

VIAGOLD CAPITAL LIMITED

(Incorporated in Bermuda with limited liability)

(ARBN: 070 352 500)

**Reports and Financial Statements
For the year ended March 31, 2010**

VIAGOLD CAPITAL LIMITED

REPORTS AND FINANCIAL STATEMENTS **FOR THE YEAR ENDED MARCH 31, 2010**

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VIAGOLD CAPITAL LIMITED

CHAIRMAN'S ADDRESS TO SHAREHOLDERS

I now present my report on ViaGold Capital Limited (VIA)'s performance during 2009 and our outlook for 2010.

As all shareholders will be aware, operating conditions were extremely challenging in 2009. Indeed, it was perhaps the most challenging market environment the Company has experienced for a decade. Although with the reduced demand for both commodities and industrial products right across the world, the Company still experienced a steep increase in revenues.

2009 FINANCIAL PERFORMANCE

For the year ended 31 March 2010 the company made a gain of A\$2.51 million.

Revenue for the year was approximately A\$0.21 million. The significant increases, when compare to last year of A\$8,000, was due to the commencement of the retailing business of FEEL 100% in China since November 2009 and the commencement of motor vehicle leasing business in Beijing.

Additionally the disposal of subsidiaries has brought about a gain of A\$1.79 million.

Furthermore the application in the value of the underlying securities has brought about a gain of A\$1.89 million while there was a loss of A\$6.40 million in the previous year. The appreciation in the value of underlying securities has given us more flexibility in disposing of investments.

FUTURE DIRECTION

The Company remains committed to exploring M&A opportunities that will increase shareholders' value.

There are encouraging signs that the worst of the financial turmoil may be behind us. Financial markets have stabilised and consumer and business confidence has been lifted.

Acquisitions will still be our major means of expansion in the coming year. The Company has entered into a Memorandum of Understanding in respect of a possible acquisition of a company that is principally engaged in the educational field in China.

In conclusion, I would like to thank the directors and all our employees for their contribution and commitment to the Company.

Thank you.

Jack Chik Ming Chu

Deputy Chairman

June 30, 2010

VIAGOLD CAPITAL LIMITED

CORPORATE GOVERNANCE STATEMENT

The directors of ViaGOLD Capital Limited (“the Company”) are primarily responsible for the corporate governance practices of the Company. This Statement sets out the main corporate governance practices in operation through out the Company for the financial year ended March 31, 2010 (except where otherwise indicated). The Statement also details compliance by the Company with the best practice recommendations set by the Australian Securities Exchange (“ASX”) Corporate Governance Council in its Corporate Governance Principles & Recommendations (Revised Principles) dated August 2, 2007 (**Guide**).

On the date of this Report, the Board consists of two executive directors and four non-executive directors. Details of the directors are set out on page 14 in this Report.

The primary responsibilities of the Board include:

- the establishment of the long term goals of the Company and strategic plans to achieve those goals;
- the approval of the annual and half year financial statements of the Company;
- the review and adoption of annual budgets for the financial performance of the Company and monitoring the results on a quarterly basis; and
- ensuring that the Company has implemented adequate systems of internal controls together with appropriate monitoring of compliance activities.

Set out below is a summary of the Corporate Governance policies of the Company and the approach of the Company and the Board to issues of corporate governance. The summary is provided in the context of the Revised Principles set out in the Guide, which principles are regarded by ASX as reflective of the best international practice in the area of corporate governance. As required by the Listing Rules of Australian Securities Exchange Limited (the “ASX Listing Rules”) and where applicable, the Company has detailed where it fails to meet those principles and the reasons for that failure.

