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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

The board of directors (the "Board") of Siberian Mining Group Company Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2010 together with the comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2010

		Six months ended 30 September					
		Continuing operations		**Discontinued operation**		**Total**	
		2010	2009	**2010**	2009	**2010**	2009
		(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
			(Restated)				(Restated)
Turnover		**4,079**	7,433	**–**	–	**4,079**	7,433
Cost of sales		**(2,047)**	(3,974)	**–**	–	**(2,047)**	(3,974)
Gross profit		**2,032**	3,459	**–**	–	**2,032**	3,459
Other income and gains		**1,783**	704	**–**	1,626	**1,783**	2,330
Other losses and changes in fair value, net		**26,387**	(1,093,908)	**–**	–	**26,387**	(1,093,908)
Selling and distribution costs		**(3,506)**	(6,216)	**–**	–	**(3,506)**	(6,216)
Administrative and other expenses		**(93,785)**	(108,803)	**–**	(40)	**(93,785)**	(108,843)
Finance costs		**(20,342)**	(40,658)	**–**	–	**(20,342)**	(40,658)
Share of results of associates		**–**	–	**–**	276	**–**	276
(Loss)/profit before income tax	*3*	**(87,431)**	(1,245,422)	**–**	1,862	**(87,431)**	(1,243,560)
Income tax	*4*	**9,055**	953	**–**	–	**9,055**	953
(Loss)/profit for the period		**(78,376)**	(1,244,469)	**–**	1,862	**(78,376)**	(1,242,607)

* *for identification purpose only*

CONDENSED CONSOLIDATED INCOME STATEMENT *(Continued)*

For the six months ended 30 September 2010

		Six months ended 30 September					
		Continuing operations		**Discontinued operation**		**Total**	
		2010	2009	**2010**	2009	**2010**	2009
		(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
			(Restated)				(Restated)
Attributable to :							
Owners of the Company		**(54,869)**	(537,625)	**–**	1,862	**(54,869)**	(535,763)
Non-controlling interests		**(23,507)**	(706,844)	**–**	–	**(23,507)**	(706,844)
		(78,376)	(1,244,469)	**–**	1,862	**(78,376)**	(1,242,607)
Dividend	*5*	**–**	–	**–**	–	**–**	–
							(Restated)
Loss per share							
From continuing and discontinued operations	*6*						
Basic (Hong Kong cents)						**(4.21)**	(231.48)
Diluted (Hong Kong cents)						**(7.21)**	(231.48)
From continuing operations							
Basic (Hong Kong cents)						**(4.21)**	(232.28)
Diluted (Hong Kong cents)						**(7.21)**	(232.28)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2010

	Six months ended 30 September					
	Continuing operations		Discontinued operation		Total	
	2010	2009	**2010**	2009	**2010**	2009
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)				(Restated)
(Loss)/profit for the period	**(78,376)**	(1,244,469)	**–**	1,862	**(78,376)**	(1,242,607)
Other comprehensive income for the period, net of tax:						
– Reclassification adjustments of contributed surplus and translation reserve upon disposal of interests in subsidiaries	**–**	–	**–**	(3,069)	**–**	(3,069)
– Exchange differences on translation of financial statements of foreign operations	**(46,867)**	1,483	**–**	10	**(46,867)**	1,493
Total comprehensive income for the period, net of tax	**(125,243)**	(1,242,986)	**–**	(1,197)	**(125,243)**	(1,244,183)
Attributable to :						
Owners of the Company	**(97,594)**	(536,697)	**–**	(1,197)	**(97,594)**	(537,894)
Non-controlling interests	**(27,649)**	(706,289)	**–**	–	**(27,649)**	(706,289)
	(125,243)	(1,242,986)	**–**	(1,197)	**(125,243)**	(1,244,183)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2010

	Notes	As at 30 September 2010 (unaudited) HK$'000	As at 31 March 2010 (audited) HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Properties, plant and equipment		**27,438**	19,671
Prepayments for acquisition of property, plant and equipment		**–**	3,925
Goodwill	*7*	**–**	13,210
Other intangible assets	*8*	**1,400,816**	1,536,802
Promissory note receivable		**–**	6,891
		1,428,254	1,580,499
Current assets			
Inventories		**770**	450
Trade receivables	*11*	**6,204**	10,619
Other receivables, deposits and prepayments		**8,621**	9,999
Amount due from a non-controlling equity holder of subsidiaries		**494**	475
Amounts due from related parties		**1,969**	1,943
Cash and cash equivalents		**60,295**	60,148
		78,353	83,634
Current liabilities			
Trade payables	*12*	**2,379**	3,524
Other payables, accrued expenses and trade deposits received		**19,471**	12,470
Amount due to a shareholder		**9,064**	6,918
Amount due to a related party		**2,063**	1,039
Tax payables		**1,256**	1,272
		34,233	25,223

