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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2012

The board (the "**Board**") of directors (the "**Directors**" and each a "**Director**") of Siberian Mining Group Company Limited (the "**Company**") announces the audited consolidated financial results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2012, together with the comparative figures for the year ended 31 March 2011, as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2012

		Continuing operations		Discontinued operations		Total	
		2012	2011	**2012**	2011	**2012**	2011
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	3	**9,291**	10,211	**2,111**	8,040	**11,402**	18,251
Cost of sales		**(9,258)**	(10,026)	**(338)**	(3,683)	**(9,596)**	(13,709)
Gross profit		**33**	185	**1,773**	4,357	**1,806**	4,542
Other income	3	**48**	2,144	**527**	911	**575**	3,055
Other gains and losses	3	**(258,295)**	90,577	**(8,330)**	(57,312)	**(266,625)**	33,265
Selling and distribution costs		**(464)**	(120)	**(1,605)**	(5,414)	**(2,069)**	(5,534)
Administrative and other expenses		**(167,164)**	(158,487)	**(10,388)**	(24,369)	**(177,552)**	(182,856)
Finance costs	4	**(22,954)**	(31,232)	**(219)**	(896)	**(23,173)**	(32,128)
Loss before income tax	5	**(448,796)**	(96,933)	**(18,242)**	(82,723)	**(467,038)**	(179,656)
Gain on disposal of subsidiaries		**–**	–	**15,409**	–	**15,409**	–
Income tax	6(i)	**(3)**	2,458	**48**	9,482	**45**	11,940
Loss for the year		**(448,799)**	(94,475)	**(2,785)**	(73,241)	**(451,584)**	(167,716)
Attributable to:							
Owners of the Company	7	**(409,397)**	(81,226)	**13,398**	(49,191)	**(395,999)**	(130,417)
Non-controlling interests		**(39,402)**	(13,249)	**(16,183)**	(24,050)	**(55,585)**	(37,299)
		(448,799)	(94,475)	**(2,785)**	(73,241)	**(451,584)**	(167,716)

* *for identification purpose only*

CONSOLIDATED INCOME STATEMENT *(Continued)*
For the year ended 31 March 2012

	Notes	**Total** **2012** ***HK$'000***	2011 *HK$'000* (Restated)
Loss per share			
From continuing and discontinued operations			
Basic (Hong Kong dollar)	*9*	**2.26**	1.51
Diluted (Hong Kong dollar)	*9*	**2.26**	2.14
From continuing operations			
Basic (Hong Kong dollar)	*9*	**2.34**	0.94
Diluted (Hong Kong dollar)	*9*	**2.34**	1.64

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	Continuing operations		Discontinued operations		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Loss for the year	**(448,799)**	(94,475)	**(2,785)**	(73,241)	**(451,584)**	(167,716)
Other comprehensive income for the year, net of tax:						
– Reclassification adjustments of translation reserve upon disposal of interests in subsidiaries	**–**	–	**(6,022)**	–	**(6,022)**	–
– Exchange differences on translation of financial statements of foreign operations	**(48,774)**	51,870	**610**	2,186	**(48,164)**	54,056
Total comprehensive income for the year, net of tax	**(497,573)**	(42,605)	**(8,197)**	(71,055)	**(505,770)**	(113,660)
Attributable to:						
Owners of the Company	**(453,317)**	(34,551)	**7,778**	(47,843)	**(445,539)**	(82,394)
Non-controlling interests	**(44,256)**	(8,054)	**(15,975)**	(23,212)	**(60,231)**	(31,266)
	(497,573)	(42,605)	**(8,197)**	(71,055)	**(505,770)**	(113,660)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	**20,668**	29,561
Prepayments for acquisition of property, plant and equipment		**169**	4,493
Goodwill	11	**–**	–
Other intangible assets	12	**986,722**	1,423,093
Exploration and evaluation assets, and prepayment for acquisition of exploration and mining rights	13	**249,600**	249,600
Direct costs for possible acquisition of subsidiaries		**–**	618
		1,257,159	1,707,365
Current assets			
Inventories		**–**	432
Trade receivables	14	**–**	15,659
Other receivables, deposits and prepayments		**5,840**	12,278
Amounts due from non-controlling interests of subsidiaries		**–**	524
Amounts due from related parties		**–**	2,018
Cash and cash equivalents		**1,524**	9,639
		7,364	40,550
Current liabilities			
Trade payables	15	**–**	846
Other payables, accrued expenses and trade deposits received		**11,199**	11,768
Coal trading deposit received		**27,300**	–
Purchase consideration payable for additional acquisition	18	**10,800**	31,943
Tax payable		**–**	1,038
		49,299	45,595
Net current liabilities		**(41,935)**	(5,045)
Total assets less current liabilities		**1,215,224**	1,702,320

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
As at 31 March 2012

	Notes	**2012** **HK$'000**	2011 *HK$'000*
Non-current liabilities			
Amount due to a shareholder		**53,095**	39,470
Amounts due to related parties		**–**	5,905
Promissory notes payables	*16*	**104,051**	156,670
Provision for close down, restoration and environmental costs		**1,971**	1,849
Deferred tax liabilities		**93**	93
		159,210	203,987
Net assets		**1,056,014**	1,498,333
EQUITY			
Share capital	*17*	**45,614**	27,124
Reserves		**930,553**	1,331,559
Equity attributable to owners of the Company		**976,167**	1,358,683
Non-controlling interests		**79,847**	139,650
Total equity		**1,056,014**	1,498,333

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

1.1 Basis of preparation

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

During the year, the Group incurred a net loss for the year from continuing operations of approximately HK$448,799,000. The Group's current liabilities exceeded its current assets by approximately HK$41,935,000 as at 31 March 2012. 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. In addition, the directors considered that item (iii) as set out below also improved the financial position of the Group:

(i) Actively seeking investors to inject funds into the Group to provide working capital. As set out in Note 20(a), the Company has entered into a placing agreement and a supplemental agreement with a placing agent to place convertible notes of up to an aggregate principal amount of US$70,000,000 in two tranches. Conditions precedent facilitating the issue of tranche 1 and tranche 2 must be fulfilled by 28 September 2012 and 30 October 2012 respectively. The supplemental agreement is subject to approval by shareholders of the Company in an upcoming extraordinary general meeting to be arranged;

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

(iii) As further set out in Note 20(b), Cordia had transferred, in aggregate, US$9,000,000 (equivalent to HK$70,200,000) of the principal amount of the Modified PN to three independent third parties who entered into subscription agreements with the Company to subscribe for, in aggregate, 124,072,110 ordinary shares of the Company for an aggregate consideration of US$9,000,000 (equivalent to HK$70,200,000). The Company issued these subscription shares on 21 May 2012 which were settled in full by discharging the equivalent carrying amount of the Modified PN held by these three independent third parties. The balance of the carrying amount of the Modified PN outstanding remains payable in one sum on maturity date of 25 May 2015.

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 of the Company to provide continuous financial support to the Group. Each of them has provided a loan facility of up to HK$50,000,000 to the Group repayable on or before 20 September 2013.

1. **BASIS OF PREPARATION AND ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")** *(Continued)*

1.1 Basis of preparation *(Continued)*

(b) As set out in Note 20(c)(iii), a coal purchaser which became a shareholder of the Company subsequent to the end of the reporting period, 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.

(c) As set out in Note 20(d), with regard to amount due to a shareholder, the shareholder has agreed not to demand for repayment of the amount due before 20 December 2014.

(d) As set out in Note 20(e), on 27 June 2012, the Company entered into a loan agreement with a 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. The loan facility so withdrawn bears interest at 6% per year.

With the successful implementation of the measures, funding and financial support obtained as set out above, and have regard to the terms of the trade deposits paid by a coal purchaser during the year and as set out in Note 20(c)(ii), 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 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 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.

1.2 Adoption of HKFRSs

(a) Adoption of new/revised HKFRSs – effective 1 April 2011

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
HKAS 24 (Revised)	Related Party Disclosures

The adoption of these new/revised standards and interpretations which are potentially relevant to the Group has no significant impact on the Group's financial statements.

HKAS 24 (Revised) – Related Party Disclosures

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationship of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

1. **BASIS OF PREPARATION AND ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")** *(Continued)*

1.2 Adoption of HKFRSs *(Continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group:

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[3]
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[2]
Amendments to HKAS 1 (Revised)	Clarification of the Requirements for Comparative Information[3]
Amendments to HKAS 32	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities[4]
HKFRS 9	Financial Instruments[5]
HKFRS 10	Consolidated Financial Statements[3]
HKFRS 12	Disclosure of Interests in Other Entities[3]
HKFRS 13	Fair Value Measurement[3]
HKAS 27 (2011)	Separate Financial Statements[3]
HKAS 19 (2011)	Employee Benefits[3]
HK(IFRIC) – Interpretation 20	Stripping Costs of the Production Phase of a Surface Mine[3]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 July 2012
[3] Effective for annual periods beginning on or after 1 January 2013
[4] Effective for annual periods beginning on or after 1 January 2014
[5] Effective for annual periods beginning on or after 1 January 2015

Amendments to HKFRS 7 – Disclosures – Transfers of Financial Assets

The amendments to HKFRS 7 improve the disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions is undertaken around the end of a reporting period.

