



ORIGO PARTNERS PLC

INTERIM FINANCIAL REPORT

For the six months ended 30 June 2012

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## **AUDITORS' INDEPENDENT REVIEW REPORT**

### **Introduction**

We have been engaged by the Company to review the set of financial statements in the interim financial report for the six months ended 30 June 2012 which comprises the interim consolidated statement of comprehensive income, the interim consolidated statement of financial position, the interim consolidated statement of cash flows, the interim consolidated statement of changes in equity and the related notes 1 to 25. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE 2410") issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

### **Directors' responsibilities**

The interim financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim financial report in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34").

As disclosed in note 2.1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards. The set of financial statements in the interim financial report has been prepared in accordance with IAS 34.

### **Our responsibility**

Our responsibility is to express to the Company a conclusion on the set of financial statements in the interim financial report based on our review.

### **Scope of review**

We conducted our review in accordance with ISRE 2410 (UK and Ireland) issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

**AUDITORS' INDEPENDENT REVIEW REPORT (CONTINUED)**

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the set of financial statements in the interim financial report for the six months ended 30 June 2012 are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young LLC  
Chartered Accountants  
Douglas  
Isle of Man  
14 September 2012

Origo Partners Plc

Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2012

	Notes	(Unaudited) Six months ended 30 June 2012 US\$'000	(Unaudited) Six months ended 30 June 2011 US\$'000
<b>Investment (loss)/income:</b>	3		
Realised losses on disposal of investments		(236)	(27)
Unrealised (losses)/gains on investments		(39,445)	25,415
Share of loss of an associate		(2)	(2)
Share of loss of joint ventures		(18)	-
Income/(loss) from loans		1,021	(1,789)
Dividends		49	-
		<b>(38,631)</b>	<b>23,597</b>
Consulting services receivable/(payable)	4	(165)	385
Other income		61	13
Performance fee			
- Performance fee receivable from external funds		-	162
- Performance incentive	5	7,395	-
Share-based payments	22	513	(679)
Other administrative expenses	6	(4,480)	(2,772)
<b>Net profit/(loss) before finance costs and taxation</b>		<b>(35,307)</b>	<b>20,706</b>
Foreign exchange gains/(losses)		22	(20)
Finance income and costs	9	(2,001)	(1,267)
<b>(Loss)/profit before tax</b>		<b>(37,286)</b>	<b>19,419</b>
Income tax	10	104	(139)
<b>(Loss)/profit after tax</b>		<b>(37,182)</b>	<b>19,280</b>
<b>Other comprehensive (loss)/income</b>			
Exchange differences on translating foreign operations		(2)	26
Other comprehensive (loss)/income for the period		(2)	26
Tax on other comprehensive (loss)/income		-	-
Other comprehensive (loss)/income net of tax		(2)	26
<b>Total comprehensive (loss)/income after tax</b>		<b>(37,184)</b>	<b>19,306</b>
<b>(Loss)/profit after tax</b>			
Attributable to:			
- Owners of the parent		(36,756)	19,406
- Non-controlling interests		(426)	(126)
		<b>(37,182)</b>	<b>19,280</b>
<b>Total comprehensive (loss)/income</b>			
Attributable to:			
- Owners of the parent		(36,758)	19,432
- Non-controlling interests		(426)	(126)
		<b>(37,184)</b>	<b>19,306</b>
Basic (loss)/earnings per share	11	(10.50) cents	6.48 cents
Diluted (loss)/earnings per share	11	(10.50) cents	5.96 cents

The accompanying notes form an integral part of these financial statements.

Origo Partners Plc

Interim Consolidated Statement of Financial Position

As at 30 June 2012

<b>Assets</b>	<b>Notes</b>	<b>(Unaudited) 30 June 2012 US\$'000</b>	<b>(Unaudited) 30 June 2011 US\$'000</b>	<b>(Audited) 31 December 2011 US\$'000</b>
<b>Non-current assets</b>				
Property, plant and equipment		147	95	157
Intangible assets		15	13	12
Investments at fair value through profit or loss	12	186,369	188,546	219,196
Loans	15	14,831	20,167	12,720
Available-for-sale investments		-	49	29
Investment in an associate	13	-	71	-
Investment in joint ventures	14	48	-	66
Other investments		-	6	-
Derivative financial assets	16	3,854	5,151	6,990
		<b>205,264</b>	<b>214,098</b>	<b>239,170</b>
<b>Current assets</b>				
Inventories		2	9	1
Trade and other receivables	17	6,355	5,774	6,336
Loans due within one year	15	24,627	12,107	20,777
Cash and cash equivalents		35,597	51,880	56,855
		66,581	69,770	83,969
<b>Total assets</b>		<b>271,845</b>	<b>283,868</b>	<b>323,139</b>
<b>Current liabilities</b>				
Short-term borrowings		-	-	8,544
Trade and other payables	18	911	828	1,032
Deferred income tax liability		1,442	1,146	1,546
		2,353	1,974	11,122
<b>Total assets less current liabilities</b>		<b>269,492</b>	<b>281,894</b>	<b>312,017</b>
<b>Non-current liabilities</b>				
Liability component of convertible zero dividend preference shares	19	58,697	54,568	56,595
Provision	20	6,596	2,210	14,852
		65,293	56,778	71,447
<b>Net assets</b>		<b>204,199</b>	<b>225,116</b>	<b>240,570</b>
<b>Equity attributable to owners of the parent</b>				
Issued capital	21	56	47	56
Share premium		151,023	119,261	151,023
Share-based payment reserve		5,876	5,521	5,528
Retained earnings		40,734	94,394	77,490
Translation reserve		(1,429)	(1,443)	(1,427)
Equity component of convertible zero dividend preference shares		7,462	7,462	7,462
Other reserve		(1,826)	(1,432)	(1,950)
		201,896	223,810	238,182
Non-controlling interests		2,303	1,306	2,388
<b>Total equity</b>		<b>204,199</b>	<b>225,116</b>	<b>240,570</b>
<b>Total equity and liabilities</b>		<b>271,845</b>	<b>283,868</b>	<b>323,139</b>

The accompanying notes form an integral part of these financial statements.

Origo Partners Plc

Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2012

	Notes	(Unaudited) Six months ended 30 June 2012 US\$'000	(Unaudited) Six months ended 30 June 2011 US\$'000
<b>(Loss)/profit before tax</b>		<b>(37,286)</b>	<b>19,420</b>
Adjustments for:			
Depreciation and amortisation	6	26	15
Performance incentive	5	(7,395)	-
Share-based payments	22	(513)	679
Provision for bad debts	6	1,230	-
Realised losses on disposal of investments	3	236	27
Unrealised losses/(gains) on investments at FVTPL*	3	36,363	(23,693)
Unrealised gains on loans	3	(55)	(114)
Fair value losses/(gains) on derivative financial assets	3	3,137	(1,608)
Share of loss of an associate	3	2	2
Share of loss of joint ventures	3	18	-
(Income)/loss from loans	3	(1,021)	1,789
Foreign exchange (gains)/losses		(22)	20
Interest expenses of convertible zero dividend preference shares	9	2,102	1,237
Purchases of investments at FVTPL		(4,675)	(37,731)
Purchases of loans		(5,908)	(11,418)
Proceeds from disposals of investments at FVTPL		1,139	8,880
Proceeds from repayment of loans		-	1,200
Proceeds from disposals of other investments		11	-
<b>Operating loss before changes in working capital and provisions</b>		<b>(12,611)</b>	<b>(41,295)</b>
(Increase)/decrease in trade and other receivables		(202)	1,671
Decrease in trade and other payables		(121)	(61)
Decrease in inventories		-	43
<b>Net cash outflow from operations</b>		<b>(12,934)</b>	<b>(39,642)</b>
Investing activities			
Purchases of property, plant and equipment		(16)	(61)
<b>Net cash flows outflow from investing activities</b>		<b>(16)</b>	<b>(61)</b>
Financing activities			
Repayment of short-term borrowings		(8,544)	-
Issue of convertible zero dividend preference shares		-	60,000
Transaction costs of issue of convertible zero dividend preference shares		-	(2,749)
<b>Net cash flows (outflow)/inflow from financing activities</b>		<b>(8,544)</b>	<b>57,251</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(21,494)</b>	<b>17,548</b>
Effect of exchange rate changes on cash and cash equivalents		236	921
Cash and cash equivalents at beginning of period		56,855	33,411
<b>Cash and cash equivalents at end of period</b>		<b>35,597</b>	<b>51,880</b>