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
30 September 2010

	Notes	As at 30 September 2010 (unaudited) HK$'000	As at 31 March 2010 (audited) HK$'000
Net current assets		**44,120**	58,411
Total assets less current liabilities		**1,472,374**	1,638,910
Non-current liabilities			
Convertible notes	9	**162,780**	406,650
Amount due to a shareholder		**164,403**	133,586
Promissory notes payables	10	**149,071**	148,330
Provision for close down, restoration and environmental costs		**1,564**	1,617
Deferred tax liabilities		**2,791**	11,692
		480,609	701,875
Net assets		**991,765**	937,035
Equity			
Share capital		**283,333**	224,441
Reserves		**561,971**	538,484
Equity attributable to owners of the Company		**845,304**	762,925
Non-controlling interests		**146,461**	174,110
Total equity		**991,765**	937,035

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

1.1 Basis of preparation

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2010 (the "Interim Financial Statements") have been prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

1.2 Principal accounting policies

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

The accounting policies and methods of computation adopted for preparation of the Interim Financial Statements are consistent with those applied in the preparation of the annual financial statements of the Group for the year ended 31 March 2010 (the "Annual Financial Statements").

In the current interim period, the Group has applied, the following new and revised standards, amendments to standards and interpretations issued by the HKICPA, which are effective for the Group's financial year beginning on 1 April 2010.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKFRS 1 (Amendments)	Additional Exemptions for First-time Adopters
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners

The adoption of these new and revised HKFRSs had no material effect on the financial statements of the Group for the current or prior accounting periods.

The Group has not early applied any of the new and revised standards, amendments or interpretations that have been issued but are not yet effective. The Board of the Company anticipates that there will be no material impact on the financial statements of the Group in the period or their initial application.

2. SEGMENT INFORMATION AND REVENUE

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

Mining segment comprises holding a mining right of a coal mine in Russia, which will be engaged in mining of coal.

2. SEGMENT INFORMATION AND REVENUE *(Continued)*

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.

Garment and premium segment engaged in the manufacture and trading of garment and premium products. On 12 August 2009, the Group disposed of its business of garment and premium. Accordingly, the business segment of garment and premium was classified as discontinued operation.

In reporting the Group's geographical information, revenues are attributed to the segments based on the locations of the customers, and assets are attributed to the segments based on the locations of the assets.

(a) Reportable segments

The following tables present revenue, results and certain asset, liabilities and expenditure information for the Group's reportable segments for the six months ended 30 September 2010 and 2009.

	Six months ended 30 September 2010					
	Continuing operations				Discontinued operation	
	Digital television technology services (unaudited) *HK$'000*	Mining (unaudited) *HK$'000*	Corporate and others (unaudited) *HK$'000*	Total (unaudited) *HK$'000*	Garment and premium (unaudited) *HK$'000*	Consolidated total (unaudited) *HK$'000*
Reportable segment revenue						
Revenue from external customers	4,079	–	–	4,079	–	4,079
Reportable segment (loss)/profit	(50,126)	(76,193)	59,230	(67,089)	–	(67,089)
Change in fair value of derivative component of convertible notes	–	–	71,085	71,085	–	71,085
Impairment loss on goodwill	(13,421)	–	–	(13,421)	–	(13,421)
Impairment loss on other intangible assets	(25,967)	–	–	(25,967)	–	(25,967)
Impairment loss on property, plant and equipment	(1,407)	–	–	(1,407)	–	(1,407)
Interest income from promissory note receivable	–	–	796	796	–	796
Income tax	7,005	2,050	–	9,055	–	9,055
Depreciation	(316)	(77)	(67)	(460)	–	(460)
Amortisation of other intangible assets	(1,627)	(58,757)	(2,178)	(62,562)	–	(62,562)
Allowance for doubtful trade receivables	(3,903)	–	–	(3,903)	–	(3,903)