VIAGOLD CAPITAL LIMITED

| No. | ASX Key Governance Principles | Compliance | Non-compliance |
|------------|--|---|--|
| 1 | Lay solid foundations for management and oversight | | |
| 1.1 | Companies should establish the functions reserved to the board and management. | <p>The Company has adopted a Board Charter and Code of Conduct to guide executives, management and employees in carrying out their duties and responsibilities.</p> <p>The Board Charter sets out the responsibilities of the Board and the matters delegated to the Chief Executive Officer.</p> | Not applicable. |
| 1.2 | Companies should disclose the process for evaluating the performance of senior executives. | One of the key functions of the Board under its Charter is its responsibility for monitoring the performance of the Chief Executive Officer and senior executives. | Not applicable. |
| 1.3 | Companies should provide the information indicated in the Guide to reporting on Principle 1. | The Company will provide an explanation of departures (if any) from the Key Principles recommendations 1.1 and 1.2 in its future annual reports. | Not applicable. |
| 2 | Structure the board to add value | | |
| 2.1 | A majority of the board should be independent directors. | <p>Currently, the Board comprises 6 directors, of which 4 are non-executive directors. Only one, Mr. James Anthony Wigginton, can be characterized as independent for the purposes of the ASX Guidelines. The other 2 members of the Board are executive directors. Details of the Board members are set out on page 17 in this Report.</p> <p>All directors are subject to retirement by rotation. The Company's Nomination Committee reviews the composition of the Board on an annual basis and makes recommendations to the Board, to ensure that the Board comprises a number of non-executive directors with an appropriate mix of skills, experience and independence.</p> | The Board recognizes the importance of having a majority of independent directors. However, it also seeks to have the best possible balance of skills and experience for the Company's activities and has decided that a majority of independent directors is not of critical importance. The Board considers, given the size and business scope of the Company, that the persons selected as directors bring sufficient and specific skills, experience and independence of thought to ensure decisions by the Board are in the best interests of the Company and its shareholders. |

VIAGOLD CAPITAL LIMITED

| No. | ASX Key Governance Principles | Compliance | Non-compliance |
|-----|--|---|--|
| 2.2 | The chair should be an independent director. | <p>The chair, Mr. Henry Chang Manayan, is a non-executive director of the Company. Mr. Manayan is not considered to be an independent director by reason of him being a former founder and executive director of the Company.</p> <p>The Board regards Mr. Manayan as the best person to chair the Company in the interests of all shareholders.</p> | The Board recognizes the importance of the chair being held by an independent director, however, it believes Mr. Manayan to be the most appropriate person for this role, given his diverse background, his long involvement in the Company and his knowledge of its activities. |
| 2.3 | The roles of chair and chief executive officer should not be exercised by the same individual. | The roles of chair and Chief Executive Officer are not exercised by the same individual. | Not applicable. |
| 2.4 | The board should establish a nomination committee. | <p>The Board has established a Nomination Committee and a Remuneration Committee. The Committees have a charter adopted by the Board which sets out the responsibilities of the Committees.</p> <p>The Nomination Committee reviews the composition of the Board on an annual basis and makes recommendations to the Board, where considered necessary, to ensure that the Board comprises a number of non-executive directors with an appropriate mix of skills and experience. Where necessary, the Committee seeks the advice of external advisers in connection with the suitability of applicants for Board membership. Details of the Nomination Committee members are set out on page 12 in this Report.</p> <p>The appointment of non-executive directors are to deal with the following matters:</p> <ul style="list-style-type: none">• expectations concerning preparation and attendance at Board meetings;• conflict resolution; and• the right to seek independent legal and professional advice (subject to prior approval of the Chairman). <p>The Committee also assesses and reviews the independence of all non-executive directors.</p> | Not applicable. |

VIAGOLD CAPITAL LIMITED

| No. | ASX Key Governance Principles | Compliance | Non-compliance |
|------------|---|---|-----------------------|
| 2.5 | Companies should disclose the process for evaluating the performance of the board, its committees and individual directors. | <p>The Charter of the Nomination Committee requires that it:</p> <ul style="list-style-type: none">• annually reviews the composition of the Board;• assesses the independence of non-executive directors;• assesses the processes of the Board and Board committees;• assesses the Board's performance;• assesses each director's performance before the director stands for re-election; and• seeks advice of external advisors in connection with the suitability of applicants for Board membership. | Not applicable. |
| 2.6 | Companies should provide the information indicated in the Guide to reporting Principle 2. | The Company will continue to provide information concerning the directors, the independence of directors, the performance of the Board and the remuneration of its directors and an explanation of departures (if any) from the Key Principles recommendations 2.1 – 2.5 (inclusive) in its future annual reports. | Not applicable. |

