



Agritrade

Delivering Growth

Interim Report 2013



鴻寶資源有限公司

AGRITRADE RESOURCES LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1131.HK)

CONTENTS

	PAGE(S)
BUSINESS REVIEW	2
CONDENSED CONSOLIDATED INCOME STATEMENT	11
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	13
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	14
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	16
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	17
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	18
FINANCIAL REVIEW	30
OTHER INFORMATION	31

Business Review

CONTINUOUS ENHANCEMENT OF OUR PRODUCTS AND INTEGRATED SUPPLY CHAIN



OPERATIONAL REVIEW

Increased Coal Production

As at 30 September 2013, the daily coal production of PT Senamas Energindo Mineral (“**PT SEM**”) has been increased to 11,000 metric tonnes (“**tonnes**”) from Pit 3. Pit 3 commenced operations in August 2012, and based on Agritrade Resources Limited (the “**Company**”)’s estimation, its production will continue till 2015. The average production starting from September 2013 onwards is targeted to be approximately 360,000 tonnes per month and the continuous improvement of production capacity in Pit 3 will be supported by thick coal deposits in excess of 8 metres as well as a relatively thin overburden.

The coal segment recorded a revenue of HK\$609,301,000 for the six months ended 30 September 2013, an increase of 115.9% from HK\$282,156,000 in the same period last year. Profit also grew by 71.4% to HK\$143,671,000 for the period under review, compared to HK\$83,843,000 a year ago.

Business Review

Infrastructure Investment and Development

To support the coal production growth at PT SEM, the Company will continue our investments to enhance our fleet of mining equipment, such as excavators and dump trucks for overburden removal, coal getting, hauling and loading, to assist with mining operation.

Jetties

PT SEM currently employs four loading jetties, the first and second jetties are equipped with automatic ramp facilities for the streamlined loading of coal onto barges by trucks, while the third and fourth jetty are equipped with an automated loading conveyor and a new crusher, each with a processing capacity of 1,000 tonnes and 500 tonnes of coal per hour, respectively.

The four jetties have an aggregate handling capacity of five fully loaded barges within a 24-hour period and this ensures that the Group's transportation efficacy is kept high by significantly decreasing coal loading times and improving stockpile management efficiency.

Coal Stockpiles

The Company has expanded its coal stockpiling facilities to support the increase in coal production. As at 30 September 2013, the total coal stockpiling facilities of PT SEM has been expanded to handle up to 500,000 tonnes of coal.



Business Review

MAJOR EVENTS

Exclusive Rights to Coal Hauling Road

On 10 October 2012, the Company entered into an agreement with PT Pertamina, 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 the Telang Port and serves as the preferred road for coal transportation from the area's mines.

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

Upgrading of Coal Hauling Road

The Company has continually made upgrades and improvements to the existing coal hauling gravel road, and has recently completed the feasibility studies on the construction of an all-weather tar road to further improve transportation efficiency.



Business Review

In addition, the Company also conducts regular maintenance as well as reinforcement works on the mining road, coal hauling road and the road leading up to the jetty area. For instance, water is sprayed on the hauling road at regular intervals, helping to compact the road, reducing the formation of dust clouds during travel and increasing overall travel speeds.

As a result of the Company's ongoing continuous maintenance and upgrading works, the roads have become more leveled and less dusty during hauling, thereby facilitating smoother coal transportation and enhancing road safety.

Sizable Mining Assets

As announced by the Company on 13 November 2012, based on an updated Statement of Open Cut Coal Resources and Reserves prepared by DMT Geosciences Limited under JORC¹ Code standards, the coal resources at PT SEM has been increased to 152.7 million tonnes, while coal reserves have increased to 117.9 million tonnes.

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 can be economically mined from an area.

The Company's sizable coal reserves have proven its growth potential 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 and has the requisite capabilities to support the 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.

¹ *The Australasian Joint Ore Reserves Committee.*

Business Review



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 approximately average 306,000 tonnes per month to our target of an annual production of approximately 6 million tonnes in the coming 18 months.