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

(a) **Reportable segments** *(Continued)*

	Six months ended 30 September 2009					
	Continuing operations				Discontinued operation	
	Digital television technology services (unaudited) *HK$'000*	Mining (unaudited) *HK$'000*	Corporate and others (unaudited) *HK$'000*	Total (unaudited) *HK$'000*	Garment and premium (unaudited) *HK$'000*	Consolidated total (unaudited) *HK$'000*
Reportable segment revenue						
Revenue from external customers	7,433	–	–	7,433	–	7,433
Reportable segment (loss)/profit	(57,756)	(1,920,169)	773,161	(1,204,764)	1,862	(1,202,902)
Change in fair value of derivative component of convertible notes	–	–	770,583	770,583	–	770,583
Change in fair value of derivative financial instrument	–	–	6,131	6,131	–	6,131
Impairment loss on goodwill	(50,758)	–	–	(50,758)	–	(50,758)
Impairment loss on other intangible assets	–	(1,819,864)	–	(1,819,864)	–	(1,819,864)
Gains on disposal of subsidiaries	–	–	–	–	1,626	1,626
Gains on disposal of trading securities	–	–	119	119	–	119
Interest income from promissory note receivable	–	–	67	67	–	67
Share of results of associates	–	–	–	–	276	276
Income tax	948	5	–	953	–	953
Depreciation	(174)	(59)	(10)	(243)	(4)	(247)
Amortisation of other intangible assets	(1,586)	(77,476)	–	(79,032)	–	(79,032)

2. SEGMENT INFORMATION AND REVENUE *(Continued)*

(a) Reportable segments *(Continued)*

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

	Six months ended 30 September **2010** **(unaudited)** ***HK$'000***	2009 (unaudited) *HK$'000*
Revenue		
Reportable segment revenue and consolidated revenue	**4,079**	7,433

	Six months ended 30 September **2010** **(unaudited)** ***HK$'000***	2009 (unaudited) *HK$'000*
Loss before income tax expenses and discontinued operation		
Reportable segment (loss)/profit	**(67,089)**	(1,202,902)
Finance costs	**(20,342)**	(40,658)
Consolidated loss before income tax expenses from continuing and discontinued operations	**(87,431)**	(1,243,560)

	As at 30 September 2010 (unaudited) ***HK$'000***	As at 31 March 2010 (audited) *HK$'000*
Assets		
Reportable segment assets and consolidated total assets	**1,506,607**	1,664,133

	As at 30 September 2010 (unaudited) ***HK$'000***	As at 31 March 2010 (audited) *HK$'000*
Liabilities		
Reportable segment liabilities	**(510,795)**	(714,134)
Current tax liabilities	**(1,256)**	(1,272)
Deferred tax liabilities	**(2,791)**	(11,692)
Consolidated total liabilities	**(514,842)**	(727,098)

2. SEGMENT INFORMATION AND REVENUE *(Continued)*

(b) Geographical segments

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

	Revenue from external customers		**Specified non-current assets**	
	Six months ended 30 September 2010 (unaudited)	Six months ended 30 September 2009 (unaudited)	**As at 30 September 2010 (unaudited)**	As at 31 March 2010 (audited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Continuing operations				
PRC	**4,079**	7,433	**32,685**	72,768
Russia	**–**	–	**1,395,535**	1,500,796
Others	**–**	–	**34**	44
	4,079	7,433	**1,428,254**	1,573,608
Discontinued operation				
PRC	**–**	–	**–**	–
Chile	**–**	–	**–**	–
Others	**–**	–	**–**	–
	–	–	**–**	–

3. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax has been arrived at after charging the following:

	Six months ended 30 September					
	Continuing operations		**Discontinued operation**		**Consolidated**	
	2010	2009	**2010**	2009	**2010**	2009
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
(Loss)/profit before income tax has been arrived at after charging:						
Amortisation of intangible assets						
– Mining right	**58,757**	77,476	**–**	–	**58,757**	77,476
– Customer base	**1,627**	1,586	**–**	–	**1,627**	1,586
– Technical know-how	**2,178**	–	**–**	–	**2,178**	–
Depreciation	**460**	243	**–**	4	**460**	247

4. INCOME TAX

	Six months ended 30 September					
	Continuing operations		**Discontinued operation**		**Consolidated**	
	2010	2009	**2010**	2009	**2010**	2009
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Current tax – PRC	**(106)**	(551)	**–**	–	**(106)**	(551)
Current tax – Russia and overseas	**–**	(5)	**–**	–	**–**	(5)
Deferred tax – PRC	**(6,899)**	(397)	**–**	–	**(6,899)**	(397)
Deferred tax – Russia and overseas	**(2,050)**	–	**–**	–	**(2,050)**	–
	(9,055)	(953)	**–**	–	**(9,055)**	(953)

No provision has been made for Hong Kong profits tax as the Hong Kong subsidiaries of the Group sustained losses for taxation purposes for both the current and prior periods. No provision for PRC taxation has been made in the financial statements as the PRC subsidiary of the Group sustained losses during the current and prior periods. No provision for overseas taxation has been made in the financial statements as the overseas subsidiaries sustained losses during the current and prior periods.

5. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2010 (2009: HK$ Nil).

6. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share amounts is based on the loss for the period attributable to the owners of the Company, and the weighted average number of ordinary shares in issue during the period, as adjusted to reflect the share consolidation effected during the current period. Basic loss per share for the six months ended 30 September 2009 are restated to take into effect the share consolidation during the current period.

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

As the Company's outstanding convertible notes, warrants and share options all had an anti-dilutive effect to the basic loss per share calculation for the prior period. The conversion of the above potential dilutive shares was therefore not assumed in the computation of diluted loss per share for the prior period. In the current period, no warrants were in issue and the outstanding share options continued to have an anti-dilutive effect to the basic loss per share calculation. The conversion of the outstanding share options is therefore not assumed in the computation of diluted loss per share for the current period. The dilutive effect of the outstanding convertible notes to the basic loss per share calculation in the current period is shown below.

From continuing and discontinued operations

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

	Six months ended 30 September	
	2010	2009
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Loss attributable to the owners of the Company, used in the basic loss per share	**(54,869)**	(535,763)
Imputed interest on convertible notes	**6,310**	–
Change in fair value of derivative component of convertible notes	**(71,085)**	–
Loss attributable to the owners of the Company, used in the diluted loss per share	**(119,644)**	(535,763)

	30 September	
Number of shares	**2010**	2009
		(Restated)
Weighted average number of ordinary shares for basic loss per share calculation	**1,303,296,175**	231,453,690
Effect of dilutive potential ordinary shares:		
Convertible notes	**357,020,492**	–
Weighted average number of ordinary shares for dilutive loss per share calculation	**1,660,316,667**	231,453,690

6. 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

	Six months ended 30 September	
	2010	2009
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Loss attributable to the owners of the Company from continuing operations, used in the basic earnings per share	**(54,869)**	(537,625)
Imputed interest on convertible notes	**6,310**	–
Change in fair value of derivative component of convertible notes	**(71,085)**	–
Loss attributable to the owners of the Company from continuing operations, used in the diluted loss per share	**(119,644)**	(537,625)

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

From discontinued operation

Basic earnings per share from discontinued operation is 0.80 Hong Kong cents per share for the six months ended 30 September 2009, based on the earnings for the prior period from discontinued operation of HK$1,862,000. The denominators used are the same as those detailed above for basic and diluted loss per share.

7. GOODWILL

	30 September 2010	31 March 2010
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Net carrying amount at the beginning of the period	**13,210**	160,016
Exchange realignments	**211**	876
Impairment loss	**(13,421)**	(147,682)
Net carrying amount at the end of the period	**–**	13,210

At the end of reporting period, the carrying amount of goodwill, net of any impairment loss, is solely allocated to the cash generating unit of digital television technology services (the "DTV CGU").

7. GOODWILL *(Continued)*

Impairment testing of goodwill

Goodwill was arising from business combination of the DTV CGU in prior period, which is a reportable segment. Management had originally anticipated that there will be a significant growth in the DTV CGU at the date of acquisition. However, due to keen competitions in the DTV industry in the PRC, the growth rate of the DTV industry has been slower than expected. Accordingly, the recoverable amount of the DTV CGU is determined with reference to a professional valuations report issued by RHL Appraisal Limited, an independent firm of professionally qualified valuers, which is based on a 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 are 19.87% (31 March 2010: 22.62%) and 9.7% (31 March 2010: 33%), respectively. The directors of the Company are of the opinion, based on value in use calculation, that goodwill associated with the DTV CGU is fully impaired as at 30 September 2010 (31 March 2010: impaired by HK$147,682,000). In addition, the directors of the Company are of the opinion, based on value in use calculation, that the customer base, and property, plant and equipment of the DTV CGU are partially impaired by HK$25,967,000 and HK$1,407,000, respectively compared with their recoverable amounts as at 30 September 2010.

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

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

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

8. 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 2009	–	41,985	–	41,985
Arising from acquisition of subsidiaries	3,139,584	–	21,649	3,161,233
Exchange realignments	184,536	230	87	184,853
At 31 March 2010 and 1 April 2010 (audited)	**3,324,120**	**42,215**	**21,736**	**3,388,071**
Exchange realignments	**(108,440)**	**674**	**347**	**(107,419)**
At 30 September 2010 (unaudited)	**3,215,680**	**42,889**	**22,083**	**3,280,652**
Accumulated amortisation and impairment:				
At 1 April 2009	–	2,961	–	2,961
Charge for the year	126,310	3,244	361	129,915
Impairment loss	1,664,815	–	–	1,664,815
Exchange realignments	53,558	19	1	53,578
At 31 March 2010 and 1 April 2010 (audited)	**1,844,683**	**6,224**	**362**	**1,851,269**
Charge for the period	**58,757**	**1,627**	**2,178**	**62,562**
Impairment loss	**–**	**25,967**	**–**	**25,967**
Exchange realignments	**(60,119)**	**122**	**35**	**(59,962)**
At 30 September 2010 (unaudited)	**1,843,321**	**33,940**	**2,575**	**1,879,836**
Net carrying value:				
At 30 September 2010 (unaudited)	**1,372,359**	**8,949**	**19,508**	**1,400,816**
At 31 March 2010 (audited)	**1,479,437**	**35,991**	**21,374**	**1,536,802**

(a) Mining right

The mining right relating to the cash generating unit of coal mining (the "Coal Mining CGU") was acquired in the prior year.