\* FVTPL refers to fair value through profit or loss

The accompanying notes form an integral part of these financial statements.

Origo Partners Plc

Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2012

	Attributable to equity holders of the parent									
	Issued capital	Share premium	Share-	Retained earnings	Equity	Other reserve	Translation reserve	Total	Non-controlling interests	Total equity
			based		component					
			payment reserve		of CZDP*					
US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
<b>At 1 January 2012</b>	56	151,023	5,528	77,490	7,462	(1,950)	(1,427)	238,182	2,388	240,570
Loss for the period	-	-	-	(36,756)	-	-	-	(36,756)	(426)	(37,182)
Other comprehensive loss	-	-	-	-	-	-	(2)	(2)	-	(2)
Total comprehensive loss	-	-	-	(36,756)	-	-	(2)	(36,758)	(426)	(37,184)
Unrealized losses reversed	-	-	-	-	-	124	-	124	-	124
Share-based payment expense	-	-	348	-	-	-	-	348	-	348
Minority interests	-	-	-	-	-	-	-	-	341	341
<b>At 30 June 2012</b>	56	151,023	5,876	40,734	7,462	(1,826)	(1,429)	201,896	2,303	204,199

\* CZDP refers to convertible zero dividend preference shares.

	Attributable to equity holders of the parent									
	Issued capital	Share premium	Share-	Retained earnings	Equity	Other reserve	Translation reserve	Total	Non-controlling interests	Total equity
			based		component					
			payment reserve		of CZDP*					
US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
<b>At 1 January 2011</b>	47	119,261	5,490	74,988	-	(1,432)	(1,469)	196,885	(294)	196,591
Profit for the period	-	-	-	19,406	-	-	-	19,406	(126)	19,280
Other comprehensive income	-	-	-	-	-	-	26	26	-	26
Total comprehensive income	-	-	-	19,406	-	-	26	19,432	(126)	19,306
Issue of convertible zero dividend preference shares	-	-	-	-	7,462	-	-	7,462	-	7,462
Share-based payment expense	-	-	31	-	-	-	-	31	-	31
Minority interests	-	-	-	-	-	-	-	-	1,726	1,726
<b>At 30 June 2011</b>	47	119,261	5,521	94,394	7,462	(1,432)	(1,443)	223,810	1,306	225,116

The following describes the nature and purpose of each reserve within parent's equity:

Reserve	Description and purpose
Share premium	Amounts subscribed for share capital in excess of nominal value.
Share-based payment reserve	Equity created to recognise share-based payment expense.
Equity component of CZDP	Convertible zero dividend preference shares.
Other reserve	Equity created to recognise fair value change of available-for-sale investments and own share acquired.
Translation reserve	Equity created to recognise foreign currency translation differences.

The accompanying notes form an integral part of these financial statements.



**Notes to the Interim Consolidated Financial Statements  
For the six months ended 30 June 2012**

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**1 General information**

Origo Partners Plc is a limited liability company incorporated and domiciled in the Isle of Man whose shares are publicly traded on the AIM market of the London Stock Exchange.

The Company and its subsidiaries are collectively referred to as the Group.

The principal activities of the Group are described in note 8.

These interim consolidated financial statements have been approved and authorised for issue by the Company's board of directors on 14 September 2012.

**2 Basis of preparation and significant accounting policies**

**2.1 Basis of preparation**

These interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

These interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2011.

The Company has changed the Statement of Comprehensive Income and Statement of Cash Flow effective from 1 January 2012, to present the investment income or loss derived from the investment activities as "revenue", and the investing activities as "operating activities" for the purpose of IAS 1, to better reflect the activities of the Company as a private equity company, the changes have no any impact on the profit or loss for the period and net cash position at the end of period.

**2.2 Significant accounting policies**

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011.

The following amendments to IFRSs standards did not have any impact on the accounting policies, financial position or performance of the Group:

*IFRS 7 - Disclosures - Transfers of financial assets (Amendment)*

The IASB issued an amendment to IFRS 7 that enhances disclosures for financial assets. These disclosures relate to assets transferred (as defined under IAS 39). If the assets transferred are not derecognised entirely in the financial statements, an entity has to disclose information that enables users of financial statements to understand the relationship between those assets which are not derecognised and their associated liabilities. If those assets are derecognised entirely, but the entity retains a continuing involvement, disclosures have to be provided that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. Effective implementation date is for annual periods beginning on or after 1 July 2011 with no comparative requirements.

The Group has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective.

Notes to the Interim Consolidated Financial Statements (Continued)  
For the six months ended 30 June 2012

**3 Investment (loss)/income**

	(Unaudited) Six months ended 30 June 2012 US\$'000	(Unaudited) Six months ended 30 June 2011 US\$'000
Realised losses on disposal of investments	(236)	(27)
- Investments at FVTPL	(94)	(20)
- Available-for-sale investments	(142)	-
- Other investments	-	(7)
Unrealised (losses)/gains on investments	(39,445)	25,415
- Investments at FVTPL	(36,363)	23,693
- Loans	55	114
- Derivative financial assets	(3,137)	1,608
Share of loss of an associate	(2)	(2)
Share of loss of joint ventures	(18)	-
Income/(loss) from loans	1,021	(1,789)
Dividends	49	-
<b>Total</b>	<b>(38,631)</b>	<b>23,597</b>

**4 Consulting services receivable/(payable)**

	(Unaudited) Six months ended 30 June 2012 US\$'000	(Unaudited) Six months ended 30 June 2011 US\$'000
Consulting Services receivable	37	1,049
Consulting Services payable	(202)	(664)
<b>Total</b>	<b>(165)</b>	<b>385</b>

**5 Performance incentive**

	(Unaudited) Six months ended 30 June 2012 US\$'000	(Unaudited) Six months ended 30 June 2011 US\$'000
Provision for performance incentive payable over one year	(7,395)	-
<b>Total</b>	<b>(7,395)</b>	<b>-</b>

Notes to the Interim Consolidated Financial Statements (Continued)  
For the six months ended 30 June 2012

**5 Performance incentive (Continued)**

For the six months ended 30 June 2012, performance incentive accruals of US\$5,962K was approved by the board of directors of the Company (other than Chris Rynning and Niklas Ponnert) at the board meeting held on 14 September 2012.