1. **BASIS OF PREPARATION AND ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")** *(Continued)*

1.2 Adoption of HKFRSs *(Continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective *(Continued)*

Amendments to HKAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit or loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

HKFRS 9 – Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 10 – Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

1. **BASIS OF PREPARATION AND ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")** *(Continued)*

1.2 Adoption of HKFRSs *(Continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective *(Continued)*

HKFRS 12 – Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosure requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group's financial statements.

2. **SEGMENT INFORMATION**

The Group determines its operating segments based on the reports reviewed 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 the Russian Federation ("Russia") and will be engaged in the exploration and mining of coal.

(ii) Scrapped iron and coal trading segment comprises the business of scrapped iron and coal trading to the Republic of Korea ("Korea").

(iii) Digital television technology services segment engages in the provision of digital television technology services, including sale of cable video-on demand systems, information broadcasting systems and embedded television systems. During the current year, the Group disposed of its business of digital television technology services. Accordingly, the business segment of digital television technology services is classified as discontinued operation, and the comparative figures of this segment are re-classified from continuing operations to discontinued operation.

(iv) The vertical farming segment engages in the provision of vertical farming projects in the People's Republic of China (the "PRC"). During the current year, the Group disposed of its business of vertical farming. Accordingly, the business segment of vertical farming is classified as discontinued operation, and the comparative figures of this segment are re-classified from continuing operations to discontinued operation.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location 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.

2. **SEGMENT INFORMATION** *(Continued)*

(a) Reportable segments

The following tables present revenue, results and certain assets, liabilities and expenditure information for the Group's reportable segments for the years ended 31 March 2012 and 2011.

For the year ended 31 March 2012

	Continuing operations			Discontinued operations			
	Mining *HK$'000*	Scrapped iron and coal trading *HK$'000*	Subtotal *HK$'000*	Digital television technology services *HK$'000*	Vertical farming *HK$'000*	Subtotal *HK$'000*	Consolidated total *HK$'000*
Reportable segment revenue							
Revenue from external customers	–	9,291	9,291	2,100	11	2,111	11,402
Reportable segment loss	(413,513)	(452)	(413,965)	(4,839)	(13,184)	(18,023)	(413,988)
Interest income	9	21	30	3	1	4	34
Impairment loss on other intangible assets	(253,012)	–	(253,012)	–	(8,000)	(8,000)	(261,012)
Impairment loss on property, plant and equipment	(5,283)	–	(5,283)	–	–	–	(5,283)
Depreciation	(124)	(3)	(127)	(83)	(210)	(293)	(420)
Amortisation of other intangible assets	(121,526)	–	(121,526)	–	(1,875)	(1,875)	(123,401)
Allowance for doubtful trade receivables	–	–	–	(973)	–	(973)	(973)
Equity-settled share option expenses	(47)	–	(47)	–	–	–	(47)
Reportable segment assets	1,262,973	109	1,263,082	–	–	–	1,263,082
Additions to non-current assets	2,281	–	2,281	119	–	119	2,400
Reportable segment liabilities	(66,461)	(185)	(66,646)	–	–	–	(66,646)

2. SEGMENT INFORMATION *(Continued)*

(a) Reportable segments *(Continued)*

For the year ended 31 March 2011

	Continuing operations (Restated)			Discontinued operations (Restated)			
	Mining	Coal trading	Subtotal	Digital television technology services	Vertical farming	Subtotal	Consolidated total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (Restated)
Reportable segment revenue							
Revenue from external customers	–	10,211	10,211	8,028	12	8,040	18,251
Reportable segment (loss)/profit	(144,590)	284	(144,306)	(62,934)	(18,893)	(81,827)	(226,133)
Interest income	341	11	352	2	2	4	356
Impairment loss on goodwill	–	–	–	(13,421)	–	(13,421)	(13,421)
Impairment loss on other intangible assets	–	–	–	(34,707)	(4,673)	(39,380)	(39,380)
Impairment loss on property, plant and equipment	–	–	–	(1,555)	–	(1,555)	(1,555)
Depreciation	(161)	–	(161)	(384)	(169)	(553)	(714)
Amortisation of other intangible assets	(118,699)	–	(118,699)	(2,074)	(4,420)	(6,494)	(125,193)
Allowance for doubtful trade receivables	–	–	–	(2,956)	–	(2,956)	(2,956)
Reportable segment assets	1,697,489	14,391	1,711,880	10,156	20,058	30,214	1,742,094
Additions to non-current assets	8,503	14	8,517	29	4,640	4,669	13,186
Reportable segment liabilities	(56,171)	(285)	(56,456)	(13,082)	(845)	(13,927)	(70,383)

2. SEGMENT INFORMATION *(Continued)*

(a) Reportable segments *(Continued)*

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

	2012	2011
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue and consolidated revenue from continuing and discontinued operations	**11,402**	18,251

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Loss before income tax expenses from continuing and discontinued operations		
Reportable segment loss	**(431,988)**	(226,133)
Interest income	**1**	1
Other income	**–**	924
Other gains and losses	**–**	90,717
Unallocated corporate expenses	**(11,878)**	(13,037)
Finance costs	**(23,173)**	(32,128)
Consolidated loss before income tax expenses from continuing and discontinued operations	**(467,038)**	(179,656)

	2012	2011
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**1,263,082**	1,742,094
Unallocated corporate assets	**1,441**	5,821
Consolidated total assets	**1,264,523**	1,747,915

	2012	2011
	HK$'000	*HK$'000*
Liabilities		
Reportable segment liabilities	**(66,646)**	(70,383)
Unallocated corporate liabilities	**(141,863)**	(179,199)
Consolidated total liabilities	**(208,509)**	(249,582)

2. SEGMENT INFORMATION *(Continued)*

(b) Geographical information

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, if any (the "Specific non-current assets"):

	Revenue from external customers		**Specific non-current assets**	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)
Continuing operations				
Russia	**–**	–	**1,257,144**	1,688,740
Korea	**9,291**	10,211	**11**	14
Others	**–**	–	**4**	641
	9,291	10,211	**1,257,159**	1,689,395
Discontinued operations				
PRC	**2,111**	8,040	**–**	17,970

(c) Information about major customers

For the year ended 31 March 2012, one customer of the scrapped iron and coal trading segment with revenue of HK$8,724,000 contributed to more than 10% of the Group's revenue.

For the year ended 31 March 2011, the sole customer of the coal trading segment with revenue of HK$10,211,000 contributed to more than 10% of the Group's revenue.

3. TURNOVER, OTHER INCOME, AND OTHER GAINS AND LOSSES

Turnover, which is also the Group's revenue, represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and the net invoiced value of services rendered during the year.

An analysis of the Group's turnover, other income and other gains and losses is as follows:

	Continuing operations		Discontinued operations		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover:						
Trading of scrapped iron and coal	**9,291**	10,211	**–**	–	**9,291**	10,211
Provision of digital television technology services	**–**	–	**2,100**	8,028	**2,100**	8,028
Sales of goods	**–**	–	**11**	12	**11**	12
	9,291	10,211	**2,111**	8,040	**11,402**	18,251
Other income:						
Interest income	**31**	353	**4**	4	**35**	357
Sundry income	**17**	995	**523**	907	**540**	1,902
Interest income from promissory note receivable	**–**	796	**–**	–	**–**	796
	48	2,144	**527**	911	**575**	3,055
Other gains and losses:						
Allowance for doubtful trade receivables *(Note 14(ii))*	**–**	–	**(973)**	(2,956)	**(973)**	(2,956)
Impairment loss on goodwill *(Note 11)*	**–**	–	**–**	(13,421)	**–**	(13,421)
Impairment loss on other intangible assets *(Note 12)*	**(253,012)**	–	**(8,000)**	(39,380)	**(261,012)**	(39,380)
Impairment loss on property, plant and equipment *(Notes 10 & 12(a))*	**(5,283)**	–	**–**	(1,555)	**(5,283)**	(1,555)
Change in fair value of derivative component of convertible notes	**–**	90,271	**–**	–	**–**	90,271
Gain on disposal of property, plant and equipment	**–**	–	**643**	–	**643**	–
Write back of trade payables	**–**	293	**–**	–	**–**	293
Net exchange gain	**–**	13	**–**	–	**–**	13
	(258,295)	90,577	**(8,330)**	(57,312)	**(266,625)**	33,265