8. OTHER INTANGIBLE ASSETS *(Continued)*

(a) Mining right *(Continued)*

As at 30 September 2010, the recoverable amount of the Coal Mining CGU was assessed by the directors by reference to the professional valuation as at 30 September 2010 performed by Vigers Appraisal and Consulting Limited ("Vigers"), a firm of independent professionally qualified valuers. The recoverable amount of the Coal Mining CGU is determined by Vigers based on a value in use calculation using a cash flow projection according to the financial budgets approved by senior management for the next 5 years at an estimated growth rate of 5% (31 March 2010: 5%), and extrapolates cash flows beyond the 5 years based on a steady growth rate of 5% (31 March 2010: 5%). The discount rate applied to the cash flow projection is 23.69% (31 March 2010: 24.02%). The financial budgets and growth rates are estimated with reference to the development curve for the mining industry. The directors of the Company are of the opinion that based on the professional valuation, that the mining right associated with the Coal Mining CGU had not been impaired during the six months ended 30 September 2010.

The key assumptions on which management and valuers have based its cash flow projection to undertake impairment testing of goodwill are as follows:

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

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

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

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

The Group is confident that the relevant licence for the mining right will be renewed by the relevant authorities without any significant costs upon its existing expiry date.

(b) Customer base

Customer base relates to the DTV CGU and was acquired as part of the acquisition of the DTV Group with a finite useful live, over which the asset is amortised. The amortised period for the customer base is 13 years. Particulars regarding the reason for impairment loss on customers base recognised in profit or loss for the current period are disclosed in Note 7.

8. OTHER INTANGIBLE ASSETS *(Continued)*

(c) Technical know-how

Technical know-how on vertical farming (the "Vertical Farming CGU") was acquired in the prior financial year.

The recoverable amount of the Vertical Farming CGU was re-assessed by the directors with reference to the professional valuation as at 30 September 2010 performed by Roma Appraisals Limited ("Roma"), an independent firm of professional qualified valuers. The recoverable amount of the Vertical Farming CGU is determined by the professional valuers by reference to a 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 growth rate applied to the cash flow projection is 33.90% (31 March 2010: 33.62%) and 46% (31 March 2010: 45.67%), respectively. The directors of the Company are of the opinion that based on the professional valuation, that technical know-how associated with the Vertical Farming CGU was not impaired as at 30 September 2010.

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

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

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

9. CONVERTIBLE NOTES AND DERIVATIVES FINANCIAL INSTRUMENTS

(i) Issue of First Convertible Note

On 25 May 2009, five secured convertible notes in the aggregate principal amount of United State Dollar ("US$") 253,000,000 (equivalent to approximately HK$1,973,400,000) were issued by the Company (the "First Convertible Note") to Cordia Global Limited ("Cordia"), a shareholder of the Company as consideration upon the completion of the Group's acquisition of the 90% equity interest in Langfeld Enterprises Limited and its subsidiaries (the "Langfeld Group") and 90% of the unsecured and interest-free shareholder's loan owed by the Langfeld Group to Cordia (the "Langfeld Shareholder Loan"). The First Convertible Note was denominated in US$ and secured by the Group's 90% equity interest in the Langfeld Group and entire equity interest in a wholly-owned subsidiary of the Company.

(ii) Amendments to terms of the First Convertible Note (the "Amendments")

On 14 December 2009, the Company and Cordia entered into a conditional modification deed ("Modification Deed") to amend certain existing terms of the First Convertible Note. The amendments pursuant to the Modification Deed included the cancellation of the outstanding principal amount of the First Convertible Note which amounted to US$142,000,000 (equivalent to approximately HK$1,107,000,000). A secured convertible note in the principal amount of US$107,000,000 (equivalent to approximately HK$834,600,000) at a conversion price of HK$0.04 per conversion share (subject to anti-dilutive adjustments) (the "Modified First Convertible Note") and three unsecured promissory notes in the aggregate principal amount of US$35,000,000 (equivalent to approximately HK$273,000,000) (the "Modified PN") were issued by the Company to the Langfeld Vendor to substitute the cancelled First Convertible Note.