In determining the amount to be accrued, the board (i) assessed the amount of performance incentives arising on each and every individual investment under the terms of the Scheme; and (ii) capped the total amount to be accrued at the higher of a) 20 per cent of the accumulated gain (realised and unrealised) of the Company's portfolio of investments taking into account write-offs, realisations, and movements in the fair value of all investment completed from the time of admission until the balance sheet date and previous payments made under the Scheme; and b) 10 per cent of the accumulated gain (realised and unrealised) over the 10% hurdle on applicable companies in the Company's portfolio of Investments.

**6 Other administrative expenses**

	(Unaudited) Six months ended 30 June 2012 US\$'000	(Unaudited) Six months ended 30 June 2011 US\$'000
Employee expenses	1,867	1,433
Professional fees	442	576
Including:		
- Audit fees	88	15
Depreciation expenses	26	15
Provision for bad debts*	1,230	-
Others	915	748
<b>Total</b>	<b>4,480</b>	<b>2,772</b>

\* Provision for bad debts of US\$1.23 million of other receivables from IRCA Holdings Ltd. Provision has been recognized only on receivables where it is considered there is a greater than 50% risk of failure.

Notes to the Interim Consolidated Financial Statements (Continued)  
For the six months ended 30 June 2012

7 Directors' remuneration

	(Unaudited) Six months ended 30 June 2012 US\$'000	(Unaudited) Six months ended 30 June 2011 US\$'000
Directors' emoluments	380	533
Share-based payment expenses	(585)	527
	(205)	1,060

Directors' remuneration for the six months ended 30 June 2012 and number of options held were as follows:

Name	Salaries* US\$'000	Director Fee US\$'000	Share-based payments** US\$'000	Total US\$'000	Number of options
Mr. Wang Chao Yong	75	-	(233)	(158)	4,000,000
Mr. Chris A Rynning	137	-	(176)	(39)	3,500,000
Mr. Niklas Ponnert	113	-	(176)	(63)	5,300,000
Mr. Christopher Jemmett	-	55	-	55	100,000
	325	55	(585)	(205)	12,900,000

Directors' remuneration for the six months ended 30 June 2011 and number of options held were as follows:

Name	Salaries* US\$'000	Director Fee US\$'000	Share-based payments** US\$'000	Total US\$'000	Number of options
Mr. Wang Chao Yong	75	-	176	251	4,000,000
Mr. Chris A Rynning	137	-	176	313	1,000,000
Mr. Niklas Ponnert	113	-	175	288	2,800,000
Mr. Christopher Jemmett	-	134	-	134	100,000
Mr. Dipankar Basu***	-	74	-	74	100,000
	325	208	527	1,060	8,000,000

\* Short term employee benefits

\*\* Share-based payments refer to expenses arising from the Company's share option scheme (see note 22 for details).

\*\*\* Resigned from the Board on 16 February 2011.

**Notes to the Interim Consolidated Financial Statements (Continued)**  
**For the six months ended 30 June 2012**

**8 Operating segment information**

Operating segments are components of the entity whose results are regularly reviewed by the entity's chief operating decision-maker to make decisions about resources to be allocated to the segment and to assess its performance. The chief operating decision-maker for the Group is considered to be the Chief Executive Officer. The Group's operating segments has been defined based on the types of investments which was equity investment, debt instrument and partnership interest in 2012 and 2011.

For the six months ended 30 June 2012 (Unaudited)

	Unlisted				Listed				Total \$'000
	Equity \$'000	Debt \$'000	Partnership \$'000	Total \$'000	Equity \$'000	Debt \$'000	Partnership \$'000	Total \$'000	
<b>Investment loss:</b>									
Realised losses on disposal of investments	-	-	-	-	(236)	-	-	(236)	(236)
Unrealised losses on investments*	(29,970)	(328)	-	(30,298)	(8,916)	-	-	(8,916)	(39,214)
Share of loss of an associate	-	(2)	-	(2)	-	-	-	-	(2)
Share of loss of joint ventures	(18)	-	-	(18)	-	-	-	-	(18)
Income from loans	-	1,021	-	1,021	-	-	-	-	1,021
Dividends	49	-	-	49	-	-	-	-	49
	(29,939)	691	-	(29,248)	(9,152)	-	-	(9,152)	(38,400)
<b>Net divestment/(investment)</b>									
Net proceeds of divestment	-	-	-	-	1,150	-	-	1,150	1,150
Investment	-	(5,908)	-	(5,908)	(4,675)	-	-	(4,675)	(10,583)
<b>Balance sheet</b>									
Investment portfolio*	158,890	43,282	12,500	214,672	15,027	-	-	15,027	229,699

\* Derivative financial assets included except for derivative component of CZDP.

The Group's geographical areas based on the location of investment assets (non-current assets), are defined primarily as China, Mongolia and Australia, as presented in the following table.

For the six months ended 30 June 2012 (Unaudited)

	Europe	China	Mongolia	Rest of Asia	North America	South Africa	Australia	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Investment income/(losses):</b>								
Realised losses on disposal of investments	(142)	-	(94)	-	-	-	-	(236)
Unrealised (losses)/gains on investments*	(196)	(1,090)	(27,054)	-	(1,499)	5	(9,380)	(39,214)
Share of loss of an associate	-	(2)	-	-	-	-	-	(2)
Share of loss of joint ventures	-	(18)	-	-	-	-	-	(18)
Income from loans	80	563	-	-	-	-	378	1,021
Dividends	-	44	5	-	-	-	-	49
	(258)	(503)	(27,143)	-	(1,499)	5	(9,002)	(38,400)
<b>Net divestment/(investment)</b>								
Net proceeds of divestment	11	-	1,139	-	-	-	-	1,150
Investment	-	(7,292)	(2,541)	-	-	(750)	-	(10,583)
<b>Balance sheet</b>								
Investment portfolio*	5,163	75,902	113,139	-	1,190	8,682	25,623	229,699

Notes to the Interim Consolidated Financial Statements (Continued)  
For the six months ended 30 June 2012

8 Operating segment information (Continued)

For the six months ended 30 June 2011 (Unaudited)

	Unlisted				Listed				Total \$'000
	Equity	Debt	Partnership	Total	Equity	Debt	Partnership	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Investment income/(losses):</b>									
Realised losses on disposal of investments	(7)	-	-	(7)	(20)	-	-	(20)	(27)
Unrealised gains/(losses) on investments*	25,665	115	-	25,780	(365)	-	-	(365)	25,415
Share of loss of an associate	(2)	-	-	(2)	-	-	-	-	(2)
Loss from loans	-	(1,789)	-	(1,789)	-	-	-	-	(1,789)
	25,656	(1,674)	-	23,982	(385)	-	-	(385)	23,597
<b>Net divestment/(investment)</b>									
Net proceeds of divestment	8,880	1,200	-	10,080	-	-	-	-	10,080
Investment	(37,731)	(11,418)	-	(49,149)	-	-	-	-	(49,149)
<b>Balance sheet</b>									
Investment portfolio*	179,252	32,274	-	211,526	11,028	-	-	11,028	222,554

For the six months ended 30 June 2011 (Unaudited)