With the managing rights to the Ex-Pertamina road and the continual investment in our mine to port infrastructure, the Company expects significant improvement and good progress over the coming year on our coal production and sales. These initiatives will streamline our mining process and render more cost-efficient transportation of our coal products to our customers. Combined with the stable growth of the Group's sales



Business Review

and production and the recent increase in coal reserves under the JORC code, the Company strongly believes we are fully equipped to meet our target production capacity of approximately 6 million tonnes of coal per year by 2014/2015.

Strong Coal Demand

According to the Indonesian Coal Mining Association ("APBI"), in the first six months of 2013, total coal production in Indonesia went up to 244 million tonnes, and 204 million tonnes was exported. The demand of low CV thermal coal (heating content range from 3,500 to 4,500 kilocalories per kg) has increased significantly

since 2012, and this increase provides a strong support for the price of low CV thermal coal. It demonstrated the buyers have adjusted their power plant requirements to accommodate Indonesia's low CV thermal coal, in return, ensures a cheaper and more stable long term energy supply. 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. With increased sales, marketing efforts and the growth of low CV coal in India and the Asian region, we expect the demand growth of SEM coal to continue in the coming years.



Business Review

DELIVERING SUSTAINABLE GROWTH



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 and mine month to cater to the needs of our personnel and to ensure safe working conditions at all times.
- Increased signage has been installed at the mine site and jetties, including notices on safety regulations, directions and speed limits.

Business Review

- 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.

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 and dedication to environmental rehabilitation.

APPOINTMENT OF DIRECTORS AND CHANGES OF THE EXECUTIVES

With effect on 1 August 2013, Mr. Ashok Kumar Sahoo has been appointed as the executive director and chief financial officer of the Company ("CFO"); Mr. Ambrish L. Thakker has been appointed as the executive director of the Company; Mr. Ng Say Pek has been appointed as the non-executive director and the non-executive chairman of the Company and Mr. Terence Chang Xiang Wen has been appointed as the independent non-executive director ("INED") of the Company.



Business Review

With effect on 21 August 2013, Mr. Ng Xinwei has been appointed as chief executive officer of the Company (“CEO”); Mr. Rashid Bin Maidin has been appointed as vice chairman and resigned as CEO of the Company; Mr. Ambrish L. Thakker has been appointed as chief marketing officer (“CMO”) of the Company; Mr. Steve Luo has been appointed as chief operating officer of the Company (“COO”) and Mr. Shiu Shu Ming has been appointed as chief investment officer (“CIO”) of the Company.



Ng Say Pek
Non-executive
chairman



Rashid Bin Maidin
Vice chairman



Ng Xinwei
CEO



Ashok Kumar Sahoo
CFO



Steve Luo
COO



Ambrish L. Thakker
CMO



Shiu Shu Ming
CIO



Terence Chang
INED

* Details of the directors biographies, please refer to the corporate announcements announced on 1st and 21st of August 2013.

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 2013 with comparative figures for the corresponding period as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2013

		Six months ended	
	<i>Notes</i>	30.9.2013 HK\$'000 (Unaudited)	30.9.2012 <i>HK\$'000</i> (Unaudited) (Restated)
Continuing operations			
Revenue	3	619,746	282,156
Cost of sales and services		(437,585)	(180,252)
Gross profit		182,161	101,904
Other income and other gains and losses		7	856
Administrative expenses		(29,388)	(24,565)
Finance costs	4	(24,139)	(18,703)
Profit before income tax expense	5	128,641	59,492
Income tax expense	6	(34,082)	(19,811)
Profit for the period from continuing operations		94,559	39,681
Discontinued operation			
Loss for the period from discontinued operation	8	–	(1,766)
Profit for the period		94,559	37,915