4. FINANCE COSTS

	Continuing operations		Discontinued operations		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest expense on:						
Loan from a shareholder	**2,438**	6,023	**–**	–	**2,438**	6,023
Loan from a third party	**26**	–	**–**	–	**26**	–
Imputed interest on convertible notes	**–**	7,442	**–**	–	**–**	7,442
Imputed interest on promissory notes *(Note 16)*	**20,395**	17,702	**200**	883	**20,595**	18,585
	22,859	31,167	**200**	883	**23,059**	32,050
Bank charges	**95**	65	**19**	13	**114**	78
	22,954	31,232	**219**	896	**23,173**	32,128

5. LOSS BEFORE INCOME TAX

	Continuing operations		Discontinued operations		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Loss before income tax is arrived at after charging:–						
Employees benefit expenses (excluding directors' remuneration):–						
Wages and salaries	**8,940**	7,902	**2,841**	7,660	**11,781**	15,562
Pension fund contributions	**481**	488	**308**	545	**789**	1,033
Equity-settled share option expense	**313**	–	**–**	–	**313**	–
	9,734	8,390	**3,149**	8,205	**12,883**	16,595
Amortisation of other intangible assets *(Note 12)**						
– Mining right	**121,526**	118,699	**–**	–	**121,526**	118,699
– Customer base	**–**	–	**–**	2,074	**–**	2,074
– Technical know-how	**–**	–	**1,875**	4,420	**1,875**	4,420
Depreciation *(Note 10)**	**147**	181	**293**	553	**440**	734
Equity-settled share option expense to directors	**700**	–	**–**	–	**700**	–
Equity-settled share option expense to others	**15**	–	**–**	–	**15**	–
Write off of direct costs on unsuccessful acquisition of subsidiaries	**618**	–	**–**	–	**618**	–
Auditor's remuneration	**1,809**	1,485	**12**	330	**1,821**	1,815
Provision for close down, restoration and environmental costs	**185**	170	**–**	–	**185**	170
Minimum lease payments in respect of premises under operating leases	**4,877**	6,625	**2,129**	3,054	**7,006**	9,679
Loss on disposal of property, plant and equipment	**–**	–	**145**	–	**145**	–
Net exchange losses	**1,272**	–	**140**	–	**1,412**	–
Cost of inventories sold*	**9,258**	10,026	**219**	1,435	**9,477**	11,461

* In the current year, cost of sales disclosed on the face of the consolidated income statement represents cost of inventories sold, depreciation charges and other expenses of HK$119,000 (2011: HK$174,000). In the prior year, amortisation of customer base of HK$2,074,000 was included in cost of inventories sold.

6. INCOME TAX

(i) Taxation in the consolidated income statement represents:

	Continuing operations		Discontinued operations		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Group:						
Current – Hong Kong						
Charge for the year	**–**	–	**–**	–	**–**	–
Current – Russia and other overseas						
Deferred taxation	**3**	(2,458)	**–**	–	**3**	(2,458)
Current – PRC						
Written back for the year	**–**	–	**(48)**	(286)	**(48)**	(286)
Deferred taxation	**–**	–	**–**	(9,196)	**–**	(9,196)
	3	(2,458)	**(48)**	(9,482)	**(45)**	(11,940)

No provision for Hong Kong profits tax was made for the current and prior years as the Hong Kong subsidiaries of the Group have no assessable profits for Hong Kong profits tax purposes in the current and prior years. Taxation for the Russian and other foreign operations are similarly charged at the appropriate current rates of taxation ruling in the relevant countries.

Tax holidays were granted by the relevant authorities to a PRC subsidiary of the Group in prior years, where the PRC corporate income tax ("CIT") was exempted for the first two profitable years of the subsidiary and is chargeable at half of the applicable rate for the subsequent three years.

6. **INCOME TAX** *(Continued)*

(ii) Taxation for the year can be reconciled to the accounting loss as follows:

For the year ended 31 March 2012

	Total
	HK$'000
Loss before income tax expenses	**(467,038)**
Tax credit calculated at the weighted average statutory tax rate	**(91,594)**
Tax effect of expenses not deductible for taxation purposes	**88,954**
Tax effect of income not taxable for taxation purposes	**(8)**
Tax effect of tax losses not recognised	**2,603**
Income tax for the year	**(45)**

For the year ended 31 March 2011

	Total
	HK$'000
Loss before income tax expenses	(179,656)
Tax credit calculated at the weighted average statutory tax rate	(39,602)
Tax effect of expenses not deductible for taxation purposes	39,543
Tax effect of income not taxable for taxation purposes	(15,292)
Tax effect of tax losses not recognised	3,411
Income tax for the year	(11,940)

7. **LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY**

Loss from ordinary activities attributable to owners of the Company for the year ended 31 March 2012 includes a loss of HK$300,442,000 (2011: loss of HK$281,430,000) which has been dealt with in the financial statements of the Company.

8. **DIVIDEND**

The board of directors did not recommend the payment of any dividend for the year ended 31 March 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 year attributable to the owners of the Company, and the weighted average number of ordinary shares in issue during the year, as adjusted to reflect the 2011 Share Consolidation (as set out in Note 17(iii)) effected during the year. Basic and diluted loss per share amounts for the year ended 31 March 2011 have been restated to take into effect the 2011 Share Consolidation (as set out in Note 17(iii)) effected during the current year.

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

In the prior year, the calculation of diluted loss per share was based on the loss for the year attributable to the owners of the Company, adjusted to reflect the imputed interest on convertible notes and the change in fair value of derivative component of convertible notes, where applicable. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, 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 have an anti-dilutive effect to the basic loss per share calculation for the current year, the conversion of the above potential dilutive shares is therefore not assumed in the computation of diluted loss per share for the current year. In the prior year, the outstanding share options had an anti-dilutive effect to the basic loss per share calculation. The conversion of the outstanding share options was therefore not assumed in the computation of diluted loss per share for the prior year. The dilutive effect of the outstanding convertible notes to the basic loss per share calculation in the prior year is shown below.

For continuing and discontinued operations

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

	2012	2011
	HK$'000	*HK$'000*
Loss		
Loss attributable to the owners of the Company, used in the basic loss per share	**395,999**	130,417
Imputed interest on convertible notes	**–**	(7,442)
Change in fair value of derivative component of convertible notes	**–**	90,271
Loss attributable to the owners of the Company, used in the diluted loss per share	**395,999**	213,246

	Number of shares	
	2012	2011
		(Restated)
Shares		
Weighted average number of ordinary shares for basic loss per share	**175,327,210**	86,270,987
Effect of dilutive potential ordinary shares: Convertible notes	**–**	13,508,425
Weighted average number of ordinary shares for diluted loss per share	**175,327,210**	99,779,412

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

From continuing operations

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

	2012	2011
	HK$'000	*HK$'000*
Loss		
Loss attributable to the owners of the Company from continuing operations, used in the basic loss per share	**409,397**	81,226
Imputed interest on convertible notes	**–**	(7,442)
Change in fair value of derivative component of convertible notes	**–**	90,271
Loss attributable to the owners of the Company from continuing operations, used in the diluted loss per share	**409,397**	164,055

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

From discontinued operations

Basic earnings per share amount from discontinued operations is HK$0.08 (2011: loss per share of HK$0.57 per share) and diluted earnings per share for the discontinued operation is HK$0.08 per share (2011: loss per share of HK$0.50 per share), for the year ended 31 March 2012, based on the earnings for the current year from discontinued operations of HK$13,398,000 (2011: loss for the year from discontinued operations of HK$49,191,000). The denominators used are the same as those detailed above for basic and diluted earnings per share from continuing and discontinued operations.