	Europe	China	Mongolia	Rest of Asia	North America	South Africa	Australia	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Investment income/(losses):</b>								
Realised losses on disposal of investments	-	(7)	(20)	-	-	-	-	(27)
Unrealised gains/(losses) on investments	558	7,031	22,638	(392)	133	(7,351)	2,798	25,415
Share of loss of an associate	-	(2)	-	-	-	-	-	(2)
Income/(loss) from loans	80	136	-	13	-	(2,406)	388	(1,789)
	638	7,158	22,618	(379)	133	(9,757)	3,186	23,597
<b>Net divestment/(investment)</b>								
Net proceeds of divestment	-	8,580	1,500	-	-	-	-	10,080
Investment	(600)	(31,366)	(17,183)	-	-	-	-	(49,149)
<b>Balance sheet</b>								
Investment portfolio*	7,218	64,285	93,321	-	7,508	15,934	34,288	222,554

Notes to the Interim Consolidated Financial Statements (Continued)  
For the six months ended 30 June 2012

9 Finance income and costs

	(Unaudited) Six months ended 30 June 2012 US\$'000	(Unaudited) Six months ended 30 June 2011 US\$'000
<b>Finance income</b>		
Bank interest	211	25
	211	25
<b>Finance costs</b>		
Bank charges	(110)	(55)
Interest expenses of convertible zero dividend preference shares	(2,102)	(1,237)
	(2,212)	(1,292)
<b>Total</b>	<b>(2,001)</b>	<b>(1,267)</b>

10 Income tax

No provision for current tax was made for the year as the subsidiaries had no assessable profit. As the Company is not in receipt of income from Manx land or property and does not hold a Manx banking licence, it is taxed at the standard rate of zero per cent on the Isle of Man. As the Company is quoted on AIM market of the London Stock Exchange, it is outside the scope of the Attribution Regime for Individuals.

	(Unaudited) Six months ended 30 June 2012 US\$'000	(Unaudited) Six months ended 30 June 2011 US\$'000
<b>Current taxes</b>		
Current year	-	263
<b>Deferred taxes</b>		
Deferred income taxes*	(104)	(124)
<b>Total income taxes in the statement of comprehensive income</b>	<b>(104)</b>	<b>139</b>

\* The deferred income tax relates to net change in fair value loss of Celadon Mining Ltd and convertible option of China Rice Ltd, estimated in accordance with the relevant tax laws and regulations in the PRC based on a tax rate of 10 per cent.

Notes to the Interim Consolidated Financial Statements (Continued)  
For the six months ended 30 June 2012

11 (Loss)/earnings per share

	(Unaudited) Six months ended 30 June 2012 US\$'000	(Unaudited) Six months ended 30 June 2011 US\$'000
<b>Numerator</b>		
(Loss)/profit for the period attributable to owners of the parent as used in the calculation of basic (loss)/earnings per share	(37,182)	19,280
Interest on convertible zero dividend preference shares	-	1,237
(Loss)/profit for the period attributable to owners of the parent as used in the calculation of diluted (loss)/earnings per share	(37,182)	20,517
<b>Denominator</b>		
	(Unaudited) 30 June 2012 Number of shares	(Unaudited) 30 June 2011 Number of shares
Weighted average number of ordinary shares for basic (LPS)/EPS	354,183,558	297,563,069
Effect of dilution:		
Weighted average number of convertible zero dividend preference shares for basic (LPS)/EPS	-	39,430,067
Share of options	-	7,032,534
Weighted average number of ordinary shares adjusted for the effect of dilution	354,183,558	344,025,670
Basic (loss)/earnings per share	(10.50) cents	6.48 cents
Diluted (loss)/earnings per share	(10.50) cents	5.96 cents



Notes to the Interim Consolidated Financial Statements (Continued)  
For the six months ended 30 June 2012

12 Investments at fair value through profit or loss

As at 30 June 2012 (Unaudited)

Name*	Country of incorporation	Fair Value hierarchy level	Proportion of ownership interest	Cost US\$'000	Fair value US\$'000
China Cleantech Partners, L.P.****	Cayman	3	50.1%	12,500	12,500
Trafigura Origo Joint Venture LLC*****	Mongolia	3	50.0%	400	400
IRCA Holdings Ltd	British Virgin Islands	3	49.1%	9,505	-
Resources Investment Capital Ltd	British Virgin Islands	3	38.5%	287	287
Roshini International Bio Energy Corporation	British Virgin Islands	3	35.9%	17,050	-
China Rice Ltd	British Virgin Islands	3	32.1%	13,000	13,000
Kincora Copper Ltd***	Canada	3	29.2%	4,706	7,028
Niutech Energy Ltd	British Virgin Islands	3	21.1%	6,350	6,350
Moly World Ltd	British Virgin Islands	3	20.0%	10,000	10,000
R.M.Williams Agricultural Holdings Pty Ltd	Australia	3	17.5%	20,000	22,651
Unipower Battery Ltd	Cayman Islands	3	16.5%	4,301	4,301
Fans Media Co., Ltd	British Virgin Islands	3	14.3%	2,360	2,360
Gobi Coal & Energy Ltd***	British Virgin Islands	3	14.0%	14,960	66,970
Celadon Mining Ltd	British Virgin Islands	3	9.7%	13,069	23,661
Staur Aqua AS	Norway	3	9.2%	719	530
HaloSource, INC.	USA	1	4.3%	3,121	1,190
Voyager Resource Ltd***	Australia	1	3.5%	4,776	947
Bach Technology GmbH	Germany	3	2.5%	60	185
Rising Technology Corporation Ltd/ Beijing Rising Information Technology Ltd **	British Virgin Islands	3	2%/ 1.6%	5,565	4,032
Kooky Panda Ltd	Cayman Islands	3	1.2%	25	25
Fram Exploration AS	Norway	3	1.1%	1,501	1,491
Six Waves Inc	British Virgin Islands	3	1.1%	240	2,600
SPT Energy Group Inc	China	1	0.4%	989	875
Hilong Holding Ltd	China	1	0.3%	1,145	1,141
Other quoted investments***	Cayman	1		5,252	3,845
<b>Total</b>				<b>151,881</b>	<b>186,369</b>

\* There are no significant restrictions that will have an impact on ability to transfer of these investments, except a lock up of the shares of Kincora Copper Ltd which will expire in July 2014.

\*\* 2% equity stake in Rising Technology Corporation Ltd and 1.6% beneficial interest in Beijing Rising Information Technology Ltd, a company incorporated in the PRC, under a nominee agreement.

\*\*\* Investments held by China Commodities Absolute Return Ltd ("CCF") and MSE Liquidity Fund ("MSE Fund"), the funds managed by the Group. The Group ceased to recognize CCF as an investment at FVTPL on 1 May 2011 when its ownership in CCF increased to 60% and instead recognized its separate assets and liabilities.

\*\*\*\* A private equity fund focusing on China's cleantech sectors, jointly formed and co-managed by the Group and EFMI Limited on 50/50 basis.

\*\*\*\*\* A company focusing on mineral and metal exploration, jointly formed and co-managed by the Group and Eltrana LLC on 50/50 basis.

Notes to the Interim Consolidated Financial Statements (Continued)  
For the six months ended 30 June 2012

12 Investments at fair value through profit or loss (Continued)

The proportion of ownership interest held by CCF in unlisted investments is as follows:

Name*	Proportion of ownership interest	Cost US\$'000	Fair value US\$'000
Gobi Coal & Energy Ltd	0.2%	252	1,128
Kincora Copper Ltd	4.5%	1,063	1,094
Voyager Resource Ltd	0.5%	589	134

In accordance with IFRS 7: Financial Instruments: Disclosures, financial instruments recognized at fair value are required to be analysed between those whose fair value is based on:

- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Those involving inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

During the period, there were no transfers between Levels.

