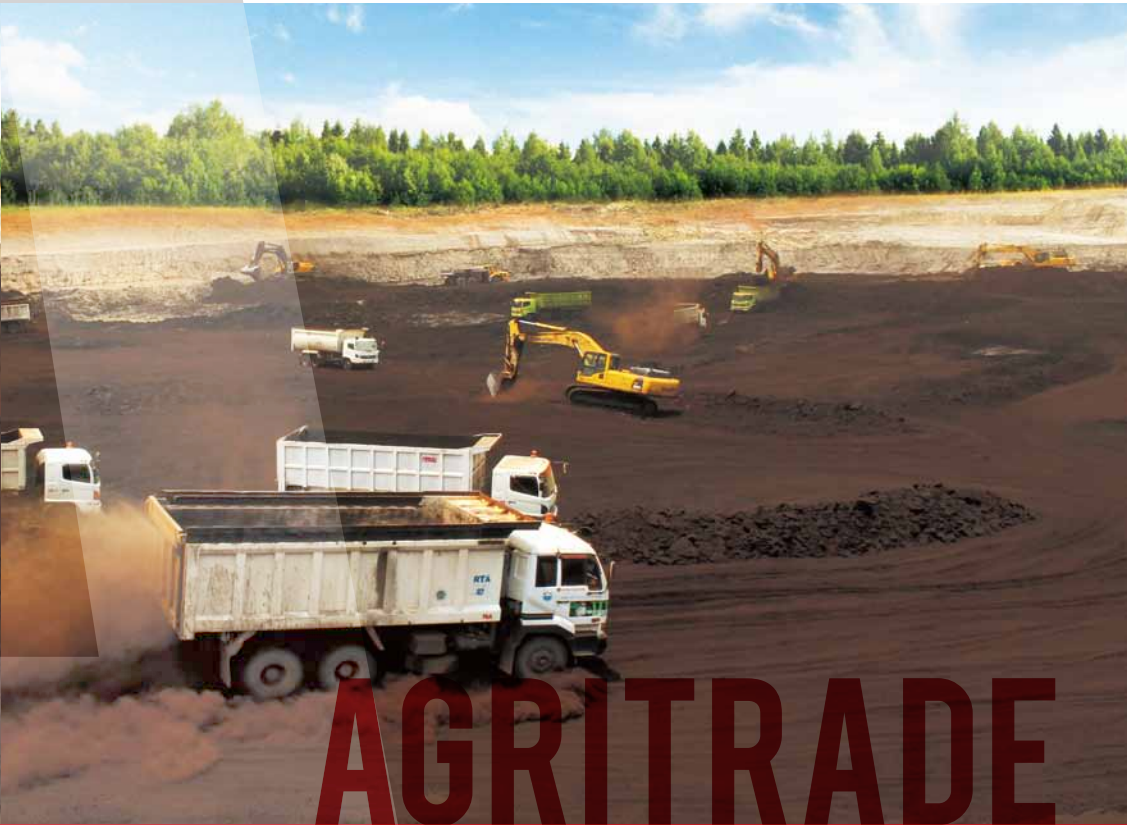




鴻寶資源有限公司
AGRITRADE RESOURCES LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code : 1131.HK)



AGRITRADE

DELIVERING GROWTH

Interim Report **2012**

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Business Review



OPERATIONAL REVIEW

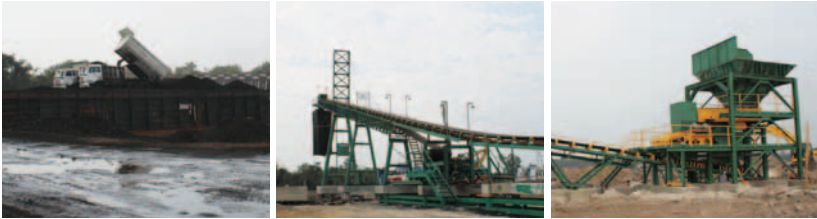
Increased Coal Production

As at 30 September 2012, approximately 8,000 metric tonnes (“tonnes”) of coal are mined per day from Pit 3 of PT Senamas Energindo Mineral (“PT SEM”). Average production for the months from September 2012 onwards was 250,000 tonnes per month. The high production volume was boosted by thick coal deposits in excess of 8 metres with a relatively thin overburden. Pit 3 operations commenced since August 2012. The coal segment recorded revenue of HK\$282,156,000 for the six months ended 30 September 2012, up 68.3% from HK\$167,665,000 in the same period last year. Profit rose 51.6% to HK\$83,843,000 for the period under review, compared to HK\$55,321,000 a year ago.