10. PROPERTY, PLANT AND EQUIPMENT

The Group	Construction in progress HK$'000	Freehold land HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At cost:							
At 1 April 2010	15,492	1,373	–	657	1,987	1,113	20,622
Additions	12,095	–	33	29	285	744	13,186
Written off	(2,209)	–	–	(10)	–	–	(2,219)
Transfer	(2,028)	–	2,028	–	–	–	–
Exchange realignments	1,033	53	50	28	80	63	1,307
At 31 March 2011	24,383	1,426	2,111	704	2,352	1,920	32,896
Additions	236	2,034	–	–	130	–	2,400
Transfer	(24)	–	–	24	–	–	–
Disposals	–	–	–	–	(522)	(379)	(901)
Disposal of subsidiaries	(1,698)	–	(2,169)	(543)	(1,830)	(1,171)	(7,411)
Exchange realignments	(734)	(42)	58	12	67	28	(611)
At 31 March 2012	**22,163**	**3,418**	**–**	**197**	**197**	**398**	**26,373**
Accumulated depreciation and impairment losses:							
At 1 April 2010	–	–	–	253	503	195	951
Charge for the year *(Note 5)*	–	–	2	161	300	271	734
Impairment loss *(Notes 3 & 11)*	–	–	–	159	996	400	1,555
Exchange realignments	–	–	–	23	46	26	95
At 31 March 2011	–	–	2	596	1,845	892	3,335
Charge for the year *(Note 5)*	–	–	110	67	145	118	440
Disposals	–	–	–	–	(450)	(90)	(540)
Disposal of subsidiaries	–	–	(113)	(511)	(1,465)	(818)	(2,907)
Impairment loss *(Notes 3 & 12(a))*	4,585	698	–	–	–	–	5,283
Exchange realignments	–	–	1	14	55	24	94
At 31 March 2012	**4,585**	**698**	**–**	**166**	**130**	**126**	**5,705**
Net carrying value:							
At 31 March 2012	**17,578**	**2,720**	**–**	**31**	**67**	**272**	**20,668**
At 31 March 2011	24,383	1,426	2,109	108	507	1,028	29,561

During the year, prepayment for acquisition of property, plant and equipment with carrying amount of HK$1,975,000 has been reclassified to property, plant and equipment which has been put into operation in the current year.

As explained in Note 12(a), the property, plant and equipment associated with the mining right had been partially impaired during the current year.

11. GOODWILL

The Group

	HK$'000
Cost:	
At 1 April 2010	160,892
Exchange realignments	6,676
At 31 March 2011	167,568
Disposal of subsidiaries	(173,439)
Exchange realignments	5,871
At 31 March 2012	**–**
Accumulated impairment losses:	
At 1 April 2010	147,682
Impairment loss *(Note 3)*	13,421*
Exchange realignments	6,465
At 31 March 2011	167,568
Disposal of subsidiaries	(173,439)
Exchange realignments	5,871
At 31 March 2012	**–**
Net carrying amount:	
At 31 March 2012	**–**
At 31 March 2011	–

The directors had allocated the carrying amount of goodwill, net of any impairment loss, entirely to the cash generating unit of digital technology services (the "DTV CGU") in the prior year.

During the year, goodwill attributable to the DTV CGU was released upon the disposal of the 100% equity interest in the Digital New Century Co. Limited and its subsidiaries (collectively referred to as the "DNC Group").

11. GOODWILL *(Continued)*

* Impairment testing of goodwill

Goodwill arose from business combination of the DTV CGU in prior years, which is a reportable segment.

Management had originally anticipated that there would be a significant growth in the DTV CGU at the date of acquisition. However, in the prior years, due to the increased competition in the DTV industry, the growth rate of the DTV industry had been slower than expected.

The recoverable amount of the DTV CGU was determined by the directors of the Company with reference to a professional valuation report issued by RHL Appraisal Limited, an independent firm of professionally qualified valuers, which was based on the value in use calculation using a cash flow projection and financial budgets covering a 5-year period approved by senior management. The discount rate and average growth rate applied to the cash flow projection was 20.2% and 12.1%, respectively. The directors are of the opinion that based on value in use calculation, goodwill associated with the DTV CGU was fully impaired as at 31 March 2011 and recognised a further impairment loss of HK$13,421,000 for the year ended 31 March 2011. The directors of the Company are also of the opinion that based on value in use calculation of the DTV CGU, the customer base was fully impaired and property, plant and equipment was partially impaired compared with their recoverable amounts as at 31 March 2011. Impairment losses of HK$34,707,000 (Note 12(b)) and HK$1,555,000 (Note 10) were recognised for the customer base and property, plant and equipment respectively during the prior year.

The key assumptions on which management had based its cash flow projection to undertake impairment testing of the DTV CGU were as follows:

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins was the past performance of the unit and management's expectation of market development.

Discount rate – The discount rate used was before tax and reflected specific risks relating to the relevant unit.

12. OTHER INTANGIBLE ASSETS

	Mining right *HK$'000* *(Note (a))*	Customer base *HK$'000* *(Note (b))*	Technical know-how *HK$'000* *(Note (c))*	Total *HK$'000*
Cost:				
At 1 April 2010	3,324,120	42,215	21,736	3,388,071
Exchange realignments	127,773	1,751	902	130,426
At 31 March 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	**3,333,506**	**–**	**–**	**3,333,506**
Accumulated amortisation and impairment losses:				
At 1 April 2010	1,844,683	6,224	362	1,851,269
Charge for the year *(Note 5)*	118,699	2,074	4,420	125,193
Impairment loss *(Note 3)*	–	34,707	4,673	39,380
Exchange realignments	78,479	961	122	79,562
At 31 March 2011	2,041,861	43,966	9,577	2,095,404
Charge for the year *(Note 5)*	121,526	–	1,875	123,401
Impairment loss *(Note 3)*	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	**2,346,784**	**–**	**–**	**2,346,784**
Net carrying value				
At 31 March 2012	**986,722**	**–**	**–**	**986,722**
At 31 March 2011	1,410,032	–	13,061	1,423,093

12. OTHER INTANGIBLE ASSETS *(Continued)*

(a) Mining right

In prior years, the Company, Grandvest International Limited ("Grandvest"), a wholly-owned subsidiary of the Company, Cordia Global Limited ("Cordia") and the sole beneficial owner of Cordia entered into an acquisition agreement (the "Acquisition Agreement") to acquire a 90% equity interest in Langfeld Enterprises Limited ("Langfeld") and its subsidiaries (the "Langfeld Group") (collectively referred as the "Acquisition"). The mining right was acquired as part of the acquisition of the Langfeld Group completed in prior years and was initially recognised at its fair value of the consideration paid for the acquisition. At the end of each reporting period, the mining right is measured using the cost model subject to impairment.

In performing the impairment test, 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 mining right which is the higher of the asset's fair value less costs to sell and its value in use. 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 mining right's fair value. The DCF analysis uses cash flow projection for a period of 13 years up to 2024 and the post-tax discount rate applied to the cash flow projection is 20.7%. Coal sales prices used in the DCF are determined with reference to current market information. The directors have assumed the average increment in coal sales prices for the first four years is 5%, 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%.

The directors of the Company are of the opinion that based on the valuation, the mining right was impaired by HK$253,012,000 compared with its carrying value as at 31 March 2012. The impairment loss is mainly attributable to the unexpected decrease of approximately 20% in the market prices of coking coals and steam coals during the current year as compared to previous year. The directors of the Company are also of the opinion that based on the valuation above, the property, plant and equipment associated with the mining right was partially impaired compared with their recoverable amounts as at 31 March 2012. Impairment loss of HK$5,283,000 (Note 10) was recognised for the property, plant and equipment associated with the mining right during the current year.

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

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

Based on the advice from the Group's legal advisors, the Group is confident that the relevant licence for the mining right will be renewed by the relevant authorities without any significant costs to be incurred upon its existing expiry date.

12. OTHER INTANGIBLE ASSETS *(Continued)*

(b) Customer base

Customer base relates to the DTV CGU with a finite useful live, over which the assets are amortised. The amortised period for the customer base is 13 years. As explained in Note 11, the customer base had been fully impaired as at 31 March 2011.

During the year, customer base attributable to the DTV CGU was derecognised upon the disposal of the DNC Group.

(c) Technical know-how

Technical know-how on 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, and has an estimated useful live of five years, over which the assets are amortised.

The recoverable amount of the Vertical Farming CGU was re-assessed by the directors with reference to the professional valuation during the current year performed by Roma Appraisals Limited ("Roma"). The recoverable amount of the Vertical Farming CGU was determined by the professional valuers with reference to a value in use calculation using a cash flow projection and financial budgets covering a 4-year period approved by senior management. The discount rate and growth rate applied to the cash flow projection are 40.3% and 33.9%, respectively. The Vertical Farming CGU had sustained losses for a number of years and only insignificant cash inflow was generated from its vertical farming technique during the year. Having regard to the professional valuation, the directors recognised an impairment loss of HK$8,000,000 for the technical know-how associated with the Vertical Farming CGU (2011: an impairment loss of HK$4,673,000) during the current year, prior to the decision to dispose of this business.

The key assumptions on which management and valuers prepared its cash flow projection to undertake impairment testing of technical know-how were as follows:

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins was the management's expectation of market development.

Discount rate – The discount rate used was before tax and reflects specific risks relating to the relevant unit.

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

13. EXPLORATION AND EVALUATION ASSETS, AND PREPAYMENT FOR ACQUISITION OF EXPLORATION AND MINING RIGHTS

In prior years, Cordia had procured the Group to acquire the subsoil user right for the purpose of exploration and bituminous coal mining in the Kemerovsky, Volkovsky and Vladimirovsky seams in Russia from the level of 65 metres underground to 400 metres underground, and Petrovsky and adjoining lot of Kemerovsky (collectively referred to as the "New Exploration and Mining Licence").