Statement of changes in investments at fair value through profit or loss based on level 3:

	(Unaudited) Six month ended 30 June 2012 US\$'000	(Audited) 2011 US\$'000
Opening balance	210,242	127,963
Acquisitions	127	63,050
Proceeds from disposals of investments	(13)	(14,387)
Increase upon the consolidation of CCF and MSE	-	2,773
Net exchange difference	411	(266)
Movement in unrealised (losses)/gains on investments		
- In profit or loss	(32,396)	38,402
Transfers out of Level 3	-	(7,293)
<b>Closing balance</b>	<b>178,371</b>	<b>210,242</b>

Notes to the Interim Consolidated Financial Statements (Continued)  
For the six months ended 30 June 2012

12 Investments at fair value through profit or loss (Continued)

As at 30 June 2011 (Unaudited)

Name*	Country of incorporation	Fair Value hierarchy level	Proportion of ownership interest	Cost US\$'000	Fair value US\$'000
IRCA Holdings Ltd	British Virgin Islands	3	49.1%	9,505	2,104
Resource Investment Capital Ltd	British Virgin Islands	3	39.8%	287	287
Roshini International Bio Energy Corporation	British Virgin Islands	3	35.9%	17,050	-
China Rice Ltd	British Virgin Islands	3	32.1%	13,000	13,000
Kincora Group Ltd***	British Virgin Islands	3	25.0%	2,925	11,086
Moly World Ltd	British Virgin Islands	3	20.0%	10,000	10,000
R.M.Williams Agricultural Holdings Pty Ltd	Australia	3	19.3%	20,000	31,229
Gobi Coal & Energy Ltd***	British Virgin Islands	3	17.9%	14,960	66,744
Niutech Energy Ltd (Achieve Stars Development Ltd)	British Virgin Islands	3	17.1%	4,700	4,700
Unipower Battery Ltd	Cayman Islands	3	16.5%	4,301	4,301
Fans Media Co., Ltd	British Virgin Islands	3	14.3%	2,360	2,360
Celadon Mining Ltd	British Virgin Islands	3	9.7%	13,069	24,358
Staur Aqua AS	Norway	3	9.2%	719	804
HaloSource Inc	USA	3	4.3%	3,121	7,226
Brazilian Diamonds Ltd***	Canada	1	3.5%	94	322
Bach Technology GmbH	Germany	3	2.5%	60	206
Kooky Panda Ltd	Cayman Islands	3	1.2%	25	25
Fram Exploration AS	Norway	3	1.1%	1,501	1,662
Rising Technology Corporation Ltd/ Beijing Rising Information Technology Ltd**	British Virgin Islands	3	2%/ 1.6%	5,565	5,321
Other quoted investments***		1		3,016	2,811
<b>Total</b>				<b>126,258</b>	<b>188,546</b>

Notes to the Interim Consolidated Financial Statements (Continued)  
For the six months ended 30 June 2012

12 Investments at fair value through profit or loss (Continued)

As at 31 December 2011 (Audited)

Name*	Country of incorporation	Fair Value hierarchy level	Proportion of ownership interest	Cost US\$'000	Fair value US\$'000
China Cleantech Partners, L.P.****	Cayman	3	50.1%	12,500	12,500
Trafigura Origo Joint Venture LLC *****	Mongolia	3	50.0%	400	400
IRCA Holdings Ltd	British Virgin Islands	3	49.1%	9,505	-
Resources Investment Capital Ltd	British Virgin Islands	3	38.5%	287	287
Roshini International Bio Energy Corporation	British Virgin Islands	3	35.9%	17,050	-
Kincora Copper Ltd***	Canada	3	33.2%	4,592	11,454
China Rice Ltd	British Virgin Islands	3	32.1%	13,000	13,000
Niutech Energy Ltd	British Virgin Islands	3	21.1%	6,350	6,350
Moly World Ltd	British Virgin Islands	3	20.0%	10,000	10,000
R.M. Williams Agricultural Holdings Pty Ltd	Australia	3	17.5%	20,000	29,551
Unipower Battery Ltd	Cayman Islands	3	16.5%	4,301	4,301
Fans Media Co., Ltd	British Virgin Islands	3	14.3%	2,360	2,360
Gobi Coal & Energy Ltd***	British Virgin Islands	3	14.3%	14,960	87,061
Celadon Mining Ltd	British Virgin Islands	3	9.7%	13,069	23,325
Staur Aqua AS	Norway	3	9.2%	719	528
HaloSource, INC.	USA	1	4.3%	3,121	2,689
Voyager Resource Ltd***	Australia	1	3.5%	4,871	3,236
Bach Technology GmbH	Germany	3	2.5%	60	184
Rising Technology Corporation Ltd/ Beijing Rising Information Technology Ltd**	British Virgin Islands	3	2%/ 1.6%	5,565	4,828
Kooky Panda Ltd	Cayman Islands	3	1.2%	25	25
Six Waves Inc	British Virgin Islands	3	1.1%	240	2,600
Fram Exploration AS	Norway	3	1.1%	1,495	1,488
Other quoted investments***		1		3,860	3,029
<b>Total</b>				<b>148,330</b>	<b>219,196</b>

Notes to the Interim Consolidated Financial Statements (Continued)  
For the six months ended 30 June 2012

**13 Investment in an associate**

The following entity meets the definition of an associate and has been accounted for in the consolidated financial statements on an equity basis:

As at 30 June 2012 (Unaudited)

<b>Name</b>	<b>Country of incorporation</b>	<b>Proportion of voting rights held</b>
Dragon Ports Ltd ("DP")	British Virgin Islands	33.96% (Owned by Ascend Ventures Ltd)

Amounts relating to the associate for the six months ended 30 June 2012 are as follows:

	<b>US\$'000</b>
Total assets	1,076
Total liabilities	709
Revenue	161
Loss	(7)

As at 30 June 2011 (Unaudited)

<b>Name</b>	<b>Country of incorporation</b>	<b>Proportion of voting rights held</b>
Dragon Ports Ltd ("DP")	British Virgin Islands	44.7% (Owned by Ascend Ventures Ltd)

Amounts relating to the associate for the six months ended 30 June 2011 are as follows:

	<b>US\$'000</b>
Total assets	1,415
Total liabilities	794
Revenue	316
Loss	(4)

As at 31 December 2011 (Audited)

<b>Name</b>	<b>Country of incorporation</b>	<b>Proportion of voting rights held</b>
Dragon Ports Ltd	British Virgin Islands	33.96% (Owned by Ascend Ventures Ltd)

Amounts relating to the associate for 2011 are as follows:

	<b>2011 US\$'000</b>
Total assets	1,101
Total liabilities	706
Revenues	302
Loss	(204)

Notes to the Interim Consolidated Financial Statements (Continued)  
For the six months ended 30 June 2012

14 Investment in joint ventures

The Group has the following significant interests in joint ventures, and has been accounted for in the Group's consolidated financial statements as of the 30 June 2012 on an equity basis:

Name	Country of incorporation	Proportion of voting rights held
China CleanTech GP Ltd ("GP")	Cayman	50% (Owned by Origo Partners Plc)
China CleanTech AMC Ltd ("AMC")	Cayman	50% (Owned by Origo Partners Plc)

Amounts relating to the joint ventures for 30 June 2012 are as follows:

	(Unaudited) 30 June 2012 (GP) US\$'000	(Unaudited) 30 June 2012 (AMC) US\$'000
Current assets	8	137
Non-current assets	312	5
<b>Total assets</b>	<b>320</b>	<b>142</b>
Current liabilities	16	27
Non-current liabilities	220	100
<b>Total liabilities</b>	<b>236</b>	<b>127</b>
Income	-	-
Expenses	(3)	(33)
Other comprehensive income	-	-
<b>Total loss</b>	<b>(3)</b>	<b>(33)</b>

Amounts relating to the joint ventures for 31 December 2011 are as follows:

	2011(GP) US\$'000	2011 (AMC) US\$'000
Current assets	10	167
Non-current assets	312	5
<b>Total assets</b>	<b>322</b>	<b>172</b>
Current liabilities	15	107
Non-current liabilities	220	100
<b>Total liabilities</b>	<b>235</b>	<b>207</b>
Income	-	-
Expenses	(14)	(54)
Other comprehensive income	-	-
<b>Total loss</b>	<b>(14)</b>	<b>(54)</b>

There are no outstanding commitments and contingent liabilities related to the joint ventures.