Infrastructure Investment and Development

To further boost the ramp up of coal production at PT SEM, Agritrade Resources Limited (the “Company”) has invested in additional heavy mining equipment, such as excavators and dump trucks for overburden removal, coal getting, hauling and loading, to assist with mining operations.





Jetties

PT SEM currently employs two loading jetties, each equipped with automatic ramp facilities for streamlined loading of coal onto barges by trucks. To enhance loading efficiency, PT SEM has employed a third jetty which is equipped with an automated loading conveyor and a new crusher, each with processing capacity of 1,000 tonnes and 500 tonnes of coal per hour, respectively. Operations at the third jetty commenced in late October 2012. The three jetties have an aggregate handling capacity of five fully loaded barges within a 24-hour period. This will result in greater transportation capacity by significantly decreasing coal loading times and improving stockpile management efficiency.



Coal stockpile at Telang Baru

Business Review

Coal Stockpiles

The Company has expanded the coal stockpiling facilities to support the increase in coal production. As at the end of 30 September 2012, total coal stockpiling facilities of PT SEM has been expanded to handle up to 500,000 tonnes of coal.

Textile Business

The Group's textile business recorded turnover of HK\$82,399,000 for the six months ended 30 September 2012, compared to HK\$61,222,000 in the same period last year. The segment reported a loss of HK\$1,714,000 for the period, as compared to a loss of HK\$4,472,000 a year ago.



MAJOR EVENTS

Exclusive Rights to Coal Hauling Road

On 10 October 2012, the Company entered into an agreement with PT Pertamina (Persero), one of the world's largest liquefied natural gas producers and exporters, for the exclusive rights to operate and manage the 60-kilometre Ex-Pertamina road between its mine and jetty facilities for a period of 10 years ending 30 September 2022. The Ex-Pertamina road forms the major coal hauling route between Simpang Bahalang and Telang Port and serves as the preferred road for the transportation of coal from the area's mines for export.

As sole operator and manager of the Ex-Pertamina Road, the Company will enjoy guaranteed access and benefit from long-term cost savings through increased transportation efficiencies. Further benefits are expected as neighbouring mining companies access and use the road.

Upgrading of Coal Hauling Road

The Company has recently commenced upgrades of the existing coal hauling dirt road, and is planning to conduct feasibility studies on the construction of an all-weather tar road to further improve transportation efficiency.



Business Review

In addition, the Company conducts regular maintenance to the mine road, coal hauling road and the road leading to the jetty area. For example, spraying water on the hauling road at regular intervals has helped to compact the road, reduce the formation of dust clouds during travel and increase travel speeds.



As a result of the maintenance efforts and upgrading works, the roads have become more levelled and less dusty during hauling, thereby facilitating smoother coal transportation and enhanced safety.



Upgrading and maintenance of coal hauling road

Increased Mineable Assets

On 13 November 2012, the Company announced that coal resources at PT SEM increased 95% to 152.7 million tonnes (from 78.3 million tonnes as at 31 October 2010) while coal reserves increased 187% to 117.9 million tonnes (from 41.0 million tonnes as at 31 October 2010), based on an updated Statement of Open Cut Coal Resources and Reserves as at 31 July 2012. The Statement was independently prepared by DMT Geosciences Limited (formerly known as Associated Geosciences Limited) under JORC¹ Code standards on 11 November 2012.

¹ The Australasian Joint Ore Committee

Coal resources are estimated by multiplying the area extent of coal seams, by the thickness of the seams and the in situ density. Open cut coal reserves represent the amount of measured or indicated coal resources that could be economically mined from an area.

The significant increase in coal reserves underscores the growth potential of PT SEM and the Company's capacity to ramp up production quickly. Twinned with its strategic decision to enhance and invest in equipment, infrastructure and logistics, the Company is well-equipped with capabilities to support sustainable production and seamless delivery of SEM coal. With only 1,200 of its 2,000-hectare mine concession surveyed to date, the Company expects its resources and reserves to further increase with additional exploration in future.

Coal Resources and Reserves Report

		As at 31 October 2010	As at 31 July 2012	Change in %	Reason of change
Coal Resources (in million tonnes)	Measured	26.70	86.61	Increased 224.38%	Additional exploration and new geological model
	Indicated	35.60	51.26	Increased 43.99%	
	Inferred	16.00	14.83	Decreased 7.31%	
	Total	78.30	152.70	Increased 95.02%	
Total Open Cut Coal Reserves (in million tonnes)	Proved	0.00	83.38	Increased	Additional exploration and new geological model
	Probable	41.00	34.47	Decreased 15.93%	
	Total	41.00	117.85	Increased 187.44%	



GROWTH STRATEGY AND OUTLOOK

Investment in Production Growth

With investment in equipment and logistics infrastructure, including road upgrading and jetty loading facilities, the Company is well-placed to further increase production from the current 250,000 tonnes per month.