		Six months ended	
		30.9.2013	30.9.2012
		HK\$'000	<i>HK\$'000</i>
<i>Notes</i>		(Unaudited)	(Unaudited)
			(Restated)
<hr/>			
Profit for the period attributable to:			
	Owners of the Company	62,498	13,296
	Non-controlling interests	32,061	24,619
		94,559	37,915
		HK cents	<i>HK cents</i>
			(Restated)
	Earnings per share from continuing and discontinued operation		
	– Basic and diluted	10.7	1.9
	Earnings per share from continuing operations		
	– Basic and diluted	10.7	2.2

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2013

	Six months ended	
	30.9.2013	30.9.2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit for the period	94,559	37,915
Other comprehensive loss for the period:		
Exchange differences arising on translation of foreign operations	(658)	(83,431)
Total comprehensive income/(loss) for the period	<u>93,901</u>	<u>(45,516)</u>
Total comprehensive income/(loss) attributable to:		
Owners of the Company	65,142	(34,090)
Non-controlling interests	28,759	(11,426)
	<u>93,901</u>	<u>(45,516)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2013

	Notes	30.9.2013 HK\$'000 (Unaudited)	31.3.2013 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	9	2,654,049	2,685,166
Prepaid lease payments		9,817	10,283
Deposits paid for construction of a plant		36,875	29,135
		2,700,741	2,724,584
Current assets			
Inventories		30,918	14,326
Trade receivables	10	264,762	219,115
Other receivables, deposits and prepayment		190,690	192,459
Bills receivable		–	76
Amounts due from related parties		57,425	58,502
Bank balances and cash		16,202	16,287
		559,997	500,765
Current liabilities			
Sales deposits received		381	6,942
Trade payables	11	90,980	98,397
Other payables and accruals		82,330	129,154
Provision for close down, restoration and environmental costs		6,184	3,958
Secured bank borrowings		22,164	74,638
Amounts due to related parties		28,567	2,433
Tax payable		116,792	78,237
Obligation under finance leases		65,633	60,049
		413,031	453,808
Net current assets			
		146,966	46,957
Total assets less current liabilities		2,847,707	2,771,541

	<i>Notes</i>	30.9.2013 HK\$'000 (Unaudited)	31.3.2013 <i>HK\$'000</i> (Audited)
Non-current liabilities			
Deferred tax		583,076	597,197
Secured bank borrowings		5,395	6,076
Convertible bonds	12	188,973	177,818
Obligation under finance leases		33,220	46,285
Amount due to related parties		20,936	21,959
		831,600	849,335
Net Assets			
		2,016,107	1,922,206
Capital and reserves attributable to owners of the Company			
Share capital		58,371	58,371
Reserves		1,061,674	996,532
Equity attributable to owners of the Company		1,120,045	1,054,903
Non-controlling interest		896,062	867,303
Total equity		2,016,107	1,922,206

CONDENSED CONSOLIDATED STATEMENT OF CHANGES OF EQUITY (UNAUDITED)

For the period ended 30 September 2013

	Share capital	Share premium	Contributed surplus	Convertible preference	Convertible bonds	Translation reserve	Share option	Retained profits	Total	Non-controlling interests	Total equity
				shares reserve	equity reserve		equity reserve			controlling interests	
	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 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 period	-	-	-	-	-	-	-	13,296	13,296	24,619	37,915
Other comprehensive income for the period:											
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
At 1 April 2013	58,371	335,108	-	248,579	194,492	22,339	6,030	189,984	1,054,903	867,303	1,922,206
Profit for the period	-	-	-	-	-	-	-	62,498	62,498	32,061	94,559
Other comprehensive income for the period:											
Exchange differences arising on translation of foreign operations	-	-	-	-	-	2,644	-	-	2,644	(3,302)	(658)
Total comprehensive income for the period	-	-	-	-	-	2,644	-	62,498	65,142	28,759	93,901
At 30 September 2013	58,371	335,108	-	248,579	194,492	24,983	6,030	252,482	1,120,045	896,062	2,016,107