13. EXPLORATION AND EVALUATION ASSETS, AND PREPAYMENT FOR ACQUISITION OF EXPLORATION AND MINING RIGHTS *(Continued)*

When the New Exploration and Mining Licence is obtained, the Company shall issue the following convertible notes to Cordia as the consideration for the New Exploration and Mining Licence: (i) a secured convertible note in the principal amount of US$32,000,000 (equivalent to approximately HK$249,600,000) (the "Second Convertible Note") and (ii) a convertible note in the principal amount of not less than US$255,150,000 (equivalent to approximately HK$1,990,170,000) and not more than US$550,800,000 (equivalent to approximately HK$4,296,240,000) (the "Third Convertible Note") to be determined upon the proven reserves and probable reserves deriving from the New Exploration and Mining Licence being confirmed in a technical report to be issued by a technical expert acceptable to the Group and Cordia.

In the prior year, the Second Convertible Note was issued to Cordia as partial consideration for the New Exploration and Mining Licence and recognised as a prepayment in the amount of HK$249,600,000. As at the end of the current and prior reporting periods, the principal amount of the Third Convertible Note could not be determined because the technical report has not yet been issued. Accordingly, the Third Convertible Note was not recognised as at 31 March 2012 and 2011. Upon the issuance of the technical report when the principal amount of the Third Convertible Note can be determined, it will be issued and recognised as part of the cost of acquisition of the New Exploration and Mining Licence.

During the second half of the year, the Group has completed the exploration design and commenced the preparation stage of the exploration drilling process. The directors consider it would be appropriate to recognise the New Exploration and Mining Licence as exploration and evaluation assets and transfer the prepayment for the New Exploration and Mining Licence of HK$249,600,000 to exploration and evaluation assets during the year.

Subsequent to the end of the reporting period, the Group has engaged a Russian exploration contractor to conduct geological and hydro-geological surveys on the New Exploration and Mining Licence areas. Exploration drilling commenced in April 2012.

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 no impairment should be provided in respect of the New Exploration and Mining Licence as at 31 March 2012.

14. TRADE RECEIVABLES

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**–**	19,197
Less: allowance for doubtful debts	**–**	(3,538)
	–	15,659

(i) The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The Group generally allows an average credit term of 30 days (2011: 80 days) to customers of the scrapped iron and coal trading business.

For the digital television technology services business which was disposed of during the year, the Group extended credit terms beyond 90 days for certain well-established customers with strong financial strength and good repayment history and creditworthiness.

Trade receivables are non-interest-bearing.

14. TRADE RECEIVABLES *(Continued)*

(ii) The movements in the allowance for doubtful debts during the year, including both specific and collective loss components, were as follows:

	The Group	
	2012	2011
	HK$'000	*HK$'000*
At beginning of year	**3,538**	490
Additional allowance for doubtful debts *(Note 3)*	**973**	2,956
Disposal of subsidiaries	**(4,645)**	–
Exchange realignments	**134**	92
At end of year	**–**	3,538

As at 31 March 2012, the Group had no trade receivables. In prior year, trade receivables of HK$3,538,000 were individually determined to be fully impaired. The individually impaired receivables related to customers that were in financial difficulties or were in default in both interest and/or principal payments and the management assessed that none of the receivables was expected to be recovered. Consequently, specific and full allowances for doubtful debts were recognised. The Group did not hold any collateral over these balances.

Except for the above, no allowance had been made for estimated irrecoverable amounts from sale of goods or provision of services in the prior year.

(iii) The ageing analysis of the Group's trade receivables as at the end of the reporting period, based on invoice date, is as follows:

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Within 30 days	**–**	6,207
31 to 60 days	**–**	5,452
61 to 90 days	**–**	–
Over 90 days	**–**	7,538
	–	19,197
Less: allowance for doubtful debts	**–**	(3,538)
	–	15,659

14. TRADE RECEIVABLES *(Continued)*

(iv) The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Not yet past due	–	10,970
Over 90 days past due	–	4,689
	–	15,659

Receivables that were neither past due nor impaired in the prior year related to a large number of diversified customers for which there was no recent history of default.

The carrying amount of the trade receivables approximates their fair value.

15. TRADE PAYABLES

The ageing analysis of trade payables of the Group at the end of reporting period, based on the invoice date, is as follows:

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Within 30 days	–	267
31 to 60 days	–	126
61 to 90 days	–	158
Over 90 days	–	295
	–	846

The trade payables are non-interest-bearing and normally settled on 30-day terms (2011: 90-day terms).

The carrying amount of trade payables approximates their fair value.

16. PROMISSORY NOTES PAYABLES

		The Group		The Company	
		2012	2011	**2012**	2011
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
At beginning of the year					
– Modified PN		**154,757**	144,655	**154,757**	144,655
– Others		**1,913**	3,675	**–**	–
Repaid during the year					
– Modified PN	*(a)*	**(23,400)**	(7,600)	**(23,400)**	(7,600)
– Others	*(b)*	**–**	(2,645)	**–**	–
Imputed interest charged					
– Modified PN	*4*	**20,395**	17,702	**20,395**	17,702
– Others	*4*	**200**	883	**–**	–
Converted to equity and utilised to settle purchase consideration					
– Modified PN	*(a)*	**(47,701)**	–	**(47,701)**	–
Disposal of subsidiaries					
– Others	*(b)*	**(2,113)**	–	**–**	–
At end of year and included in non-current liabilities		**104,051**	156,670	**104,051**	154,757

(a) In prior years, 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, a shareholder of the Company, as a result of a conditional modification deed entered into between the Company and Cordia. The Modified PN was issued on 23 February 2010, and is non-interest-bearing and payable in one lump sum on maturity date of 25 May 2015. The principal amount of the Modified PN is US$35,000,000 (equivalent to approximately HK$273,000,000) and its fair value was US$20,766,000 (equivalent to approximately HK$161,973,000) as at the issue date. The fair value was determined by reference to a valuation carried out on the issue date by Vigers Appraisal and Consulting Limited. The effective interest rate of the Modified PN was determined to be 10.5% per annum.

During the year ended 31 March 2012, a total repayment of US$3,000,000 (equivalent to approximately HK$23,400,000) (2011: US$974,000 (equivalent to approximately HK$7,600,000)) was made. A discount, in the principal amount and carrying amount of US$800,000 (equivalent to approximately HK$6,240,000) and US$537,000 (equivalent to approximately HK$4,192,000) respectively, was given by Cordia for early settlement of the Modified PN. The amount of Modified PN being discounted in substance constituted a contribution from an equity participant of the Company and was credited directly to capital reserve within equity of the Company.

16. PROMISSORY NOTES PAYABLES *(Continued)*

(a) *(Continued)*

On 8 September 2011, the Group entered into a subscription agreement with Cordia whereby the Company agreed to allot and issue, and Cordia agreed to subscribe for 57,500,000 new ordinary shares of the Company at a subscription price of HK$0.8 per share, as adjusted to reflect the 2011 Share Consolidation (Note 17(iii)) during the current year (the "Subscription"). The Subscription was satisfied by discharging part of the outstanding principal amount of the Modified PN of US$5,897,000 (equivalent to approximately HK$46,000,000). The Subscription was completed on 20 October 2011. The Subscription was an early partial repayment of the Modified PN in substance constituted a contribution from an equity participant of the Company and the difference of HK$10,649,000 between the carrying amount of the Modified PN of US$4,130,000 (equivalent to approximately HK$32,212,000) discharged and the fair value of HK$21,563,000 (Note 17(iv)(a)) for the 57,500,000 new ordinary shares of the Company issued as a result of the Subscription were credited to the capital reserve of the Company.

During the year, part of the Modified PN with principal amount and carrying amount of US$2,051,282 (equivalent to approximately HK$16,000,000) and US$1,448,000 (equivalent to approximately HK$11,297,000) respectively were discharged as consideration received for the disposal of SOFOCO Group.

During the year, an imputed interest of HK$20,395,000 was charged to profit or loss. The remaining outstanding Modified PN is classified as non-current liabilities and carried on the amortised cost basis until extinguished on redemption. As at the end of the reporting period, the carrying amount of the Modified PN was HK$104,051,000 (2011: HK$154,757,000).

(b) The other promissory notes were issued as partial consideration for the acquisition of a 51% equity interest in the DTV Group in prior years. During the year ended 31 March 2011, the Group made a repayment in cash of HK$2,645,000 towards the principal amount of other promissory notes.

As at 31 March 2011, the carrying amount of the other promissory notes payable was HK$1,913,000.

During the year, an imputed interest of HK$200,000 was charged to the profit or loss. The remaining balances of other promissory notes with principal amount and carrying amount of HK$2,355,000 and HK$2,113,000 respectively, were derecognised upon disposal of DNC Group.