With the leasing agreement of the Ex-Pertamina road and on-going feasibility studies to upgrade its transport infrastructure, the Company expects good progress over the coming year on moving increased amounts of coal to the port. These initiatives will streamline our mining process and render transportation of our coal product to our customers more cost-efficient. Combined with the recent increase in coal reserves under the JORC code, the Company strongly believes it is on track with our target production capacity of 6 million tonnes of coal per year by 2014.

Strong Coal Demand

The recent plateau in coal prices may be a sign of market stabilisation. Through efforts to fortify our fundamentals and capabilities, the Company is well-placed to benefit from profitable mining, supported by an expanding customer base and demand for quality SEM coal. Long term demand for coal as an alternative source of energy remains robust with rising global energy prices. With increased sales and marketing efforts, we expect demand to grow over the coming years.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (“CSR”) and Safety Practises

The safety and well-being of our personnel, local residents and the environment are of utmost importance. The mine site and jetty are well-maintained with a high level of security in place to ensure safe coal mining and transportation at all times. In addition, the Company has embarked on a number of auxiliary initiatives:

- The Company has set up a Safety, Health and Environmental Care (“**SHEC**”) team at the jetty to cater to the needs of our personnel and to ensure safe working at all times.
- Increased signage has been installed at the mine site and jetties, including notices on safety regulations, directions and speed limits.
- For personal safety, all mine personnel and visitors are issued with safety hardhats and boots. All personnel are also required to wear colour-coded uniform based on their functionalities.



New SHEC office and work safety signage

Business Review

ENVIRONMENTAL RESPONSIBILITY

With mining having been fully completed at Pit 1 and Pit 2, back-filling and re-vegetation has begun at these sites as part of the Company's contribution to environmental rehabilitation.



Backfilled Pit 1 & 2 as at October 2012

RESULTS

The board of directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 September 2012 with comparative figures for the corresponding period as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2012

	Notes	Six months ended	
		30.9.2012 HK\$'000 (Unaudited)	30.9.2011 HK\$'000 (Unaudited) (Restated)
Continuing operations			
Revenue	3	364,555	228,887
Cost of sales and services		(257,990)	(158,934)
Gross profit		106,565	69,953
Other income		1,031	1,078
Other gains and losses	4	–	184
Distribution and selling expenses		(600)	(808)
Administrative expenses		(30,515)	(24,767)
Finance costs	5	(18,755)	(14,371)
Profit before income tax expense	6	57,726	31,269
Income tax expense	7	(19,811)	(11,346)
Profit for the period from continuing operations		37,915	19,923

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

For the six months ended 30 September 2012

	Notes	Six months ended	
		30.9.2012 HK\$'000 (Unaudited)	30.9.2011 HK\$'000 (Unaudited) (Restated)
Discontinued operation			
Loss for the period from discontinued operation	9	–	(16,770)
Profit for the period		37,915	3,153
Other comprehensive loss for the period:			
Exchange differences arising on translation of foreign operations		(83,431)	(30,316)
Total comprehensive loss for the period		(45,516)	(27,163)
Profit for the period attributable to:			
Owners of the Company		13,296	1,239
Non-controlling interests		24,619	1,914
		37,915	3,153
Total comprehensive loss attributable to:			
Owners of the Company		(34,090)	(22,208)
Non-controlling interests		(11,426)	(4,955)
		(45,516)	(27,163)
		HK cents	HK cents
Earnings per share from continuing and discontinued operation	8		
– Basic		2.2	0.2
– Diluted		2.2	0.2
Earnings per share from continuing operations	8		
– Basic		2.2	3.0
– Diluted		2.2	3.0

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2012

	Notes	30.9.2012 HK\$'000 (Unaudited)	31.3.2012 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	10	235,466	251,642
Mining right	11	2,344,974	2,440,371
Prepaid lease payments		7,587	6,427
Deposits paid for construction of a plant		29,175	21,395
		2,617,202	2,719,835
Current assets			
Inventories		54,449	68,171
Trade and other receivables, deposits and prepayment	12	73,053	73,185
Bills receivable		5,937	2,070
Amounts due from related parties		129,133	83,743
Financial assets at fair value through profit or loss		19	19
Bank balances and cash		17,349	21,975
		279,940	249,163
Current liabilities			
Sales deposits received		–	25,401
Trade and other payables and accruals	13	142,583	98,165
Bills payable		5,904	4,419
Provision for close down, restoration and environmental costs		1,362	1,653
Secured bank borrowings		9,670	10,107
Amounts due to related parties		5,033	12,915
Tax payable		52,105	37,244
Obligation under finance leases		42,742	44,672
		259,399	234,576
Net current assets		20,541	14,587
Total assets less current liabilities		2,637,743	2,734,422