VIAGOLD CAPITAL LIMITED

| No. | ASX Key Governance Principles | Compliance | Non-compliance |
|----------|---|--|-----------------|
| 3 | Promote ethical and responsible decision making | | |
| 3.1 | <p>Establish a code of conduct and disclose the code or a summary of the code as to:</p> <p>(a) the practices necessary to maintain the confidence in the Company's integrity;</p> <p>(b) the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and</p> <p>(c) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</p> | <p>As part of the Board's commitment to the highest standard of conduct, the Company has adopted a Code of Conduct to guide executives, management and employees in carrying out their duties and responsibilities.</p> <p>The code of conduct covers such matters as:</p> <ul style="list-style-type: none"> • responsibilities to shareholders; • compliance with laws and regulations; • ethical responsibilities; • relations with customers and suppliers; • employment practices; and • responsibilities to the environment and the community. | Not applicable. |
| 3.2 | Companies should establish a policy concerning trading in Company's securities by directors, senior executives and employees, and disclose the policy or a summary of that policy. | The Company's Share Trading Policy contains guidelines and restrictions concerning trading in the Company's securities. | Not applicable. |
| 3.3 | Companies should provide the information indicated in the Guide to reporting on Principle 3. | The Company will provide an explanation of departures (if any) from the Key Principles recommendations 3.1 and 3.2 in its future annual reports. | Not applicable. |

VIAGOLD CAPITAL LIMITED

| No. | ASX Key Governance Principles | Compliance | Non-compliance |
|------------|---|--|--|
| 4. | Safeguard integrity in financial reporting | | |
| 4.1 | The board should establish an audit committee. | The Board has established an Audit Committee. The Audit Committee Charter adopted by the Board sets out its responsibilities. Details of the Audit Committee members are set out on page 12 in this Report. | Not applicable. |
| 4.2 | The audit committee should be structured so that it: <ul style="list-style-type: none"> (a) consists only of non-executive directors; (b) consists of a majority of independent directors; (c) is chaired by an independent chair, who is not the chair of the board; and (d) has at least 3 members. | <p>The Audit Committee presently consists of one independent non-executive director, being Mr. James Anthony Wigginton (Chairman), and one executive officer, Mr. Man Lung Chen (CFO).</p> <p>The Audit Committee provides a forum for the effective communication between the Board and external auditors. The audit committee reviews:</p> <ul style="list-style-type: none"> • the annual and half-year financial statements prior to their approval by the Board. • the effectiveness of management information systems and systems of internal control; • the appointment of external auditors; and • the efficiency and effectiveness of the external audit functions, including reviewing the relevant audit plans. | <p>While not in accordance with the best practice recommendations, the Board is of the view that the experience and professionalism of the persons on the Committee is sufficient to ensure that all significant matters are addressed and actioned.</p> <p>The Company is also satisfied that the composition of the Audit Committee suits the present geographic diversity of the Company.</p> |
| 4.3 | The audit committee should have a formal charter. | The Audit Committee has a formal charter. | Not applicable. |
| 4.4 | Companies should provide the information indicated in the Guide to reporting on Principle 4. | The Company will provide an explanation of departures (if any) from the Key Principles recommendations 4.1 – 4.3 (inclusive) in its future annual reports. | Not applicable. |