Notes to the Interim Consolidated Financial Statements (Continued)  
For the six months ended 30 June 2012

15 Loans

The Group has entered into convertible credit agreements and has the right to convert the outstanding principal balance of relevant loans into borrower's shares according to certain conversion conditions, and loan agreements with certain investee companies as set forth in the table below.

As at 30 June 2012 (Unaudited)

Borrower	Loan rates %	Loan principal US\$'000	Loans due within one year US\$'000	Loans due after one year US\$'000	Fair value US\$'000
Convertible credit agreements*					
China Rice Ltd	4	15,000	5,000	10,000	15,000
Unipower Battery Ltd	6	9,000	9,000	-	9,000
IRCA Holdings Ltd	8-18	11,645	6,047	894	6,941
Staur Aqua AS	15	3,848	786	2,171	2,957
R.M. Williams Agricultural Holdings Pty Ltd	20	3,090	2,972	-	2,972
Dragon Ports Ltd	-	174	152	-	152
Roshini International Bio Energy Corporation	-	425	-	-	-
<b>Sub-total</b>		<b>43,182</b>	<b>23,957</b>	<b>13,065</b>	<b>37,022</b>
Borrower	Loan rates %	Loan principal US\$'000	Loans Due within one year US\$'000	Loans due after one year US\$'000	Amortised cost US\$'000
Loan agreements*					
IRCA Holdings Ltd	6-10	3,158	-	1,741	1,741
Shanghai Evtech New Energy Technology Ltd	-	510	510	-	510
China CleanTech GP Ltd	-	110	110	-	110
China CleanTech AMC Ltd	-	50	50	-	50
View Step Corporation Ltd	-	25	-	25	25
China Silvertone Investment Co Ltd	-	478	-	-	-
<b>Sub-total</b>		<b>4,331</b>	<b>670</b>	<b>1,766</b>	<b>2,436</b>
<b>Total</b>		<b>47,513</b>	<b>24,627</b>	<b>14,831</b>	<b>39,458</b>

\* Loans in relation to convertible credit agreements are measured at fair value. Loans in relation to loan agreements are measured at amortised cost using the effective interest rate method less any identified impairment losses. There are no breaches under the terms and conditions of loan agreements.

Notes to the Interim Consolidated Financial Statements (Continued)  
For the six months ended 30 June 2012

## 15 Loans (Continued)

As at 30 June 2011 (Unaudited)

Borrower	Loan rates %	Loan principal US\$'000	Loans due within one year US\$'000	Loans due after one year US\$'000	Fair value US\$'000
Convertible credit agreements*					
Dragon Ports Ltd	-	173	173	-	173
IRCA Holdings Ltd	8-18	11,645	7,245	4,400	11,645
Kincora Group Ltd	-	500	-	500	500
R.M.Williams Agricultural Holdings Pty Ltd	20	3,090	-	3,060	3,060
Roshini International Bio-Energy Corporation	-	392	-	-	-
Staur Aqua AS	15	3,848	4,492	-	4,492
Unipower Battery Ltd	6	9,000	-	9,000	9,000
<b>Sub-total</b>		<b>28,648</b>	<b>11,910</b>	<b>16,960</b>	<b>28,870</b>
Borrower	Loan rates %	Loan principal US\$'000	Loans Due within one year US\$'000	Loans due after one year US\$'000	Amortised cost US\$'000
Loan agreements*					
China Silvertone Investment Co Ltd	-	478	-	478	478
Shanghai Evtech New Energy Technology Ltd	-	197	197	-	197
IRCA Holdings Ltd	6-10	2,158	-	2,184	2,184
Smartron 5 Inc	-	520	-	520	520
View Step Corporation Ltd	-	25	-	25	25
<b>Sub-total</b>		<b>3,378</b>	<b>197</b>	<b>3,207</b>	<b>3,404</b>
<b>Total</b>		<b>32,026</b>	<b>12,107</b>	<b>20,167</b>	<b>32,274</b>



Notes to the Interim Consolidated Financial Statements (Continued)  
For the six months ended 30 June 2012

15 Loans (Continued)

As at 31 December 2011

Borrower	Loan rates %	Loan principal US\$'000	Loans due within one year US\$'000	Loans due after one year US\$'000	Fair value US\$'000
Convertible credit agreements*					
China Rice Ltd	4	10,000	-	10,000	10,000
Unipower Battery Ltd	6	9,000	9,000	-	9,000
IRCA Holdings Ltd	8-18	11,645	5,391	1,549	6,940
Staur Aqua AS	15	3,848	2,950	-	2,950
R.M. Williams Agricultural Holdings Pty Ltd	20	3,090	2,930	-	2,930
Dragon Ports Ltd	-	173	154	-	154
Roshini International Bio Energy Corporation	-	424	-	-	-
<b>Sub-total</b>		<b>38,180</b>	<b>20,425</b>	<b>11,549</b>	<b>31,974</b>
Borrower	Loan rates %	Loan principal US\$'000	Loans due within one year US\$'000	Loans due after one year US\$'000	Amortised cost US\$'000
Loan agreements*					
IRCA Holdings Ltd	6-10	2,408	-	986	986
Shanghai Evtech New Energy Technology Ltd	-	352	352	-	352
China CleanTech GP Ltd	-	110	-	110	110
China CleanTech AMC Ltd	-	50	-	50	50
View Step Corporation Ltd	-	25	-	25	25
China Silvertone Investment Co Ltd	-	478	-	-	-
<b>Sub-total</b>		<b>3,423</b>	<b>352</b>	<b>1,171</b>	<b>1,523</b>
<b>Total</b>		<b>41,603</b>	<b>20,777</b>	<b>12,720</b>	<b>33,497</b>

Statement of changes in loans:

	(Unaudited) Six months ended 30 June 2012 US\$'000	(Audited) 2011 US\$'000
Opening balance	33,497	34,942
Addition	5,908	21,685
Repayment	-	(1,650)
Write-off	(2)	(8,110)
Conversion of loans into investments	-	(13,240)
Exchange difference	55	(130)
<b>Closing balance</b>	<b>39,458</b>	<b>33,497</b>

Notes to the Interim Consolidated Financial Statements (Continued)  
For the six months ended 30 June 2012

16 Derivative financial assets

	Fair Value hierarchy level	(Unaudited) 30 June 2012 US\$'000	(Unaudited) 30 June 2011 US\$'000	(Audited) 31 December 2011 US\$'000
Warrants	3	-	1,608	2,523
Derivative component of convertible zero dividend preference shares (see note 19)	2	30	3,543	261
Derivative from convertible options	3	3,824	-	4,206
<b>Total</b>		<b>3,854</b>	<b>5,151</b>	<b>6,990</b>

In accordance with the fair value hierarchy described in note 12, derivative financial instruments are measured using level 2 inputs for component of convertible zero dividend preference shares and level 3 for warrants and convertible options.