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

As at 30 September 2012

	Notes	30.9.2012 HK\$'000 (Unaudited)	31.3.2012 HK\$'000 (Audited)
Non-current liabilities			
Deferred tax		580,108	603,682
Secured bank borrowings		11,919	15,308
Convertible bonds	14	167,905	157,991
Promissory notes	15	29,578	47,858
Obligation under finance leases		53,493	69,475
Amount due to a related party		7,250	7,578
		850,253	901,892
Net Assets			
		1,787,490	1,832,530
Capital and reserves attributable to owners of the Company			
Share capital		58,371	58,371
Reserves		908,475	942,089
Equity attributable to owners of the Company			
		966,846	1,000,460
Non-controlling interest		820,644	832,070
Total equity			
		1,787,490	1,832,530

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2012

	Share capital	Share premium	Contributed surplus	Convertible preference shares reserve	Convertible bond equity reserve	Translation reserve	Share option reserve	Retained profits	Total	Non- controlling interest	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2011	58,371	335,108	122,652	248,579	194,492	95,264	6,094	30,946	1,091,506	854,302	1,945,808
Profit for the year	-	-	-	-	-	-	-	1,239	1,239	1,914	3,153
Other comprehensive income for the year											
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(23,447)	-	-	(23,447)	(6,869)	(30,316)
Total comprehensive income for the period	-	-	-	-	-	(23,447)	-	1,239	(22,208)	(4,955)	(27,163)
At 30 September 2011	58,371	335,108	122,652	248,579	194,492	71,817	6,094	32,185	1,069,298	849,347	1,918,645
At 1 April 2012	58,371	335,108	122,652	248,579	194,492	21,842	5,554	13,862	1,000,460	832,070	1,832,530
Profit for the year	-	-	-	-	-	-	-	13,296	13,296	24,619	37,915
Other comprehensive income for the year											
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(47,386)	-	-	(47,386)	(36,045)	(83,431)
Total comprehensive income for the period	-	-	-	-	-	(47,386)	-	13,296	(34,090)	(11,426)	(45,516)
Share-based payment	-	-	-	-	-	-	476	-	476	-	476
At 30 September 2012	58,371	335,108	122,652	248,579	194,492	(25,544)	6,030	27,158	966,846	820,644	1,787,490

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2012

	Six months ended	
	30.9.2012 HK\$'000 (Unaudited)	30.9.2011 HK\$'000 (Unaudited)
Net cash (used in)/generated from operating activities	92,368	5,497
Net cash (used in)/generated from investing activities	(64,632)	2,443
Net cash (used in)/generated from financing activities		
Other financing cash flows	(32,062)	(16,113)
Net decrease in cash and cash equivalents	(4,326)	(8,173)
Cash and cash equivalents at beginning of the period	21,975	57,316
Effect on foreign exchange rate changes	(300)	2,106
Cash and cash equivalents at end of the period, representing bank balances and cash	17,349	51,249
Analysis of cash and cash equivalents		
Bank balances and cash	17,349	21,793
Cash and cash equivalents included in a sub-group held for sale	–	29,456
	17,349	51,249

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2012

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements (the “**Interim Financial Statements**”) have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) and Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The accounting policies used in the Interim Financial Statements are consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 31 March 2012, except as stated in note 2 below. The Interim Financial Statements should be read, where relevant, in conjunction with the 2012 annual financial statements of the Group.

2. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as appropriate.

Except as described below, the accounting policies and methods of computation used in the Interim Financial Statements for the six months ended 30 September 2012 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2012.

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the HKICPA that are mandatorily effective for the current interim period.

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these Interim Financial Statements and/or disclosures set out in these Interim Financial Statements.

Other than those disclosed in note 2 to the Group’s consolidated financial statements for the year ended 31 March 2012, the Group has not early applied any new or revised standards, amendments and interpretations that have been issued but are not yet effective. The directors of the Company (the “**Director(s)**”) anticipate that the application of the new and revised standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

3. REVENUE AND SEGMENT INFORMATION

The Group's revenue represents the aggregate of net amounts received and receivable for goods sold and services provided, less returns and allowances to outside customers during the period.

The Group's operating segments are structured and managed separately according to the nature of their operations and the products and services they provided. 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. Summary details of the operating segments are as follows:

- (i) Mining segment comprised the mining, exploration and sale of coal, integrated supply chain solutions including coal origination, processing and logistics services.
- (ii) Textile segment comprised the manufacture and sale of knitted fabrics.
- (iii) Shipping segment comprised the time chartering of vessels in Singapore, which was discontinued during the year ended 31 March 2012.

HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers ("CODM"), representing the executive directors of the Group, for the purpose of allocating resources to segments and assessing their performance. The CODM of the Group regularly review revenue and profit of the Group as a whole for the purposes of performance assessment and resource allocation.

3. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Reportable segments

For six months ended 30 September 2012 (Unaudited)

	Continuing Operations		Discontinued Operation		Total HK\$'000
	Mining	Textile	Total	Shipping	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Reportable segment revenue	282,156	82,399	364,555	-	364,555
Reportable segment profit/(loss)	83,843	(1,714)	82,129	-	82,129
Unallocated corporate expenses					(5,648)
Finance costs					(18,755)
Profit before taxation					57,726
Depreciation and amortisation	53,786	111	53,897	-	53,897
Reportable segment assets as at 30 September 2012	2,794,944	65,759	2,860,703	-	2,860,703

For six months ended 30 September 2011 (Unaudited) (Restated)

	Continuing Operations		Discontinued Operation		Total HK\$'000
	Mining	Textile	Total	Shipping	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Reportable segment revenue	167,665	61,222	228,887	8,515	237,402
Reportable segment profit/(loss)	55,321	(4,472)	50,849	(16,220)	34,629
Unallocated corporate expenses					(5,209)
Finance costs					(14,921)
Profit before taxation					14,499
Depreciation and amortisation	44,493	3,920	48,413	1,741	50,154
Reportable segment assets as at 30 September 2011	2,761,321	146,796	2,908,117	50,481	2,958,598

3. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Geographical information

The Group's revenue from external customers and its non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets ("specified non-current assets") are divided into the following geographical areas:

	Revenue from external customers		Specific non-current assets	
	Six months ended 30.9.2012 HK\$'000 (Unaudited)	Six months ended 30.9.2011 HK\$'000 (Unaudited)	Six months ended 30.9.2012 HK\$'000 (Unaudited)	Six months ended 30.9.2011 HK\$'000 (Unaudited)
The People's Republic of China ("PRC")*	82,399	61,222	37,525	21,426
Singapore	31,497	8,515	-	-
Indonesia	250,659	167,655	2,579,677	2,681,595

* including Hong Kong and Macau

4. OTHER GAINS AND LOSSES

	Six months ended	
	30.9.2012 HK\$'000 (Unaudited)	30.9.2011 HK\$'000 (Unaudited) (Restated)
Gain on disposal of property, plant and equipment	-	184
	-	184

5. FINANCE COSTS

	Six months ended	
	30.9.2012 HK\$'000 (Unaudited)	30.9.2011 HK\$'000 (Unaudited) (Restated)
Interest on borrowings wholly repayable within five years	7,121	2,526
Imputed interest on promissory notes	1,720	3,012
Imputed interest on convertible bonds	9,914	8,833
	18,755	14,371

6. PROFIT BEFORE TAXATION

	Six months ended	
	30.9.2012 HK\$'000 (Unaudited)	30.9.2011 HK\$'000 (Unaudited)
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	32,064	13,655
Provision of amortisation on mining rights	21,904	36,536
and after crediting:		
Interest income from banks	25	387

7. TAXATION

	Six months ended	
	30.9.2012 HK\$'000 (Unaudited)	30.9.2011 HK\$'000 (Unaudited)
Current tax – Hong Kong	–	–
– Overseas	(17,290)	(20,597)
Deferred tax (expenses)/credit	(2,521)	9,251
	(19,811)	(11,346)

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profit for both periods.

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

Deferred tax credit represents the tax effect on time difference arising from accelerated amortisation on mining rights.

8. EARNINGS PER SHARE

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

From continuing and discontinued operation

	Six months ended	
	30.9.2012 HK\$'000 (Unaudited)	30.9.2011 HK\$'000 (Unaudited)
Earning		
Earnings for the period, attributable to owners of the Company:		
From continuing operations	13,296	18,009
From discontinued operation	–	(16,770)
	13,296	1,239
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds	9,914	8,833
Earnings for the purposes of diluted earnings per share	23,210	10,072
	2012	2011
	'000	'000
Number of shares		
Number of ordinary shares for the purposes of basic/diluted earnings per share	583,705	583,705

8. EARNINGS PER SHARE (Continued)

From continuing operations

	Six months ended	
	30.9.2012 HK\$'000 (Unaudited)	30.9.2011 HK\$'000 (Unaudited)
Earnings for the period, from continuing operations	13,296	18,009
Effect of dilutive potential ordinary shares: Interest on convertible bonds	9,914	8,833
Earnings for the purposes of diluted earnings per share	23,210	26,842

The computation of diluted earnings per shares for the period ended 30 September 2012 does not assume the exercise of the Company's share options, convertible bonds and convertible preference shares as it would be anti-dilutive.