The effective interest rate of the other promissory notes was determined to be 10.035% per annum.

17. SHARE CAPITAL

A summary of the movements in the issued and fully paid share capital of the Company during the year is as follows:

	Number of shares		Nominal value	
	2012	2011	**2012**	2011
			HK$'000	*HK$'000*
Ordinary shares of HK$0.2* each (2011: HK$0.01** each):				
Authorised	**5,000,000,000**	100,000,000,000	**1,000,000**	1,000,000
Issued and fully paid:				
At beginning of the year	**2,712,413,060**	22,444,061,200	**27,124**	224,441
Placements of new shares before share consolidation *(Note (i))*	**269,000,000**	–	**2,690**	–
Issue of shares on exercise of share options before 2010 share consolidation *(Note (ii))*	**–**	19,600,000	**–**	196
Share consolidation *(Note (iii))*	**(2,832,342,407)**	(21,340,478,140)	**–**	–
Placements of new shares after share consolidation *(Note (iv))*	**78,800,000**	–	**15,760**	–
Issue of shares on exercise of share options after 2010 share consolidation and before capital reorganisation *(Note (v))*	**–**	980,000	**–**	196
Issue of shares upon conversion of convertible notes before capital reorganisation *(Note (vi))*	**–**	536,250,000	**–**	107,250
Capital reorganisation *(Note (vii))*	**–**	–	**–**	(315,479)
Issue of shares on exercise of share options *(Note (viii))*	**200,000**	–	**40**	–
Placement of new shares *(Note (ix))*	**–**	740,000,000	**–**	7,400
Issue of shares upon conversion of convertible notes after capital reorganisation *(Note (x))*	**–**	312,000,000	**–**	3,120
At end of the year	**228,070,653**	2,712,413,060	**45,614**	27,124

* During the current year, the par value of ordinary shares of the Company was consolidated from HK$0.01 each to HK$0.2 each as a result of the 2011 Share Consolidation as set out in Note (iii) below.

** In the prior year, the par value of ordinary shares of the Company was consolidated from HK$0.01 each to HK$0.2 each as a result of the 2010 Share Consolidation (as set out in Note (iii) below) and then reduced from HK$0.2 each to HK$0.01 each as a result of the Capital Reorganisation (as set out in Note (vii) below).

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

17. SHARE CAPITAL *(Continued)*

Notes:

(i) During the year ended 31 March 2012 and before the 2011 Share Consolidation as set out in Note (iii) below, an aggregate of 269,000,000 new ordinary shares at par value of HK$0.01 each were issued at subscription prices ranging from HK$0.040 to HK$0.112 to the then independent third parties of the Group. The aggregate consideration of HK$19,976,000 (net of issue expenses) of which HK$2,690,000 was credited to share capital and HK$17,286,000 was credited to share premium.

(ii) During the year ended 31 March 2011 and before the 2010 Share Consolidation as set out in Note (iii) below, 19,600,000 new ordinary shares of par value HK$0.01 each were issued at the subscription price of HK$0.0224 each on the exercise of 19,600,000 share options. The aggregate consideration was approximately HK$439,000, of which HK$196,000 was credited to share capital and HK$243,000 was credited to the share premium. An amount attributable to the related share options of HK$195,000 was transferred from equity-settled share option reserve to share premium.

(iii) An ordinary resolution was passed at an extraordinary general meeting held on 30 September 2011 approving the share consolidation such that for every 20 issued and unissued shares of the Company of HK$0.01 each, were consolidated into 1 consolidated share of the Company of HK$0.2 each (the "2011 Share Consolidation") which became effective on 3 October 2011. Following the implementation of the share consolidation set out above, the Company's authorised share capital of HK$1,000,000,000 was divided into 5,000,000,000 shares of HK$0.2 each and its issued share capital remained at approximately HK$29,814,000 represented by 149,070,653 shares of par value HK$0.2 each.

An ordinary resolution was passed at an extraordinary general meeting held on 9 April 2010 approving the share consolidation such that for every 20 issued and unissued shares of the Company of HK$0.01 each, were consolidated into 1 consolidated share of the Company of HK$0.2 each (the "2010 Share Consolidation") which also became effective on the same date. Following the implementation of the 2010 Share Consolidation, the Company's authorised share capital of HK$1,000,000,000 was divided into 5,000,000,000 shares of HK$0.2 each and its issued share capital remained at approximately HK$224,637,000 represented by 1,123,183,000 shares of par value HK$0.2 each

(iv) During the year ended 31 March 2012 and after the 2011 Share Consolidation:

(a) an aggregate of 57,500,000 new ordinary shares at par value of HK$0.2 each were issued to Cordia, a shareholder of the Company, to discharge part of the Modified PN with a principal amount of approximately US$5,897,000 (equivalent to approximately HK$46,000,000). The fair value of the 57,500,000 new ordinary shares of the Company issued was HK$21,563,000 determined with reference to the market share price of HK$0.375 per share on the issuance date, of which HK$11,500,000 was credited to share capital and HK$9,575,000 (net of issue expenses) was credited to share premium.

(b) an aggregate of 21,300,000 new ordinary shares at par value of HK$0.2 each were issued at subscription prices at HK$0.23 to the then independent third parties of the Group. The aggregate consideration was approximately HK$4,899,000 (net of issue expenses) of which HK$4,260,000 was credited share capital and HK$639,000 was credited to share premium. Part of the aggregate consideration was used to set off a loan and its related accrual interests due to the then independent third party in the amount of HK$1,350,000 and HK$26,000 respectively on a dollar-to-dollar basis.

17. SHARE CAPITAL *(Continued)*

Notes: (Continued)

(v) During the year ended 31 March 2011 and after the 2010 Share Consolidation, 980,000 new ordinary shares of par value HK$0.2 each were issued at the subscription price HK$0.448 each on the exercise of 980,000 share options at an aggregate consideration of HK$439,000, of which HK$196,000 was credited to share capital and the remaining balance of HK$243,000 was credited to the share premium account. In addition, an amount attributable to the related share options of HK$195,000 was transferred from equity-settled share option reserve to the share premium account.

(vi) Before the Capital Reorganisation as set out in Note (vii) below, the Company's convertible notes with an aggregate carrying amount of HK$339,750,000 (representing a principal amount of HK$429,000,000) were converted into 536,250,000 shares of the Company at the conversion price of HK$0.8 per share. HK$107,250,000 of the consideration was credited to share capital and the balance of HK$232,500,000 was credited to the share premium.

(vii) A special resolution was passed at the annual general meeting held on 5 August 2010 approving the reorganisation of the capital of the Company (the "Capital Reorganisation") by way of : (i) capital reduction pursuant to which the par value of the existing shares of HK$0.20 each in the issued capital of the Company would be reduced by HK$0.19 each to HK$0.01 each; and (ii) sub-division of each share of the Company in the authorised share capital of the Company into 20 shares of a nominal value of HK$0.01 each. The Capital Reorganisation became effective after the approval from the Grand Court of the Cayman Islands on 5 October 2010. Following the implementation of the Capital Reorganisation set out above, the Company's authorised share capital of HK$5,000,000,000 was divided into 100,000,000,000 shares of HK$0.01 each and its issued share capital was reduced from HK$315,478,850 to HK$16,604,000 with the number of issued shares remained at 1,660,413,000 with a par value HK$0.01 each.

(viii) During the year ended 31 March 2012 and after the 2011 Share Consolidation, 200,000 new ordinary shares of par value HK$0.2 each were issued at the subscription price HK$0.355 each on the exercise of 200,000 share options. The aggregate consideration was HK$71,000 of which HK$40,000 was credited to share capital and HK$31,000 was credited to the share premium. An amount attributable to the related share options of HK$21,000 was transferred from equity-settled share option reserve to the share premium.

(ix) During the year ended 31 March 2011 and after the Capital Reorganisation, an aggregate of 540,000,000 new ordinary shares at par value of HK$0.01 each were issued at subscription prices ranging from HK$0.135 to HK$0.225 to the then independent third parties of the Group and 200,000,000 new ordinary shares at par value of HK$0.01 each were issued at a subscription price of HK$0.19 each to Goldwyn Management Limited ("Goldwyn"), a company wholly and beneficially owned by Mr. Lim Ho Sok, an executive director and the chairman of the Company. The aggregate consideration was approximately HK$125,080,000 (net of issue expenses), of which HK$7,400,000 was credited to share capital and HK$117,680,000 was credited to share premium.

(x) After the Capital Reorganisation, the Company's convertible notes with an aggregate carrying amount of HK$233,671,000 (representing a principal amount of HK$249,600,000) were converted into 312,000,000 shares of the Company at the conversion prices of HK$0.8 per share. HK$3,120,000 was the consideration was credited to share capital and the balance of HK$230,551,000 was credited to the share premium.

