30/01/2012	30/01/2012 to 29/01/2022	0.355
Non-executive director								
Pang Ngoi Wah Edward	2,000,000	–	–	–	2,000,000	30/01/2012	30/01/2012 to 29/01/2022	0.355
	4,000,000	–	–	–	4,000,000			
Employees and consultants other than directors								
In aggregate	2,880,000	–	(300,000)	–	2,580,000	30/01/2012	30/01/2012 to 29/01/2022	0.355
Total	**6,880,000**	**–**	**(300,000)**	**–**	**6,580,000**			

* The number of issuable shares and the exercise price of the share options are subject to adjustment in the case of capitalization issue, rights issue, sub-division or consolidation of the Company's shares or reduction of capital of the Company.

Each option gives the holder the right to subscribe for one share. As at 30 September 2012, the Company had 6,580,000 share options outstanding under the Old Scheme. The exercise of the entire outstanding share options would, under the capital structure of the Company as at 30 September 2012, result in the issue of 6,580,000 additional ordinary shares of HK$0.2 each of the Company, additional share capital of HK$1,316,000 and share premium of approximately HK$1,019,900 (before issue expenses). In addition, amount attributable to the related share options approximately HK$974,700 would be transferred from equity-settled share option reserve to the share premium.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2012 and so far as is known to the Board and according to the register of interests in shares and short positions required to be kept by the Company under Section 336 of the SFO showed that the following persons (other than the directors disclosed under the heading "Directors' interests and short positions in shares and underlying shares of the Company" above) have interest of 5% or more of the nominal value of the issued ordinary shares that carry a right to vote in all circumstances at general meetings of the Company:

(i) Long position in shares of HK$0.20 each in the Company

Name of shareholders	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Kim Seon Yong	Beneficial owner	21,300,000	6.04%
Income Plus Investment Limited	Beneficial owner	20,678,685	5.87%
Master Impact Inc.	Beneficial owner	62,036,055	17.60%
Skyline Merit Limited	Beneficial owner	41,357,370	11.73%

(ii) Long position in underlying shares of HK$0.20 each in the Company

Name of shareholders	Capacity	Number of underlying shares held	Percentage of the shareholding
Cordia Global Limited ("Cordia") (Note 1)	Beneficial owner	35,805,750,000	10,159.31%
Choi Sung Min (Note 1)	Interest in controlled corporation	35,805,750,000	10,159.31%
	Beneficial owner	2,000,000	0.57%
Jung Mi Na (Notes 1 & 2)	Deemed interest	35,807,750,000	10,159.88%

Note 1: The entire issued share capital of Cordia is beneficially owned by Mr. Choi Sung Min ("Mr. Choi"). By virtue of the SFO, Mr. Choi and Ms. Jung Mi Na, being the wife of Mr. Choi are deemed to be interested in 35,805,750,000 underlying shares which Cordia has beneficial interest in.

Note 2: By virtue of the SFO, Ms. Jung Mi Na, being the wife of Mr. Choi, is deemed to be interested in all 35,807,750,000 underlying shares which Mr. Choi has beneficial interest in.

Save as disclosed above, no other party was recorded in the register of interests in shares and short positions kept pursuant to Section 336 of SFO as having an interest in 5% or more of the nominal value of the issued ordinary shares that carry a right to vote in all circumstances at general meetings of the Company.

OTHER INFORMATION

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the period under review, neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

Corporate Governance Code

During the period under review, the Company has complied with the code provisions of the Corporate Governance Code effective from 1 April 2012 (the "Code") contained in Appendix 14 of the Listing Rules, except the deviations as described below:

(i) Under code provision A.2.1 of the Code, the roles of chairman and chief executive officer ("CEO") should be segregated and should not be performed by the same individual. Mr. Lim Ho Sok assumed the roles of both the chairman and CEO of the Company, which constitutes a deviation from the code provision A.2.1 during the period. Whilst the Company is looking for suitable replacement for the post of CEO, the Board believes that the vesting of the roles of chairman and CEO in the same person provides the Group with strong and consistent leadership during this transitional period.

(ii) Under code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term and subject to re-election. However, three of the independent non-executive directors ("INEDs"), namely Mr. Tam Tak Wah, Mr. Liew Swee Yean and Mr. Young Yue Wing Alvin, have not been appointed for a specific term but are subject to retirement by rotation and re-election pursuant to the Company's articles of association. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance is no less exacting than those in the Code.

(iii) Under code provision A.6.7 of the Code, independent non-executive directors and other non-executive directors should attend the general meetings and develop a balanced understanding of the views of shareholders. Mr. Cho Min Je and Mr. Young Yue Wing Alvin, INEDs of the Company, and Mr. Pang Ngoi Wah Edward, a non-executive director ("NED") of the Company, were unable to attend the extraordinary general meeting of the Company held on 14 May 2012 due to other overseas commitments or other prior business engagements. Mr. Young Yue Wing Alvin, an INED of the Company, and Mr. Pang Ngoi Wah Edward, a NED of the Company, were unable to attend the annual general meeting of the Company held on 31 August 2012 due to other prior business engagements. Mr. Cho Min Je, an INED of the Company, and Mr. Pang Ngoi Wah Edward, a NED of the Company, were unable to attend the extraordinary general meeting of the Company held on 19 October 2012 due to other overseas commitments or other prior business engagements.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Following specific enquiry by the Company, all Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the period under review.

OTHER INFORMATION

Audit Committee

The Audit Committee of the Company ("Audit Committee") consists of three INEDs of the Company, chaired by Mr. Tam Tak Wah and the other two members are Mr. Liew Swee Yean and Mr. Young Yue Wing Alvin. The unaudited condensed interim financial statements for the six months ended 30 September 2012 have been reviewed by the Audit Committee with no disagreement.

REVIEW ON INTERIM RESULTS

The unaudited condensed consolidated interim results of the Group have been reviewed by the Company's auditor, BDO Limited, 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, the report of which is included on page 2 of this interim report.

By Order of the Board
Siberian Mining Group Company Limited
Lim Ho Sok
Chairman

Hong Kong, 28 November 2012