9. DISCONTINUED OPERATION

	Six months ended	
	30.9.2012 HK\$'000 (Unaudited)	30.9.2011 HK\$'000 (Unaudited)
Revenue	–	8,515
Cost of services	–	(1,561)
Gross profit	–	6,954
Other gains and losses	–	709
Administrative expenses	–	(2,444)
Finance costs	–	(550)
Impairment on properties, plant and equipment	–	(20,573)
Impairment on intangible assets	–	(866)
	–	(16,770)

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2012, the Group acquired items of property, plant and equipment with a total cost of HK\$32,083,000 (30 September 2011: HK\$31,638,000). Items of property, plant and equipment with a total cost of HK\$18,311,000 were disposed during the six months ended 30 September 2012 (30 September 2011: HK\$7,314,000).

11. MINING RIGHT

HK\$'000

Cost

At 1 April 2012	2,527,522
Additions	31,990
Exchange adjustments	(109,409)

At 30 September 2012	2,450,103
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Accumulated amortisation and impairment

At 1 April 2012	87,151
Amortisation for the period	21,904
Exchange adjustments	(3,926)

At 30 September 2012	105,129
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Net carrying value

At 30 September 2012	2,344,974
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12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The credit terms given to the customers vary from cash on delivery to 120 days and are generally based on the financial strength of individual customers. In order to effectively manage the credit risks associated with the trade receivables, credit evaluation of customers are performed periodically.

Included in trade and other receivables of the Group are trade receivables of approximately HK\$12,324,000 (31 March 2012: HK\$32,728,000). The following is an aged analysis of trade receivables at the end of financial reporting periods:

	30.9.2012 HK\$'000 (Unaudited)	31.3.2012 HK\$'000 (Audited)
0 –60 days	11,144	27,192
61 –90 days	837	264
91 –120 days	4	843
Over 120 days	339	4,429
	12,324	32,728

13. TRADE AND OTHER PAYABLES

Included in trade and other payables of the Group are trade payables of approximately HK\$71,343,000 (31 March 2012: HK\$45,831,000). The following is an aged analysis of trade payables at the end of financial reporting periods:

	30.9.2012 HK\$'000 (Unaudited)	31.3.2012 HK\$'000 (Audited)
0 –60 days	8,913	28,469
61 –90 days	12,568	188
Over 90 days	49,862	17,174
	71,343	45,831

14. CONVERTIBLE BONDS

The movements on the liability component of the Convertible Bonds are as follows:

	30.9.2012 HK\$'000 (Unaudited)	31.3.2012 HK\$'000 (Audited)
Fair value at beginning of the period	157,991	140,326
Imputed interest expense (Note 5)	9,914	17,665
	167,905	157,991

15. PROMISSORY NOTES

	30.9.2012 HK\$'000 (Unaudited)	31.3.2012 HK\$'000 (Audited)
Fair value at beginning of the period	49,658	112,711
Partial redemption of principal and settlement of interest expenses	(20,000)	(73,000)
Imputed interest expense (Note 5)	1,720	9,947
	31,378	49,658
Less: interest payable	(1,800)	(1,800)
Non-current portion	29,578	47,858

16. COMMITMENTS

	30.9.2012 HK\$'000 (Unaudited)	31.3.2012 HK\$'000 (Audited)
Within one year	24,755	1,794
In the second to fifth years inclusive	103,665	1,233
Over five years	138,004	–
	266,424	3,027

17. RELATED PARTY TRANSACTIONS

During the period ended 30 September 2012, the Group had entered into the following significant related party transactions in its ordinary course of business and on terms mutually agreed between the relevant parties:

	Note	2012 HK\$'000	2011 HK\$'000
Time charter income from a related company*	(i)	–	5,008
Management fee paid to a related company*	(i)	–	437
Sales to a related company		226,890	142,621

* The related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(i) Details of these transactions had been disclosed in the Company's circular dated 26 March 2010.

(ii) The balances with minority shareholders of subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

FINANCIAL REVIEW

The Group achieved strong performance for the six months ended 30 September 2012, with a significant increase in both revenue and profit before tax. For the period under review, the Group recorded a turnover of approximately HK\$365 million (2011: HK\$237 million), representing an increase of 54% as compared to the same period last year. The increase in turnover was primarily due to a surge in coal production of our SEM mine, which rose to an average monthly production of approximately 183,000 tonnes for the period of April to September 2012 as compared to an average monthly production of approximately 94,000 tonnes for the same period a year ago.