18. 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$9,490,000 (equivalent to approximately HK$74,026,000) 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$4,095,000 (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$4,095,000 (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 taxation authority in Russia of the taxation liabilities of Lapi (the "4th Adjusted Consideration"). Under the terms of the Additional Acquisition, in the event that the Group could not obtain the confirmation of the taxation liabilities of Lapi from the local tax bureau, there is no obligation on the Group to settle the remaining consideration of US$1,300,000 (equivalent to HK$10,140,000). As at the end of the reporting period and up to the date of this announcement, the Group has not received any confirmation of the taxation liabilities of Lapi. Accordingly, this amount has not been recognised by the Group.

The 3rd Adjusted Consideration was recognised as current liabilities in prior year. However, the Group had not settled the 3rd Adjusted Consideration as at 31 March 2011. As a result, three former non-controlling interests of Lapi had taken actions against Langfeld for their shares of the 3rd Adjusted Consideration as further detailed in Note 19(i). During the year, the Group had settled an aggregate amount of US$2,711,000 (equivalent to approximately HK$21,143,000) of the 3rd Adjusted Consideration. As at 31 March 2012, US$1,385,000 (equivalent to approximately HK$10,800,000) of the 3rd Adjusted Consideration remained outstanding.

In prior year, the Group's share of the 3rd Adjusted Consideration in the amount of HK$28,749,000 was debited directly to other reserve in equity.

19. LITIGATIONS

(i) Legal proceedings taken by three former shareholders of a Russian subsidiary against the Group

During the current year, each of the three (2011: two) former non-controlling interests of Lapi, namely Tannagashev Ilya Nikolaevich ("1st Claimant"), Demeshonok Konstantin Yur'evich ("2nd Claimant") and Kochkina Ludmila Dmitrievna ("3rd Claimant") has submitted a claim for their share of the 3rd Adjusted Consideration (Note 18).

The 1st Claimant was claiming an amount of approximately US$2,311,000 (equivalent to approximately HK$18,023,000) (the "1st Claim"), the 2nd Claimant is claiming an amount of approximately US$1,022,000 (equivalent to HK$7,973,000) ("2nd Claim") and the 3rd Claimant is claiming an amount of approximately US$762,000 (equivalent to HK$5,947,000) ("3rd Claim") for their share of the 3rd Adjusted Consideration.

During the current year, the Group had individually entered into an amicable agreement ("Amicable Agreements") with the 1st Claimant, the 2nd Claimant and the 3rd Claimant in connection to the settlement arrangements for the remaining outstanding balances on or before 30 June 2012. The 1st Claim owed to the 1st Claimant had been fully settled, and partial settlement of US$250,000 (equivalent to HK$1,950,000) and US$150,000 (equivalent to HK$1,170,000) had been made to the 2nd Claimant and 3rd Claimant in respect of the 2nd Claim and 3rd Claim respectively during the current year. As such the consideration payable balances brought forward from 31 March 2011 was reduced in accordance with the above settlement. As at 31 March 2012, the remaining consideration payable (to the 2nd Claimant and 3rd Claimant) was US$1,380,000 (equivalent to HK$10,800,000). The balance is to be settled on or before 30 June 2012 and classified under current liabilities of the Group.

19. LITIGATION *(Continued)*

(i) Legal proceedings taken by three former shareholders of a Russian subsidiary against the Group *(Continued)*

In March 2012, a second claim was filed by the 1st Claimant for the payment of US$670,000 (equivalent to HK$5,226,000) (the "4th Claim"). According to the terms of the Additional Acquisition, the Group is only obliged to settle the amount being claimed after a confirmation of the tax liabilities of Lapi has been obtained from the relevant tax authority in Russia. Since the Russian Tax Authority has not confirmed the tax liabilities of Lapi as at 31 March 2012 and up to the date of this announcement, the Group considered that it has a genuine defence to the 4th Claim and is not liable for, or obligated to this payment.

(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 then 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.

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.

As at the date of this announcement, no settlement arrangement has been reached, and the Company will proceed further with the action against these three former directors.

20. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

(a) On 6 March 2012, the Company entered into a placing agreement with a placing agent in relation to the placing of the convertible notes of up to an aggregate principal amount of US$70,000,000. The allotment and issue of new convertible shares in the capital of the Company was approved by the shareholders on 14 May 2012. By way of a supplemental agreement between the Company and the placing agent dated 26 June 2012, the convertible bonds will be issued in two tranches for principal amounts of up to US$30,000,000 and US$40,000,000 respectively. Conditions precedent facilitating the issue of tranche 1 and tranche 2 must be fulfilled by 28 September 2012 and 30 October 2012 respectively. The supplemental agreement is needed to be approved and ratified by shareholders of the Company in an upcoming extraordinary general meeting to be arranged. Details are set out in the Company's announcement dated 26 June 2012.

(b) During the year, Cordia had 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 three independent third parties (collectively referred to as the "Three New PN Holders").

On 6 March 2012, 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 Subscriptions were approved by shareholders of the Company on 14 May 2012 and completed on 21 May 2012 when a total of 124,072,110 ordinary shares of the Company were issued to them on the same date. The aggregate consideration for the Subscriptions of US$9,000,000 (equivalent to approximately HK$70,200,000) was settled in full by discharging the equivalent carrying amount of the Modified PN held by the Three New PN Holders. The difference between the market value of the shares issued and the carrying value of these Modified PN will be reflected in profit or loss in the subsequent financial period.

(c) Subsequent to end of the reporting period, a coal purchaser has:

(i) became a shareholder of the Company holding approximately 3.12% of the total issued share capital of the Company;

(ii) entered into a second coal sales and purchase agreement with the Company for the supply of Russian coal to be produced in Lot 1 of Lapi Mines or other Russian sources. The coal purchaser has paid a trade deposit of US$3,500,000 to the Company for the future supply of coal of Russian Origin. Under the agreement, the Group will have to refund the entire amount of deposit with accrued interest at 5% to the coal purchaser within one month from 1 November 2014 if coal is not supplied by the Group. If the Group is unable to repay the coal purchaser, the latter has the choice to acquire a portion of the equity of Lot 1 of Lapi Mines equivalent of the amount owing by the Group; and

(iii) issued a letter of financial support to the Company whereby the coal purchaser expressed its willingness to render continuous financial support to the Company for a period of two years 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.

(d) With regard to amount due to a shareholder, subsequent to the end of the reporting period, the shareholder has agreed not to demand repayment of the amount due before 20 December 2014.

(e) On 27 June 2012, the Company entered into a loan agreement with a 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. The loan facility so withdrawn bears interest at 6% per year.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The auditor expresses an unqualified opinion in the independent auditor's report, but wishes to draw attention by adding the emphasis of matter paragraph as follows:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2012, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 3(b) to the consolidated financial statements which indicates that the Group incurred a net loss for the year from continuing operations of HK$448,799,000 for the year ended 31 March 2012 and, as of that date, the Group's current liabilities exceeded its current assets by HK$41,935,000. These conditions, along with other matters as set forth in Note 3(b) indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 March 2012, the Group recorded a total turnover of HK$11.4 million (2011: HK$18.3 million), representing a decrease of 37.7% as compared to last year. The reduction was mainly caused by decrease in turnover of digital television technology services business to HK$2.1 million (2011: HK$8.0 million) for the reasons of severe competition and rapid emergence of product substitutions from mobile multimedia players. During the year under review, the Group commenced the scrapped iron trading and generated a turnover of HK$9.3 million (2011: Nil).

The loss after income tax for the reporting year was HK$451.6 million (2011: HK$167.7 million), representing a 169.3% increase as compared to the same period last year. The substantial increase in loss was mainly attributable to the net effects of the following items, (i) impairment loss of HK$253.0 million (2011: Nil) on the carrying amount of the mining rights of the Russian coal mines in current year mainly due to decrease in international coal prices that impacted the valuation results; (ii) no impairment loss of customer base of the digital television technology services business in current year since the customer base had already been fully impaired in last year (2011: impairment loss of HK$34.7 million); (iii) no fair value gain on the conversion option of the Company's convertible notes in current year since all the convertible notes had been fully converted in prior year (2011: fair value gain of HK$90.3 million); (iv) increase in impairment loss to HK$8.0 million (2011: HK$4.7 million) on technical know-how in vertical farming in current year; (v) reduction in selling and distribution costs to HK$2.1 million (2011: HK$5.5 million), which was in line with the reduction in turnover of digital television technology services business; (vi) reduction in administrative and other expenses to HK$177.6 million (2011: HK$182.9 million), due to cost control measures and less business activities from digital television technology services business and vertical farming; (vii) drop in finance costs to HK$23.2 million (2011: 32.1 million) mainly resulted from no imputed interest on the Company's convertible notes in current year (2011: imputed interest of HK$7.4 million) as all convertible notes had been fully converted; and (viii) gain on disposal of subsidiaries of HK$15.4 million (2011: Nil).