9. CONVERTIBLE NOTES AND DERIVATIVES FINANCIAL INSTRUMENTS *(Continued)*

(iii) Measurement of the First Convertible Note and Modified First Convertible Note

The fair values of the derivative components of the First Convertible Note and the Modified First Convertible Note were determined based on a professional valuation performed by Vigers, at the date of issue, the date of conversion and at the end of reporting period, and the aggregate decrease in the fair value of the derivative component of convertible note amounted to HK$71,085,000 (31 March 2010: HK$910,520,000) which was credited to the profit or loss during the current period. The fair values of the derivative component of convertible notes were determined by using the binominal option pricing model. The effective interest rates of the liability component of the First Convertible Note and the Modified First Convertible Note were 22.14% and 7.03%, respectively, based on valuation performed by Vigers.

(iv) Movement of the different components of the convertible notes

		Convertible notes		
		Liability component	**Derivative component**	**Total**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Recognition of the First Convertible Note	*(i)*	757,848	1,215,552	1,973,400
Fair value gain on derivative component of convertible notes		–	(910,520)	(910,520)
Imputed interest charged		83,078	–	83,078
Conversion into new shares		(618,478)	(410,097)	(1,028,575)
Derecognition of the First Convertible Note		(501,418)	(43,915)	(545,333)
Recognition of the Modified First Convertible Note	*(ii)*	577,615	256,985	834,600
Carrying amount of the Modified First Convertible Note at 31 March 2010 (audited)		**298,645**	**108,005**	**406,650**
Fair value gain on derivative component of convertible notes		–	(71,085)	(71,085)
Imputed interest charged		6,310	–	6,310
Conversion into new shares		(164,365)	(14,730)	(179,095)
Carrying amount of the Modified First Convertible Note at 30 September 2010 (unaudited)		**140,590**	**22,190**	**162,780**

10. PROMISSORY NOTES PAYABLES

	Notes	*HK$'000*
At 1 April 2009 (audited)		5,320
Issued during the year		
– Modified PN	*(a)*	161,973
– Others		–
Repaid during the year		
– Modified PN	*(a)*	(31,200)
– Others	*(b)*	(3,000)
Imputed interest charged		
– Modified PN		13,882
– Others		1,355
At 31 March 2010 (audited)		**148,330**
Repaid during the period		
– Modified PN	*(a)*	(7,600)
– Others	*(b)*	(2,645)
Imputed interest charged		
– Modified PN		10,196
– Others		790
At 30 September 2010 and included in non-current liabilities (unaudited)		**149,071**

Notes:

(a) The Modified PN initially recognised at HK$161,973,000 are non-interest-bearing and payable in one lump sum on maturity date of 25 May 2015. The Modified PN in the principal amount of US$974,000 (equivalent to approximately HK$7,600,000) (31 March 2010: US$4,000,000 (equivalent to approximately HK$31,200,000)) was repaid in the current period and the remaining outstanding Modified PN is classified as non-current liabilities and carried at amortised cost until extinguished on redemption.

As at the end of the reporting period, the carrying value of the Modified PN is HK$147,251,000 (31 March 2010: 144,655,000)

(b) The other promissory notes in the principal amount of HK$2,645,000 (31 March 2010: HK$3,000,000) was repaid in cash by the Group during the current reporting period.

As at the end of the reporting period, the carrying value of the other promissory notes payable is HK$1,820,000 (31 March 2010: HK$3,675,000)

11. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. In the both current period and prior financial year, the Group's trade receivables were attributable to the digital television technology services business, because of the industry nature in the PRC, certain well-established customers have strong financial strength, good repayment history and creditworthiness, where the terms are extended beyond 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

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

	As at 30 September 2010 (unaudited) ***HK$'000***	As at 31 March 2010 (audited) *HK$'000*
Within 30 days	**585**	1,364
31 to 60 days	**116**	–
61 to 90 days	**538**	1,348
Over 90 days	**9,358**	8,397
	10,597	11,109
Less : allowance for doubtful debts	**(4,393)**	(490)
	6,204	10,619

The Board considers that the carrying amount of the Group's trade receivables approximates its fair value.

12. TRADE PAYABLES

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

	As at 30 September 2010 (unaudited) ***HK$'000***	As at 31 March 2010 (audited) *HK$'000*
Within 30 days	**90**	570
31 to 60 days	**–**	608
61 to 90 days	**1,758**	803
Over 90 days	**531**	1,543
	2,379	3,524

The trade payables are interest free and normally settled on 90-day terms.

The Board considers that the carrying amount of the Group's trade payables approximates its fair value.