17 Trade and other receivables

	(Unaudited) 30 June 2012 US\$'000	(Unaudited) 30 June 2011 US\$'000	(Audited) 31 December 2011 US\$'000
Trade debtors	379	676	519
Other debtors	1,667	2,460	2,582
Loan interest receivables	3,981	2,279	2,934
Prepayments	328	359	301
<b>Total</b>	<b>6,355</b>	<b>5,774</b>	<b>6,336</b>

18 Trade and other payables

	(Unaudited) 30 June 2012 US\$'000	(Unaudited) 30 June 2011 US\$'000	(Audited) 31 December 2011 US\$'000
Trade payables	1	270	193
Other payables	910	558	839
<b>Total</b>	<b>911</b>	<b>828</b>	<b>1,032</b>

Notes to the Interim Consolidated Financial Statements (Continued)  
For the six months ended 30 June 2012

19 Liability component of convertible zero dividend preference shares

	Number of shares	Liability component US\$'000	Equity component US\$'000	Early redemption option derivative US\$'000
<b>Balance at 1 January 2011</b>	-	-	-	-
Issue of convertible zero dividend preference shares	60,000,000	55,892	7,651	(3,543)
Expenses of the issue	-	(2,561)	(189)	-
<b>Balance at 9 March 2011</b>	<b>60,000,000</b>	<b>53,331</b>	<b>7,462</b>	<b>(3,543)</b>
Interest expenses on convertible zero dividend preference shares	-	3,264	-	-
Fair value movement of early redemption option derivative	-	-	-	3,282
<b>Balance at 1 January 2012</b>	<b>60,000,000</b>	<b>56,595</b>	<b>7,462</b>	<b>(261)</b>
Interest expenses on convertible zero dividend preference shares	-	2,102	-	-
Fair value movement of early redemption option derivative	-	-	-	231
<b>Balance at 30 June 2012</b>	<b>60,000,000</b>	<b>58,697</b>	<b>7,462</b>	<b>(30)</b>

On 8 March 2011, the Company issued 60 million convertible zero dividend preference shares ("Convertible Preference Shares") at a price of US\$1.00 per share. The Convertible Preference Shares have a maturity period of five years from the issue date and can be converted into 1 ordinary share of the Company at the conversion price of US\$0.95 per share at the holder's option at any time between more than 40 dealing days after 8 March 2011 up to 5 dealing days prior to the maturity date and, if it has not been converted, it will be redeemed on maturity at the redemption price of US\$1.28 per share (representing a gross redemption yield of 5 per cent per annum at issue).

The Convertible Preference Shares contain a redemption feature which allows for early redemption at the option of issuer. The issuer has the option to redeem all or some of the Convertible Preference Shares subject to the restrictions on redemption described below:

- (a) at any time after the second anniversary of 8 March 2011, for a cash sum of US\$1.28 per Convertible Preference Share redeemed;
- (b) at any time after the second anniversary of 8 March 2011, if in any period of 30 consecutive dealing days the closing middle market price of the ordinary shares of the Company exceeds US\$1.235 per ordinary share of the Company on 20 or more of those days, for a cash sum equal to the Accreted Principal Amount in respect of the Convertible Preference Shares being redeemed;
- (c) at any time, if less than 15 per cent of the Convertible Preference Shares remain outstanding, for a cash sum equal to the Accreted Principal Amount in respect of the Convertible Preference Shares being redeemed.

The Convertible Preference Shares contain three components, a liability component, an equity component and the early redemption option derivative. The effective interest rate of the liability component is 6.5 per cent. The early redemption option derivative is presented as derivative financial assets in the consolidated statement of financial position and is measured at fair value subsequent to initial recognition with changes in fair value recognized in profit and loss.

Notes to the Interim Consolidated Financial Statements (Continued)  
For the six months ended 30 June 2012

20 Provision

	(Unaudited) 30 June 2012 US\$'000	(Unaudited) 30 June 2011 US\$'000	(Audited) 31 December 2011 US\$'000
USR*	634	2,210	1,495
Performance incentive provision**	5,962	-	13,357
<b>Total</b>	<b>6,596</b>	<b>2,210</b>	<b>14,852</b>

\* The provision relates to the fair value of USR granted to certain directors, executives and key employees under the Company's joint share ownership scheme. Further details about the USR are included in note 22 to the financial statements.

\*\* Refer to note 5 for total performance incentive expenses

21 Issued capital

	(Unaudited) 30 June 2012		(Unaudited) 30 June 2011		(Audited) 31 December 2011	
	Number of shares	£'000	Number of shares	£'000	Number of shares	£'000
<b>Authorized</b>						
Ordinary shares of £ 0.0001 each	500,000,000	50	500,000,000	50	500,000,000	50
<b>Issued and fully paid</b>	<b>Number of shares</b>	<b>US\$'000</b>	<b>Number of shares</b>	<b>US\$'000</b>	<b>Number of shares</b>	<b>US\$'000</b>
<b>At beginning of the period</b>	<b>360,168,501</b>	<b>56</b>	<b>302,410,168</b>	<b>47</b>	<b>302,410,168</b>	<b>47</b>
Issued on 23 December 2011 on placing for cash*	-	-	-	-	57,758,333	9
<b>At end of the period/year</b>	<b>360,168,501</b>	<b>56</b>	<b>302,410,168</b>	<b>47</b>	<b>360,168,501</b>	<b>56</b>

\* 57,758,333 ordinary shares were issued to both existing and new shareholders of the Company on 23 December 2011 by way of placing at a price of 36 pence per share.

Notes to the Interim Consolidated Financial Statements (Continued)  
For the six months ended 30 June 2012

22 Share option scheme

The Group has a number of share schemes that allow employees to acquire shares in the Company.

The total cost recognized in the statement of comprehensive income is shown below:

	(Unaudited) 30 June 2012 US\$'000	(Unaudited) 30 June 2011 US\$'000
Equity-settled option	348	31
USR	(861)	648
	<b>(513)</b>	<b>679</b>

The following table illustrates the number ("No.") and weighted average exercise prices ("WAEP") of, and movements in share options during the six months ended 30 June 2012 and 2011, and year ended 31 December 2011.