With strong contribution from the mining sector and the absence of a one-off disposal loss from the discontinued shipping business, the Group reported profit after tax of HK\$37,915,000, an increase of 1,102% over the same period in 2011.

Capital Structure

Apart from the issuance of 3,000,000 share options during the period under review, there was no material change in the Group's capital structure as compared to the most recently published annual report.

Liquidity and Financial Resources

As at 30 September 2012, the Group's shareholders' equity amounted to HK\$1,787,490,000, while total bank indebtedness amounted to approximately HK\$27,493,000 and cash on hand amounted to approximately HK\$17,349,000. The Group's bank indebtedness to equity ratio is 0.015 while the current ratio is 1.08. The Board believes that the Group's sound financial position will enable it to finance operations and explore business development opportunities.

As at 30 September 2012, the Group has financial assets at fair value through profit or loss of approximately HK\$19,000 (31 March 2012: HK\$19,000).

Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group's assets, liabilities and business transactions are principally denominated in Hong Kong dollars, Singapore dollars, Indonesia rupiah, Chinese renminbi and US dollars and therefore the Group is exposed to various foreign exchange risks. The Group manages its foreign exchange risks by performing regular reviews and monitoring its foreign exchange exposure. The Group will continue to closely monitor its risk exposure and consider using forward currency contracts as a tool to manage and reduce such risks if and when appropriate.

Material Acquisitions and Disposals of Subsidiaries and Associates

The Group did not have any material acquisition or disposal of subsidiaries during the six months ended 30 September 2012.

Pledge of Assets, Contingent Liabilities and Commitments

Apart from the commitments disclosed in note 16, there was no material change in the Group's pledge of assets, contingent liabilities and commitments as compared to the most recently published annual report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 September 2012, the interests of the Directors, the chief executives and their associates in the 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 maintained by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 of the Listing Rules, were as follows:

Long position

Name of director	Convertible preference shares		Ordinary shares		Interest in underlying shares		Percentage of the issued share capital of the Company
	Personal interest	Personal interest	Corporate interest	Personal interest	Aggregated Interest		
Mr. Ng Xinwei	-	-	-	2,750,000 (Note 1)	2,750,000	0.47%	
Ms Lim Beng Kim, Lulu ("Ms. Lulu Lim")	16,000,000	-	-	31,466,667 (Note 2)	47,466,667	8.13%	
Mr. Shiu Shu Ming	-	-	-	2,750,000 (Note 3)	2,750,000	0.47%	
Mrs. Chen Chou Mei Mei ("Mrs. Chen")	-	6,210,000	1,500,000 (Note 4)	-	7,710,000	1.32%	
Mr. Chong Lee Chang ("Mr. Chong")	-	-	3,760,000 (Note 5)	-	3,760,000	0.64%	
Mr. Li Man Ching*	-	3,830,000	-	-	3,830,000	0.66%	
Ms. Li Mei Lin*	-	3,100,000	-	-	3,100,000	0.53%	

* retired on 27 August 2012

Note:

- (1) This represents the number of share options granted to Mr. Ng Xinwei.
- (2) This represents HK\$44.95 million convertible bond (“CB”), which can be converted to 29,966,667 ordinary shares held by Ms. Lulu Lim and 1,500,000 share options granted to Ms. Lulu Lim.
- (3) This represents the number of share options granted to Mr. Shiu Shu Ming.
- (4) This represents 1,500,000 shares of the Company held by Mrs. Chen through controlled corporations of Avec Inc. It is wholly owned by Mrs. Chen.
- (5) This represents 3,760,000 shares of the Company held by Mr. Chong through controlled corporations of Shieldman Limited. It is wholly owned by Mr. Chong.

Save as disclosed above, as at 30 September 2012, none of the Directors, the chief executives and their associates had any personal, family, corporate or other interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been entered in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

The following table disclosed movements in the Company’s share option scheme during the period:

Category	Date of grant	Exercisable period	Exercise price per share	Number of share options			
				At 1 Apr 2012	Granted	Exercised	At 30 Sep 2012
1. Directors							
Mr. Ng Xinwei	30 Aug 2010	30 Aug 2010 to 29 Aug 2020	1.12	2,750,000	-	-	2,750,000
Ms. Lulu Lim	30 Aug 2010	30 Aug 2010 to 29 Aug 2020	1.12	1,500,000	-	-	1,500,000
Mr. Shiu Shu Ming	30 Aug 2010	30 Aug 2010 to 29 Aug 2020	1.12	2,750,000	-	-	2,750,000
				7,000,000	-	-	7,000,000
2. Associates of shareholder							
Ms. Lim Chek Hwee (Note 1)	30 Aug 2010	30 Aug 2010 to 29 Aug 2020	1.12	3,000,000	-	-	3,000,000
3. Employees in aggregate	30 Aug 2010	30 Aug 2010 to 29 Aug 2020	1.12	1,500,000	-	-	1,500,000
4. Consultants in aggregate							
	30 Aug 2010	30 Aug 2010 to 29 Aug 2020	1.12	15,750,000	-	-	15,750,000
	18 Mar 2011	18 Mar 2011 to 17 Mar 2021	1.122	1,000,000	-	-	1,000,000
	27 Aug 2012	27 Aug 2012 to 26 Aug 2022	0.50	-	3,000,000	-	3,000,000
				16,750,000	3,000,000	-	19,750,000
				28,250,000	3,000,000	-	31,250,000

Note:

- (1) Ms. Lim Chek Hwee is the spouse of Mr. Ng Say Pek who has an 80% interest in Agritrade International Pte Ltd. (“AIPL”), a substantial shareholder of the Company.

SUBSTANTIAL SHAREHOLDERS

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 of substantial shareholders maintained by the Company under Section 336 of the SFO, the following persons or corporations (other than the Directors of the Company) has interest of 5% or more of the nominal value of the issued share capital that carry a right to vote in all circumstances at general meetings of the Company:

Name	Capacity	Number of shares/underlying shares held	Approximate percentage of shareholding
AIPL (Note 1)	Beneficial owner	367,733,333	63.00%
Mr. Ng Say Pek (Note 2)	Corporate interests/ deemed interest	370,733,333	63.51%
WSJ International Sdn Bhd. ("WSJ") (Note 3)	Beneficial owner	275,800,000	47.25%

Note:

- (1) This represents 128,000,000 convertible preference shares ("CPS"), 174,000,000 ordinary shares and HK\$98.6 million CB, which can be converted to 65,733,333 ordinary shares held by AIPL.
- (2) This represent (i) Mr. Ng Say Pek held 80% equity interest of AIPL; and (ii) 3,000,000 share options granted to Ms. Lim Chek Hwee, the spouse of Mr. Ng Say Pek. By virtue of SFO, Mr. Ng Say Pek is deemed to be interested in the shares and underlying shares held by AIPL and Ms. Lim Chek Hwee respectively.
- (3) This represents 96,000,000 CPS and HK\$269.7 million CB, which can be converted to 179,800,000 ordinary shares held by WSJ.

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

STAFF AND REMUNERATION POLICIES

As at 30 September 2012, the Group had approximately 414 employees. The Group determines staff remuneration in accordance with market terms and individual qualifications. The emoluments of the directors of the Company are reviewed and recommended by the remuneration committee, and are decided by the Board as authorised by the Company's shareholders at the annual general meeting, with consideration to the Group's operating results, individual performance and comparable compensation statistics.

The Company maintains a share option scheme, pursuant to which share options are granted to eligible participants in order to incentivise option holders to participate and contribute the growth of the Group.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the current period (2011: NIL).

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

During the six months ended 30 September 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Stock Exchange made various amendments to the Code on Corporate Governance Policies (the "**Former Code**") contained in Appendix 14 to the Listing Rules and renamed it as Corporate Governance Code (the "**CG Code**") which took effect on 1 April 2012. The Company has applied the principles and complied with all the code provisions and some recommended best practices of the Former Code; and fully complied with the CG Code during the period, with the exception of the following deviations:

- i. Pursuant to Code A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Currently, the Company has appointed Mr. Rashid Bin Maidin as its chief executive officer is still in the process of identifying suitable candidates to fill in the role of chairman.
- ii. Pursuant to Code A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend the general meetings of the Company. The Company's three independent non-executive directors and its non-executive directors were unable to attend the annual general meeting of the Company held on 27 August 2012 due to other prior business engagements.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code in Appendix 10 of the Listing Rules on the Stock Exchange as the code of conduct regarding securities transactions by directors. Having made specific enquiry of all directors, all directors confirmed that they have complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Company has formed an audit committee whose terms of reference are formulated in accordance with the requirements of the Stock Exchange. Its current members comprise of three independent non-executive directors. The primary responsibilities of the Audit Committee include reviewing the reporting of financial and other information of shareholders, systems of internal controls, risk management and the effectiveness and objectivity of the audit process.

These unaudited condensed financial results have been reviewed by the audit committee of the Company and were approved by the Board on 29 November 2012.

By Order of the Board
Rashid Bin Maidin
Chief Executive Officer

Hong Kong, 29 November 2012