VIAGOLD CAPITAL LIMITED

| No. | ASX Key Governance Principles | Compliance | Non-compliance |
|-----|--|---|-----------------|
| 5. | Make timely and balanced disclosure | | |
| 5.1 | Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies. | <p>The Company's Board Charter and disclosure protocol sets out the procedure for:</p> <ul style="list-style-type: none">• protecting confidential information from unauthorized disclosure;• identifying price sensitive information;• reporting material price sensitive information to the company secretary for review;• ensuring the Company achieves best practice in complying with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules (including dealings and discussions with analysts, professional bodies, the media or customers); and• ensuring the Company and individual officers do not contravene the Corporations Act or the ASX Listing Rules (including restrictions on media interviews or presentations). <p>The Board considers issues of continuous disclosure at each of its meetings.</p> <p>The Company also regularly reviews such matters as:</p> <ul style="list-style-type: none">• continuing education/provision of relevant parts of the ASX Listing Rules the right of its officers to seek independent legal advice;• directors and officers insurance;• setting and promulgation of ethical standards;• auditing arrangements;• identification and management of business risks;• related party transactions; and• compliance with the ASX Listing Rules. <p>The Company Secretary and the local Australian agent, the independent non-executive director, Mr. Wigginton, has primary responsibility for all communications with the ASX in relation to the ASX Listing Rules matters.</p> | Not applicable. |

VIAGOLD CAPITAL LIMITED

| No. | ASX Key Governance Principles | Compliance | Non-compliance |
|------------|---|--|-----------------------|
| 5.2 | Companies should provide the information indicated in the Guide to reporting on Principle 5. | The Company will provide an explanation of departures (if any) from Key Principles recommendations 5.1 in its future annual reports. | Not applicable. |
| 6. | Respect the rights of shareholders | | |
| 6.1 | Companies should design a communication policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy. | <p>The Company places a high priority on communications with shareholders and is aware of the obligations as a listed company, under the Corporations Act and the ASX Listing Rules, to keep the market fully informed of information which is not generally available and which may have a material effect on the price or value of the Company's securities.</p> <p>Information is communicated to shareholders as follows:</p> <ul style="list-style-type: none"> • through the ASX company announcements platform, • through notices of meetings of shareholders; and • by provision of documents that are released to the public on the Company's website. | Not applicable. |
| 6.2 | Companies should provide the information indicated in the Guide to reporting on Principle 6. | The Company will provide an explanation of departures (if any) from the Key Principles recommendations 6.1 in its future annual reports. | Not applicable. |
| 7 | Recognize and manage risk | | |
| 7.1 | Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies. | The Board is responsible for the Company's system of internal controls. The Board constantly monitors the operational and financial aspects of the Company's activities. Through the Audit Committee, the Board considers the recommendations and advice of external auditors and other advisers on the operational and financial risks that are facing the Company. | Not applicable. |

VIAGOLD CAPITAL LIMITED

| No. | ASX Key Governance Principles | Compliance | Non-compliance |
|------------|---|--|-----------------------|
| 7.2 | The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks. | Where necessary, the Board ensures that its recommendations are investigated and appropriate action is taken to ensure that the Company has an appropriate internal control environment in place to manage the key risks identified. In addition, the Board investigates ways of enhancing existing risk management strategies, including appropriate segregation of duties, the employment and training of suitably qualified and experienced personnel. | Not applicable. |
| 7.3 | The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. | Prior to finalising the full year and half year financial statements and reports of the Company, the Audit Committee undertakes such investigations and reviews each year as it determines to be necessary to confirm the integrity of the financial reporting of the Company. Included in those steps, the Board requires the Chief Executive Officer and the Chief Financial Officer to make a statement (and sign off to the Board) on the management and internal controls of the Company and the financial reporting. | Not applicable. |
| 7.4 | Companies should provide the information indicated in the Guide to reporting on Principle 7. | The Company will provide an explanation of departures (if any) from the Key Principles recommendations 7.1 – 7.3 (inclusive) in its future annual reports. | Not applicable. |
| 8 | Remunerate reasonably and fairly | | |
| 8.1 | The board should establish a remuneration committee. | The Board has a Remuneration Committee. | Not applicable. |