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2013

	Six months ended	
	30.9.2013 <i>HK\$'000</i> (Unaudited)	30.9.2012 <i>HK\$'000</i> (Unaudited)
Net cash (used in)/generated from operating activities	104,873	92,368
Net cash (used in)/generated from investing activities	(43,863)	(64,632)
Net cash (used in)/generated from financing activities		
Other financing cash flows	(60,636)	(32,062)
Net increase/(decrease) in cash and cash equivalents	374	(4,326)
Cash and cash equivalents at beginning of the period	16,287	21,975
Effect on foreign exchange rate changes	(459)	(300)
Cash and cash equivalents at end of the period, representing bank balances and cash	<u>16,202</u>	<u>17,349</u>
Analysis of cash and cash equivalents		
Bank balances and cash	<u>16,202</u>	<u>17,349</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

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 2013, except as stated in note 2 below. The Interim Financial Statements should be read, where relevant, in conjunction with the 2013 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 2013 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2013.

In the current interim period, the Group has applied certain amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) 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.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Besides those disclosed in note 2 of the Group's consolidated financial statements for the year ended 31 March 2013, the Group has not early adopted 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, logistics, sales of coal and other mining – related activities.
- (ii) Shipping segment comprised the shipping freight service from time chartering of leased vessels for and on behalf of customers.

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 2013 (Unaudited)

	Continuing Operations			Discontinued Operation	
	Mining	Shipping	Total	Textile	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment revenue	609,301	10,445	619,746	-	619,746
Reportable segment profit/(loss)	143,671	10,170	153,841	-	153,841
Unallocated corporate expenses					(1,061)
Finance costs					(24,139)
Profit before taxation					<u>128,641</u>
Depreciation and amortisation	52,289	-	52,289	-	52,289
Reportable segment assets as at 30 September 2013	3,172,187	47,566	3,219,753	-	3,219,753

3. REVENUE AND SEGMENT INFORMATION (Continued)**(a) Reportable segments** (Continued)

For six months ended 30 September 2012 (Unaudited) (Restated)

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

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 30.9.2013 HK\$'000 (Unaudited)	Six months ended 30.9.2012 HK\$'000 (Unaudited)	Six months ended 30.9.2013 HK\$'000 (Unaudited)	Six months ended 30.9.2012 HK\$'000 (Unaudited)
The People's Republic of				
China ("PRC")*	–	82,399	100	37,525
Singapore	206,571	31,497	–	–
Indonesia	413,175	250,659	2,700,641	2,579,677

* including Hong Kong and Macau

4. FINANCE COSTS

	Six months ended	
	30.9.2013 <i>HK\$'000</i> (Unaudited)	30.9.2012 <i>HK\$'000</i> (Unaudited) (Restated)
Interest on borrowings wholly repayable within five years	12,984	7,069
Imputed interest on promissory notes	–	1,720
Imputed interest on convertible bonds	11,155	9,914
	24,139	18,703

5. PROFIT BEFORE TAXATION

	Six months ended	
	30.9.2013 <i>HK\$'000</i> (Unaudited)	30.9.2012 <i>HK\$'000</i> (Unaudited)
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	18,703	32,064
Provision of amortisation on mining rights	33,654	21,904
and after crediting:		
Interest income from banks	3	25

6. TAXATION

	Six months ended	
	30.9.2013 <i>HK\$'000</i> (Unaudited)	30.9.2012 <i>HK\$'000</i> (Unaudited)
Current tax – Hong Kong	–	–
– Overseas	(42,495)	(17,290)
Deferred tax (expenses)/credit	8,413	(2,521)
	<u>(34,082)</u>	<u>(19,811)</u>

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.

