



POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED
百田石油國際集團有限公司

(Stock Code : 8011)



Third Quarterly Report

2009



CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of Polyard Petroleum International Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- 1. the information contained in this report is accurate and complete in all material respects and not misleading;*
- 2. there are no other matters the omission of which would make any statement in this report misleading; and*
- 3. all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

THIRD QUARTERLY RESULTS

The board of directors (the "Board") of Polyard Petroleum International Group Limited (the "Company") would like to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the three months and nine months ended 30 September 2009 together with the comparative unaudited figures for the corresponding periods in 2008, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and nine months ended 30 September 2009

	Notes	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
		2009	2008	2009	2008
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
CONTINUING OPERATIONS					
Turnover	3	1,456	8,483	3,145	20,375
Cost of sales		(1,445)	(8,345)	(3,093)	(20,116)
Gross profit		11	138	52	259
Other revenues	3	459	791	1,196	810
Administrative expenses		(4,063)	(3,540)	(11,472)	(13,430)
Share of results of associates		—	—	(1,355)	—
Operating loss		(3,593)	(2,611)	(11,579)	(12,361)
Finance costs	4	(6,341)	(3,912)	(18,709)	(11,810)
Loss before tax		(9,934)	(6,523)	(30,288)	(24,171)
Income tax	5	698	306	2,058	955
Loss for the period from continuing operations		(9,236)	(6,217)	(28,230)	(23,216)



	Notes	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
		2009	2008	2009	2008
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
DISCONTINUED OPERATIONS					
Profit for the period from discontinued operations		—	476	—	401
LOSS FOR THE PERIOD		(9,236)	(5,741)	(28,230)	(22,815)
Attributable to:					
Owners of the Company		(9,217)	(5,758)	(28,182)	(20,896)
Non-controlling interests		(19)	17	(48)	(1,919)
		(9,236)	(5,741)	(28,230)	(22,815)
Dividend	6	—	—	—	—
Loss per share	7				
Basic (in HK cents)					
— from continuing and discontinued operations		(0.170)	(0.106)	(0.521)	(0.386)
— from continuing operations		(0.170)	(0.115)	(0.521)	(0.394)
Diluted (in HK cents)					
— from continuing and discontinued operations		N/A	N/A	N/A	N/A
— from continuing operations		N/A	N/A	N/A	N/A



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2009

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Loss for the period	(9,236)	(5,741)	(28,230)	(22,815)
Other comprehensive income:				
Exchange difference arising on translation of foreign operations	—	—	—	89
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(9,236)	(5,741)	(28,230)	(22,726)
Attributable to:				
Owners of the Company	(9,217)	(5,758)	(28,182)	(20,821)
Non-controlling interests	(19)	17	(48)	(1,905)
	(9,236)	(5,741)	(28,230)	(22,726)



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2009

	Unaudited									
	Issued capital	Share premium	Special reserve	Warrant reserve	Convertible bonds reserve	Exchange reserve	Retained profits	Attributable to owners of the Company	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2008 (Audited)	10,816	359,974	985	4,423	17,730	209	456,795	850,932	2,016,672	2,867,604
Total comprehensive income for the period	—	—	—	—	—	75	(20,896)	(20,821)	(1,905)	(22,726)
Non-controlling interests arising on acquisition of subsidiary	—	—	—	—	—	—	—	—	545	545
Non-controlling interests eliminated on acquisition of additional interests in non-wholly owned subsidiaries under corporate restructuring	—	—	—	—	—	—	—	—	(2,014,704)	(2,014,704)
Release of exchange reserve on disposal of subsidiaries	—	—	—	—	—	(269)	—	(269)	—	(269)
At 30 September 2008	10,816	359,974	985	4,423	17,730	15	435,899	829,842	608	830,450
At 1 January 2009 (Audited)	10,816	359,974	985	4,423	62,370	15	140,039	578,622	591	579,213
Total comprehensive income for the period	—	—	—	—	—	—	(28,182)	(28,182)	(48)	(28,230)
Issue of convertible bonds for settlement of balance of consideration payable on acquisition of subsidiary	—	—	—	—	4,890	—	—	4,890	—	4,890
Deferred tax liability on issue of convertible bonds	—	—	—	—	(806)	—	—	(806)	—	(806)
Non-controlling interests arising on issue of shares by subsidiary	—	—	—	—	—	—	—	—	40	40
At 30 September 2009	10,816	359,974	985	4,423	66,454	15	111,857	554,524	583	555,107



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information

The Company was incorporated in the Cayman Islands on 6 March 2002 as an exempted company under the Companies Law of the Cayman Islands. The shares of the Company were listed on GEM on 12 July 2002.

The Group is principally engaged in the exploration of coal, oil and natural gas and trading of petroleum-related products.

2. Basis of preparation

The unaudited condensed consolidated results have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the GEM Listing Rules.

The unaudited condensed consolidated results have been prepared under the historical cost convention, except for interests in associates and jointly controlled entities and certain financial instruments which are measured at fair value.

The accounting policies adopted for preparing the unaudited condensed consolidated results are consistent with those followed in the preparation of the annual financial statements for the year ended 31 December 2008.



3. Turnover and other revenues

Turnover represents the net invoice value of products sold after allowances for returns and trade discounts. An analysis of the Group's turnover and other revenues for the period is as follows:

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover from continuing operations				
Sales of petroleum-related products	1,456	8,483	3,145	20,375
Other revenues from continuing operations				
Interest income	—	791	2	810
Consultancy fee income	226	—	680	—
Licence fee income	30	—	90	—
Other income	203	—	424	—
	459	791	1,196	810

4. Finance costs

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Effective interest on convertible bonds	6,341	3,912	18,709	11,810

**5. Income tax**

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Current tax				
— Hong Kong	—	—	—	—
— Other jurisdictions	(4)	—	(6)	—
Deferred tax	702	306	2,064	955
Income tax credit for the period	698	306	2,058	955

No provision for Hong Kong profits tax has been provided as there was no assessable income in Hong Kong during the period (2008: Nil). Taxes on profits assessable in other jurisdictions have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

Deferred tax for the period represents income tax recognised on reversal of temporary differences arising from convertible bonds.

No deferred tax has been recognised on loss for the period (2008: Nil) due to unpredictability of future taxable profits that will be available against which the tax losses can be utilised.

6. Dividend

The Board does not recommend the payment of a dividend for the period (2008: Nil).