13. CAPITAL COMMITMENTS

The capital expenditure contracted for but not provided in the Interim Financial Statements are disclosed below in respect of acquisition of:

	As at 30 September 2010 (unaudited) *HK$'000*	As at 31 March 2010 (audited) *HK$'000*
Additional equity interest of a subsidiary	**42,083**	42,083
Property, plant and equipment	**10,737**	9,654

14. COMPARATIVE FIGURE

Comparative figure have been restated to achieve a consistent presentation. Details of the restatement are set out in the Company's clarification announcement dated 10 September 2010. The statement of financial position at the beginning of the financial year 31 March 2010 has not been presented as there were no changes to the originally published statement.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30 September 2010, the Group recorded a turnover of approximately HK$4,079,000 (2009: HK$7,433,000), representing a decrease of approximately 45.1% as compared to the corresponding period in last year. The turnover for the period under review solely comprised the turnover generated from the digital television technology service operations. Due to the weakened global economy, keen market competition, product substitution and decelerating market growth, the digital television technology services business suffered further losses.

The loss before income tax of the Group for the period under review was approximately HK$87,431,000 (2009: HK$1,243,560,000), representing a 93.0% decrease as compared to the corresponding period last year. The substantial reduction in loss was mainly attributable to the accounting treatments of various items, (i) no impairment loss required on the mining right acquired last year (2009: HK$1,819,864,000); (ii) an impairment loss of goodwill and customer base of the digital television technology services business of HK$39,388,000 (2009: HK$50,758,000); (iii) amortization of intangible assets in mining right of HK$58,757,000 (2009: HK$77,476,000); (iv) imputed interest expenses on convertible notes and promissory notes of HK$17,296,000 (2009: HK$38,415,000); and (v) gain from fair value adjustments on the derivative component of the Group's convertible notes of HK$71,085,000 (2009: HK$ HK$770,583,000). The aggregate of the aforesaid accounting losses and gain amounted to a net loss of approximately HK$44,356,000 (2009: HK$1,215,930,000) which representing 50.7% of the Group's loss before income tax for the period under review.

OPERATION REVIEW

Coal Mining

During the period under review, the Group's Russian subsidiary, LLC "Shakhta Lapichevskaya" won the auction in Russia Federation for subsoil use rights for the purpose of exploration and bituminous coal mining in the Kamerovsky, Volkovsky and Vladimirovsky seams from level of 65 metres underground to 400 metres underground, and Petrovsky and adjoining lot of Kmerovsky (collectively referred to as the "New Mining Licence"). The New Mining Licence was issued by the relevant Russian governmental authorities to the Russian subsidiary on 1 November 2010. A technical assessment on coal reserve of the entire mining areas is being carried out by an independent technical adviser. Certain design works, which include the external logistics, surface infrastructure, water pumping and the internal electric supply system of the coal mine have steadily progressed. As the coal mining business is still at a preliminary development stage, no revenue was recorded during the period under review.

Vertical Farming

During the reporting period, the vertical farming business is still at an early stage of development. It started to build up necessary greenhouse infrastructure so as to facilitate its commercial production. Market research on agricultural products and logistics analysis has commenced. Development of product distribution channels and networks has also proceeded smoothly. The Board envisages that the vertical farming business will generate a steady income as well as a reasonable return on investment to the Group.

Digital Television Technology Services

Since the integration of the digital television technology services business in 2008, this segment has suffered from continuous losses. For the period under review, the Group recorded a revenue of approximately HK$4,079,000 (2009: HK$7,433,000), and a loss of approximately HK$50,126,000 (2009: HK$57,756,000) from this segment. The decrease in turnover was mainly attributable to (i) vigorous competition in the digital television technology services industry in the PRC; (ii) decelerating industry growth; and (iii) substitutes from other mobile multimedia players. Consequently, the goodwill and customer base of this segment were impaired by approximately HK$39,388,000 in total in the period under review (2009: HK$50,758,000).

PROSPECTS

For year 2010, the global economy has been on the path of recovery with emerging markets showing a modest recovery; however, the overall fundamental economic drivers are still weak and full of uncertainty. During the period under review, worldwide commodity markets have slightly improved but remain uncertain especially in the light of fluctuating demands, the debt crisis and worries about double-dip recession in western economies. For the mineral resources market, the recovering global economies do have a positive effect on demand for coal and other mineral resources. Generally, coal prices have slightly rebounded from their tough in the first quarter of 2010 but remain fragile. It may therefore be premature to assume that the effects of the economic crisis are fully over.

Mineral Resources

Having successfully secured the New Mining Licence, the Group is now in a more geographically advantageous position for future exploration and management is confident that the Group will be benefited from economies of scale arising from the joint development of the Lots. With experience operational management team, we are confident that our coal mine will have optimal structural and safety features, which in turn will lay a solid foundation for the sustainable development of the Group. With revitalized demand for mineral resources, management is convinced that the mine is not far from commercial production.