7. 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	
	30.9.2013	30.9.2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
<hr/>		
Earnings for the period, attributable to owners of the Company:		
From continuing operations	62,498	13,296
From discontinued operation	–	(1,766)
	<u>62,498</u>	<u>11,530</u>
<hr/>		
	2013	2012
	'000	'000
<hr/>		
Number of shares		
Number of ordinary shares for the purposes of basic/diluted earnings per share	<u>583,705</u>	<u>583,705</u>

7. EARNINGS PER SHARE (Continued)

From continuing operations

	Six months ended	
	30.9.2013	30.9.2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Earnings for the period, from continuing operations	<u>62,498</u>	<u>13,296</u>

As the exercise prices of the Company's instruments with potential dilutive shares were higher than the average market price of the Company's shares for current and prior period ended 30 September 2013 and 2012, the conversion of such potential dilutive shares is not assumed in the computation of diluted earnings per share for current and prior period ended 30 September 2013 and 2012.

8. DISCONTINUED OPERATION

	Six months ended	
	30.9.2013 <i>HK\$'000</i> (Unaudited)	30.9.2012 <i>HK\$'000</i> (Unaudited)
Revenue	–	82,399
Cost of services	–	(77,738)
Gross profit	–	4,661
Other gains and losses	–	175
Selling and distribution expenses	–	(600)
Administrative expenses	–	(5,950)
Finance costs	–	(52)
	–	(1,766)

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2013, the Group acquired items of property, plant and equipment with a total cost of HK\$36,126,000 (30 September 2012: HK\$32,083,000).

10. TRADE RECEIVABLES

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.

The following is an aged analysis of trade receivables at the end of financial reporting periods:

	30.9.2013	31.3.2013
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
0 – 60 days	218,223	130,672
61 – 90 days	23,372	22,143
91 – 120 days	23,167	21,212
Over 120 days	–	45,088
	<u>264,762</u>	<u>219,115</u>

11. TRADE PAYABLES

The following is an aged analysis of trade payables at the end of financial reporting periods:

	30.9.2013	31.3.2013
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
0 – 60 days	90,349	41,074
61 – 90 days	–	10,724
Over 90 days	631	46,599
	<u>90,980</u>	<u>98,397</u>

12. CONVERTIBLE BONDS

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

	30.9.2013	31.3.2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Fair value at beginning of the period	177,818	157,991
Imputed interest expense (Note 4)	11,155	19,827
	<u>188,973</u>	<u>177,818</u>

13. COMMITMENTS

	30.9.2013	31.3.2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Within one year	19,896	5,309
In the second to fifth years inclusive	86,763	101,955
Over five years	95,945	120,547
	<u>202,604</u>	<u>227,811</u>

14. RELATED PARTY TRANSACTIONS

During the period ended 30 September 2013, 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:

	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales to a related company	<u>-</u>	<u>226,890</u>

FINANCIAL REVIEW

The Group is pleased to have achieved a strong performance for the six months ended 30 September 2013, with a significant increase in both revenue and profit before tax. For the period under review, the Group recorded a turnover of approximately HK\$620 million (2012: HK\$282 million), an increase of 120% as compared to the same period last year. The increase in turnover was primarily due to the expansion of coal production capacity in the SEM mine, which rose to an average monthly production of approximately 306,000 tonnes for the period of April to September 2013 as compared to an average monthly production of approximately 183,000 tonnes for the same period a year ago.

With strong contributions from the mining sector, the Group reported a profit after tax of HK\$94,559,000 an increase of 149.4% over the same period in 2012.

Capital Structure

There was no material change in the Group's capital structure as compared to the most recent published annual report.

Liquidity and Financial Resources

As at 30 September 2013, the Group's shareholders' equity amounted to HK\$2,016 million, while total bank indebtedness amounted to approximately HK\$27.6 million and cash on hand amounted to approximately HK\$16.2 million. The Group's bank indebtedness to equity ratio is 0.014 while the current ratio is 1.36. The Board believes that the Group's sound financial position will enable it to finance operations and explore business development opportunities.

Exposure to Fluctuations in Exchange Rates and Related Hedges

The Groups' assets, liabilities and business transactions are principally denominated in US dollars, Singapore dollars, Indonesia rupiah and Hong Kong 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 2013.