As revealed by the above-mentioned analysis, the substantial increase in loss after tax for the year under review was in fact primarily caused by purely accounting treatments of non-cash items arising from changes in impairment loss from year end valuation exercises. The Board was of the opinion that these changes in impairment losses would not affect the cashflow position of the Group.

OPERATION REVIEW

Coal and Scrapped Iron Trading

The Group had adopted a prudent approach in coal trading in view of the fluctuating and yet capriciously downturn of the international coal prices, therefore no turnover was recorded in coal trading during the year under review (2011: turnover of HK$10.2 million). The scrapped iron trading of the Group, which commenced in September 2011, had since then contributed turnover in the current year.

Coal Mining

As planned, the Group had been steadily moving forward step by step to develop the Russian coal mines. The Group submitted the prospecting and exploration design for the New Mining License and in December 2011 obtained the relevant approval on the submitted design. Exploration drilling was planned to commence in the second quarter of 2012. Given the coal mining business is still at a preliminary development stage, no revenue was recorded from this segment during the year under review.

Digital Television Technology Services

As part of the on-going business rationalisation, the Group in January 2012 decided to dispose of the digital television technology services business, due to its unsatisfactory performance. This business segment was thus discontinued from March 2012 when the completion of the disposal took place. The Group since then can channel more resources to grow its other core business. The disposal contributed a gain of HK$10.0 million (2011: Nil) to the Group.

Vertical Farming

The stagnant development in this business segment had also called for proactive business rationalisation, the Group in September 2011 decided to dispose of its entire 70% holding in the issued share capital of SOFOCO Development Limited to a connected party. Completion of the disposal took place in November 2011, and since then this business segment had been discontinued. A gain of HK$5.4 million (2011: Nil) was recognised on the said disposal during the year under review.

Geographical

In the year under review, the PRC and Korea are the Group's major market segments which accounted for 18.5% (2011: 44.0%) and 81.5% (2011: 55.9%), respectively, of the Group's total revenue.

PROSPECTS

Looking forward, amid the increasingly complex economic environment intertwined with escalating and deteriorating Eurozone sovereign debt crisis, and the slowing down in emerging economies, the year ahead will remain extremely challenging for the Group. The Company will maintain a very cautious view of prospect and will carefully assess and modify its strategies in order to adapt to the changing operational parameters. After the business rationalisation during the year under review, the Group now demonstrates its focus on its core businesses relating mineral resources and commodity trading.

Coal Mining

The Russian subsidiary has engaged a Russian exploration contractor on 25 April 2012 to conduct the geological and hydrogeological surveys in the New Mining License areas in accordance with the approved exploration design, and the exploration drilling has already been commenced on 26 April 2012. In the first stage, boreholes and water wells with a total length of approximately 3,160 metres will be drilled, and geophysical logging and sampling will also be performed during the process. It is expected that the drilling work of this first stage will be completed by the end of September 2012. The Russian subsidiary will continue with further geological exploration drilling stage by stage in 2013 and 2014.

Coal and Scraped Iron Trading

For the sake of mitigating unnecessary trading loses, the Group will keep on prudently managing the coal trading business, and its long-term objective is to establish strategic alliance with appropriate business partners to invigorate the coal trading business. Scrapped iron trading will still be the prime contributor to the Group's turnover in the foreseeable future.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2012, the Group had net current liabilities of HK$41.9 million (2011: HK$5.0 million). The Group's current ratio, being a ratio of current assets to current liabilities, was 14.9% (2011: 88.9%). The Group's gearing ratio, being a ratio of total interest-bearing borrowings to total assets, was 2.95% (2011: 2.0%). The Group generally finances its operations with internally generated cash flows, and facilities provided by Cordia Global Limited ("Cordia"), a shareholder of the Company and through the capital market available to listed companies in Hong Kong.

During the reporting period, the Company had successfully raised net proceeds of HK$69.9 million (2011: HK$125.1 million) by four separate placements of totaling 92.3 million (2011: 740 million) new shares of HK$0.2 each (2011: HK$0.01 each) at the price ranged from HK$0.23 to HK$2.24 (2011: HK$0.135 to HK$0.225) per share as adjusted to reflect the share consolidation during the year. The proceeds were used for the general working capital, repayment of liabilities and setting off outstanding promissory notes due by the Company.

During the year under review, the Group recorded a net cash outflow of HK$9.4 million (2011: HK$51.7 million), which reduced the total cash and cash equivalents to HK$1.5 million (2011: HK$9.6 million) as at the end of reporting period.

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 31 March 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 to generate net proceeds of approximately HK$69.9 million for the year ended 31 March 2012. As of 31 March 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.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND RELATED HEDGES

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

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

DISPOSALS

On 8 September 2011, the Group entered into a sale and purchase agreement with Cordia Global Limited to dispose of the Group's 70% equity interest in SOFOCO Development Limited and its subsidiary (collectively referred to as the "SOFOCO Group") and all amounts owing by SOFOCO Group to a subsidiary of the Company at a consideration of HK$16 million which is to be satisfied by the set off of the equivalent outstanding amount in the Company under the Promissory Notes upon completion. More detailed information in connection with the disposal of SOFOCO Group is set out in the Company's announcement and circular dated 9 September 2011 and 30 September 2011, respectively. The disposal was completed on 25 November 2011. Subsequent to the completion of the disposal of SOFOCO Group, the Group had discontinued its operation in vertical farming business.

On 27 January 2012, the Group entered into a sale and purchase agreement with an independent third party to dispose of the Group's entire interest in Digital New Century Co. Limited and its subsidiaries (collectively referred to as the "DNC Group") at a consideration of HK$100,000 in cash. More detailed information in connection with the disposal of DNC Group is set out in the Company's announcement and circular dated 27 January 2012 and 8 March 2012, respectively. The disposal was completed on 30 March 2012. Subsequent to the completion of the disposal of DNC Group, the Group had discontinued its operation in digital television technology services business.

CONTINGENT CONSIDERATIONS

As of 31 March 2012, the Group had a contingent consideration payable for the acquisition of Lot 2 of 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 year and up to the date of this announcement, the Group has been involved in (i) legal proceedings taken by three former shareholders 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 19.

CAPITAL COMMITMENTS

As of 31 March 2012, the Group had capital commitments in respect of the acquisition of property, plant and equipment of HK$1.0 million (2011: HK$2.0 million).

PLEDGE OF ASSETS

The Group had not pledged any of its assets for bank facilities as at 31 March 2012 or 31 March 2011.

SHARE OPTION SCHEMES

The Group has adopted share option scheme whereby directors, employees and consultants of the Group may be granted options to subscribe for the new shares of the Company.

EMPLOYEES AND REMUNERATION POLICIES

As of 31 March 2012, the Group had approximately 30 staff in Hong Kong and Russia. Remuneration policy is reviewed by the management periodically and is determined by reference to industry practice, company performance, and individual qualifications and performance. Remuneration packages comprised salary, commissions and bonuses.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2012.

DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all the Directors, all Directors confirmed that they have complied with the required standards as set out in the Model Code and its code of conduct regarding directors' securities transactions throughout the year under review.

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") comprises the three independent non-executive directors ("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 annual results of the Group for the year ended 31 March 2012 have been reviewed by the Audit Committee.

CORPORATE GOVERNANCE PRACTICES

During the year under review, the Company has complied with the code provision of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules except the minor 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 the code provision A4.1 of the Code, non-executive directors should be appointed for a specific term and subject to re-election. However, three of the 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 is 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.

AUDITOR

The consolidated financial statements for the year ended 31 March 2012 have been audited by BDO Limited who will retire and being eligible, offer itself for re-appointment at the forthcoming annual general meeting of the Company.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2012 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (http://www.hkex.com.hk) and the Company's website (http://www.ilinkfin.net/siberian_mining/) respectively. The annual report of the Company for the year ended 31 March 2012 will be dispatched to the shareholders and will be available on websites of the Stock Exchange and the Company in due course.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend our utmost gratitude to our valued customers, suppliers, shareholders and business associates for their continued support for and confidence in the Group. I also wish to express our sincere appreciation to our management and employees for their endeavours and contributions over the year.

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

Hong Kong, 28 June 2012

As at the date of this announcement, the executive Directors are Mr. Lim Ho Sok and Mr. Shin Min Chul, the non-executive Director is Mr. Pang Ngoi Wah Edward and the independent non-executive Directors are Mr. Cho Min Je, Mr. Liew Swee Yean, Mr. Tam Tak Wah and Mr. Young Yue Wing Alvin.