Vertical Farming

Economists forecast that the PRC economy, fuelled by pro-domestic consumption policies, will continue to enjoy high GDP growth. Rising disposable income amongst the rapid expanding middle class is serving to boost the consumption of high quality food such as organic vegetables. As market demands for mid-to-high end organic vegetables keep rising, we believe our growing vertical farming segment has significant potential to generate revenue and profit to the Group in long term.

In general, it is the Company's long term business development strategy to establish the Group as a global coal mining company while continuing the development of agriculture business.

The Group will continue to look for strategic acquisitions and partnership opportunities which are in line with the Group's expansion strategy or provide synergy to its principal business activities. The Group will also consider whether any asset disposal, asset acquisition and business rationalization will be appropriate in order to enhance the long-term growth potential of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2010, the Group had net current assets of HK$44,120,000 (31 March 2010: HK$58,411,000). The Group's current ratio, taken as the ratio of current assets to current liabilities, decreased to 228.9% (31 March 2010: 331.6%) and the Group's gearing ratio i.e. the ratio of total interest-bearing borrowings to total assets, increased to 10.9% (31 March 2010: 8.1%).

The Group generally finances its operations with internally generated cash flow, the facilities provided by Cordia Global Limited ("Cordia"), the substantial shareholder of the Company and through capital market available to listed companies in Hong Kong. The facility letter from Cordia dated 25 May 2009 was revised on 21 October 2009.

During the period under review, the Group recorded a net cash inflow of approximately HK$147,000 (2009: HK$126,324,000), while its total cash and cash equivalents decreased to HK$60,295,000 (2009: HK$133,422,000) as at 30 September 2010.

Regarding to the acquisition of an additional equity interest of a subsidiary as stated in "Capital Commitments" below, the Group is liable to pay an amount of approximately HK$42,083,000 after certain conditions are fulfilled subsequent to the reporting date. Out of which, approximately HK$31,943,000 is expected to be settled on or before 31 March 2011.

The Group will constantly review its financial resources in a cautious manner and will consider various plans to enhance its financial strength.

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 in the period. Therefore, shareholders should be aware that the exchange rate volatility of RUB against HKD may have favourable or adverse effect on the operating results of the Group.

Taking into consideration of the significant expenses involved, the Group at present has not 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.

CONTINGENT CONSIDERATIONS

As at 30 September 2010, the Group had the following contingent considerations payable for obtaining the New Mining Licence:

i) The issuance of a convertible note of US$32,000,000 (equivalent to approximately HK$249,600,000). Subsequent to the reporting date, it is expected that the convertible note will be issued on or before 31 December 2010 upon fulfillment of certain conditions, since the Group had obtained the New Mining Licence on 1 November 2010.

ii) Possible 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, of which to be confirmed in a technical report that will be issued by a technical expert. It is expected that the principle 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).

CAPITAL COMMITMENTS

As at 30 September 2010, the Group had capital commitments in respect of the acquisition of an additional equity interest of a subsidiary of approximately HK$42,083,000 (31 March 2010: 42,083,000) and property, plant and equipment of approximately HK$10,251,000 (31 March 2010: HK$9,645,000).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2010, the Group had approximately 90 staff in Hong Kong, the PRC, the Russia Federation and the Republic of Korea (31 March 2010: 80).

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

PLEDGE OF ASSETS

The Group has not pledged any of its assets for bank facilities as at 30 September 2010 or 31 March 2010.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE

During the period under review, the Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules, except the deviations as described below:

(i) Under code provision A.2.1 of the Code, the roles of chairman and chief executive officer ("CEO") should be segregated and should not be performed by the same individual. Mr. Lim Ho Sok assumed the roles of both the chairman and CEO of the Company with effect from 31 July 2010, 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, all of the independent non-executive directors have not been appointed for a specific term but are subject to retirement by rotation and re-election pursuant to the Company's articles of association. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance is no less exacting than those in the Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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

REVIEW OF INTERIM RESULTS

The unaudited condensed consolidated interim results of the Group has been reviewed, with no disagreement, by the audit committee of the Company and by the Company's auditor, BDO Limited, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accounts. The report on review will be included in the interim report for distribution to shareholders.

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

Hong Kong, 29 November 2010

As at the date of this announcement, the Board comprises Mr. Lim Ho Sok and Mr. Shin Min Chul as executive Directors and Mr. Liew Swee Yean, Mr. Tam Tak Wah and Mr. Young Yue Wing Alvin as independent non-executive Directors.