Pledge of Assets, Contingent Liabilities and Commitments

Apart from the commitments disclosed in note 13, 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 2013, 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**"), were as follows:

Long position

Name of director	Convertible preference shares		Ordinary shares		Interest in underlying shares		Aggregated Interest	Percentage of the issued share capital of the Company
	Personal interest	Corporate interest	Personal interest	Corporate interest	Personal interest	Corporate interest		
Mr. Ng Say Pek* (Note 1)	-	128,000,000	-	174,000,000	3,000,000	65,733,333	370,733,333	63.51%
Mr. Ng Xinwei	-	-	-	-	2,750,000 (Note 2)	-	2,750,000	0.47%
Ms Lim Beng Kim, Lulu ("Ms. Lulu Lim")	16,000,000	-	-	-	31,466,667 (Note 3)	-	47,466,667	8.13%
Mr. Shiu Shu Ming	-	-	-	-	2,750,000 (Note 4)	-	2,750,000	0.47%
Mrs. Chen Chou Mei ("Mrs. Chen")	-	-	6,210,000	1,500,000 (Note 5)	-	-	7,710,000	1.32%
Mr. Chong Lee Chang ("Mr. Chong")	-	-	-	3,760,000 (Note 6)	-	-	3,760,000	0.64%
Mr. Ambrish L. Thakker* ("Mr. Ambrish")	-	-	-	-	3,000,000 (Note 7)	-	3,000,000	0.51%

* appointed on 1 August 2013

Note:

- (1) This represent (i) Mr. Ng Say Pek held 80% equity interest of Agritrade International Pte Ltd. ("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.
- (2) This represents the number of share options granted to Mr. Ng Xinwei.
- (3) This represents HK\$44.95 million convertible bonds ("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.
- (4) This represents the number of share options granted to Mr. Shiu Shu Ming.
- (5) 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.
- (6) 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.
- (7) This represents the number of share options granted to Mr. Ambrish.

Save as disclosed above, as at 30 September 2013, 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 1/4/2013	Granted	At 30/9/2013	
1. Directors							
Mr. Ng Xinwei	30 Aug 2010	30 Aug 2010 to 29 Aug 2020	1.120	2,750,000	-	-	2,750,000
Ms. Lulu Lim	30 Aug 2010	30 Aug 2010 to 29 Aug 2020	1.120	1,500,000	-	-	1,500,000
Mr. Ambrish	27 Aug 2012	27 Aug 2012 to 26 Aug 2022	0.500	3,000,000*	-	-	3,000,000
Mr. Shiu Shu Ming	30 Aug 2010	30 Aug 2010 to 29 Aug 2020	1.120	2,750,000	-	-	2,750,000
				10,000,000	-	-	10,000,000
2. Associates of shareholder							
Ms. Lim Chek Hwee (Note 1)	30 Aug 2010	30 Aug 2010 to 29 Aug 2020	1.120	3,000,000	-	-	3,000,000
3. Employees in aggregate							
	30 Aug 2010	30 Aug 2010 to 29 Aug 2020	1.120	1,500,000	-	-	1,500,000
4. Consultants in aggregate							
	30 Aug 2010	30 Aug 2010 to 29 Aug 2020	1.120	15,750,000	-	-	15,750,000
	18 Mar 2011	18 Mar 2011 to 17 Mar 2021	1.122	1,000,000	-	-	1,000,000
				16,750,000	-	-	16,750,000
				31,250,000	-	-	31,250,000

* The share options were granted to the grantee as a consultant instead of a director at the date of grant.

Note:

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

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2013 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%
WSJ International Sdn Bhd. ("WSJ") (Note 2)	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 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 2013, the Group had approximately 263 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 (2012: NIL).

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

During the six months ended 30 September 2013, 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 deviation:—

- i. 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. Two of the independent non-executive directors of the Company were unable to attend the annual general meeting of the Company held on 26 August 2013 due to 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**”) 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 28 November 2013.

By Order of the Board

Ng Xinwei

Chief Executive Officer

Hong Kong, 28 November 2013