	(Unaudited) 30 June 2012		(Unaudited) 30 June 2011		(Audited) 31 December 2011	
	No.	WAEP	No.	WAEP	No.	WAEP
<b>Outstanding at 1 January</b>	<b>11,451,932</b>	<b>23.45p</b>	<b>11,451,932</b>	<b>23.45p</b>	<b>11,451,932</b>	<b>23.45p</b>
Granted during the period/year	13,600,000	31.22p	-	-	-	-
Forfeited during the period/year	(800,000)	(31.00)p	-	-	-	-
Exercised during the period/year	-	-	-	-	-	-
Expired during the period/year	-	-	-	-	-	-
<b>Outstanding at the end of the period/year</b>	<b>24,251,932</b>	<b>27.56p</b>	<b>11,451,932</b>	<b>23.45p</b>	<b>11,451,932</b>	<b>23.45p</b>
<b>Exercisable at the end of the period/year</b>	<b>11,635,264</b>		<b>11,451,932</b>		<b>11,451,932</b>	-

Notes to the Interim Consolidated Financial Statements (Continued)  
For the six months ended 30 June 2012

22 Share option scheme (Continued)

Outstanding options include 6,800,000, 3,500,000, 500,000 and 13,600,000 equity-settled options granted on 06 October 2006, 13 March 2008, 06 February 2009 and 02 February 2012 respectively to certain directors and employees of the Company and 651,932 equity-settled options granted on 21 December 2006 to Seymour Pierce Ltd, the Company's former nominated adviser. The Company did not enter into any share-based transactions with parties other than employees during the six months ended 30 June 2012, 2011, 2010, 2009, 2008 and 2007, except as described above.

On 16 October 2009, 4,847,099 of USR were granted to certain directors, executives and key employees under the Company's joint share ownership scheme ("JSOS"). 50 per cent of USR will vest 12 months from the date of grant and 50% of USR will vest 24 months from the date of grant. The exercise price of the USR granted is 15.50 pence compounded at 3.5 per cent per annum over the year from the grant date to the exercise date of USR. The fair value of the USRs is estimated at the end of each reporting period using the Black-Scholes option pricing model. The contractual life of each USR granted is 10 years.

The following table illustrates the number ("No.") and weighted average exercise prices ("WAEP") of, and movements in USRs during the six months ended 30 June 2012 and 2011, and year ended 31 December 2011.

	(Unaudited) 30 June 2012		(Unaudited) 30 June 2011		(Audited) 31 December 2011	
	No.	WAEP	No.	WAEP	No.	WAEP
<b>Outstanding at 1 January</b>	<b>4,847,099</b>	<b>15.50p</b>	<b>4,847,099</b>	<b>15.50p</b>	<b>4,847,099</b>	<b>15.50p</b>
Granted during the period/year	-	-	-	-	-	-
Forfeited during the period/year	-	-	-	-	-	-
Exercised during the period/year	(129,032)	15.50p	-	-	-	-
Expired during the period/year	-	-	-	-	-	-
<b>Outstanding at the end of the period/year</b>	<b>4,718,067</b>	<b>15.50p</b>	<b>4,847,099</b>	<b>15.50p</b>	<b>4,847,099</b>	<b>15.50p</b>
<b>Exercisable at the end of the period/year</b>	<b>4,718,067</b>		<b>2,423,550</b>		<b>4,847,099</b>	

The following table lists the inputs to the model used to calculate the fair value of USRs for the period.

Weighted average share price (pence)	23.25
Exercise price (pence)	15.50
Expected weighted average mature life (years)	2
Expected volatility (%)	33.87
Expected dividend growth rate (%)	-
Risk-free interest rate (%)	2.25

The volatility assumption, measured at the standard deviation of expected share price returns, was based on a statistical analysis of the Company's daily share prices from 1 July 2009 to 30 June 2012 using source data from Bloomberg.

The carrying amount of the liability relating to the USR as at 30 June 2012 is US\$634,223 and the expense recognized as share-based payments during the period is (US\$512,900).

Notes to the Interim Consolidated Financial Statements (Continued)  
For the six months ended 30 June 2012

**23 Related party transactions**

*Identification of related parties*

The Group has a related party relationship with its subsidiaries, joint ventures, associates and key management personnel. Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

*Transactions with key management personnel*

The Group's key management personnel are the Executive and Non-executive directors as identified in note 7. Other than as disclosed above, there were no other significant transactions with key management personnel during the period.

*Trading transactions*

The following table provides the total amount of significant transactions and outstanding balances which have been entered into with related parties during the six months ended 30 June 2012 and 30 June 2011, and the year ended 31 December 2011.

	(Unaudited) 30 June 2012 US\$'000	(Unaudited) 30 June 2011 US\$'000	(Audited) 31 December 2011 US\$'000
<b>Amounts due from/(to) related parties*</b>			
Origo Advisers Ltd**	(5,809)	3	(13,204)
GLG Partners LP	-	268	144
Chris Andre Rynning ***	79	13	5
<b>Sales to related parties</b>			
GLG Partners LP	-	556	748
<b>Performance incentive</b>			
Origo Advisers Ltd**	(7,395)	-	13,357
<b>Purchases from related parties</b>			
Li Yi Fei	-	191	383
GLG Partners LP	-	-	21,649
<b>Transactions with personnel</b>			
Luke Leslie****	-	-	45

\* The amounts are unsecured, non-interest bearing and have no fixed terms of repayment. In the opinion of the directors, the Company will demand the amounts within 12 months from the reporting date. Accordingly, the amounts are shown as current.

\*\* Origo Advisers Ltd is controlled by entities whose ultimate beneficiaries include two Directors of the Company (Mr. Rynning and Mr. Ponnert).

\*\*\* Chris Andre Rynning is a director of the Company.

\*\*\*\* Luke Leslie is a director of CCF which is one of subsidiaries of the Group. The amount is the performance incentive according to the advisory agreement between CCF and the Group.

**24 Commitments and contingencies**

- In April 2010, the Company entered into an irrevocable Standby Letter of Credit (“L/C”) with Standard Chartered Bank (Hong Kong) Ltd for an aggregate amount up to US\$3 million, which was increased to US\$3.5 million in June 2011, to secure the credit facilities granted by ABSA Bank Ltd to IRCA Holdings Ltd. The L/C will expire on 31 December 2012.
- In May 2011, the Company entered into a guarantee agreement maturing in April 2013 with IRCA Holdings Ltd and Mr. Malcolm Stephen Paul to guarantee the repayment of loans of up to US\$500,000 extended by Mr. Malcolm Stephen Paul to IRCA Holdings Ltd.

There were no other material contracted commitments or contingent assets or liabilities at 30 June 2012 (31 December 2011: none) that have not been disclosed in the interim consolidated financial statements.

**25 Events after the reporting period**

- In July 2012, the Company has entered into a non-brokered private placement offering with Kincora Copper Ltd of a convertible note in the aggregate principal amount of up to CAD2.5 million due and payable three years from the date of issuance.
- In July 2012, the Company made further subscriptions of US\$5 million in MSE, at which point the Company’s ownership increased to 88 per cent.



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**Directors, Advisors and Other Information**

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Directors	Wang Chao Yong, Executive Chairman Chris Rynning, Chief Executive Officer Niklas Ponnert, Chief Financial Officer Christopher Jemmett, Non Executive Director Lionel de Saint-Exupery, Non Executive Director Tom Preststulen, Non Executive Director
Country of incorporation of parent company	Isle of Man
Company number	005681V
Auditors	Ernst & Young LLC Rose House, 51-59 Circular Road Douglas Isle of Man IM1 1AZ, United Kingdom
Nominated adviser	Liberum Capital Ltd. Ropemaker Place, Level 12 25 Ropemaker Street London, EC2Y 9AR
Solicitors to the company	Charles Russell LLP 5 Fleet Place London, EC4M 7RD
Public relations advisers	Aura Financial LLP The Economist Plaza, 7th Floor, 27 St James's Street, London, SW1A 1HA
Broker	Liberum Capital Ltd. Ropemaker Place, Level 12 25 Ropemaker Street London, EC2Y 9AR

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