VIAGOLD CAPITAL LIMITED

| No. | ASX Key Governance Principles | Compliance | Non-compliance |
|-----|---|---|-----------------|
| 8.2 | Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives. | <p>The remuneration of executive directors and senior executives are clearly distinguished in the annual report. Details of the Committee members are set out on page 13 in this report.</p> <p><i>Executive's remuneration</i></p> <p>Remuneration packages may contain any or all of the following:</p> <ul style="list-style-type: none">• annual salary based on the relevant market;• ad hoc rewards, special payments and other measures available to reward individuals and teams following a particular outstanding business contribution;• a lump sum payment related to achievement of identified business drivers and personal key performance indicators measured over a year; and• other benefits such as holidays, sickness benefits, superannuation payments. <p>The Remuneration Committee reviews the remuneration of executives every year and consider individual performance, comparative remuneration in the market and where appropriate, external advice. The Committee provides this information together with a recommendation to the Board for consideration.</p> | Not applicable. |

VIAGOLD CAPITAL LIMITED

| No. | ASX Key Governance Principles | Compliance | Non-compliance |
|------------|--|--|-----------------------|
| | | <p><i>Director's remuneration</i></p> <p>Remuneration of the director is determined with regard to the Company's need to maintain appropriately experienced and qualified Board members and in accordance with competitive pressures in the marketplace. The Remuneration Committee may from time to time seek independent advice in relation to the remuneration of Board members and may make recommendations to members in relation to any total fee increase. Each year, the Board reviews directors' remuneration. The total amount of remuneration paid to directors must not exceed the maximum amount the shareholders authorise at general meeting (which amount is currently A\$250,000 per annum).</p> <p>From time to time, the Board may ask individual director to devote extra time or to undertake extra duties. Directors who undertake these tasks at the Board's direction may receive extra amounts. Directors are also reimbursed for expenses associated with undertaking their duties.</p> | |
| 8.3 | Companies should provide the information indicated in the Guide to reporting on Principle 8. | The Company will provide and explanation of departures (if any) from the Key Principles recommendations 8.1 and 8.2 in its future annual reports. | Not applicable. |

NOMINATION COMMITTEE

The Board has established a Nomination Committee consisting of the following directors and officers:

Mr. Cheong Sao Tai (*resigned on October 20, 2009*)
Mr. Pierre Seligman
Mr. Jack Chik Ming Chu
Mr. William Kam Biu Tam
Mr. James Anthony Wigginton
Mr. Man Lung Chen

AUDIT COMMITTEE

The Board has established an Audit Committee consisting of the following Non-executive director and officer:

Mr. James Anthony Wigginton
Mr. Man Lung Chen

VIAGOLD CAPITAL LIMITED

CORPORATE GOVERNANCE COMMITTEE

The Board has established a Corporate Governance Committee consisting of the following directors and officers:

Mr. Pierre Seligman
Mr. Jack Chik Ming Chu
Mr. William Kam Biu Tam
Mr. James Anthony Wigginton
Mr. Man Lung Chen

REMUNERATION COMMITTEE

The Board has established a remuneration committee consisting of the following directors and officers:

Mr. Cheong Sao Tai (*resigned on October 20, 2009*)
Mr. Pierre Seligman
Mr. Jack Chik Ming Chu
Mr. William Kam Biu Tam
Mr. James Anthony Wigginton
Mr. Man Lung Chen

DIRECTORS' AND EXECUTIVES' EMOLUMENTS

For the year ended March 31, 2010, the annual directors' remuneration are as follows:

| <u>Name of Directors</u> | <u>Amount</u> <i>A\$'000</i> |
|--|--|
| Mr. Cheong Sao Tai (<i>Resigned on October 20, 2009</i>) | – |
| Mr. Pierre Seligman | – |
| Mr. Jack Chik Ming Chu | – |
| Mr. William Kam Biu Tam | – |
| Mr. James Anthony Wigginton | 67 |
| Mr. Henry Chang Manayan | – |
| | <hr/> <hr/> |

For the year ended March 31, 2010, the annual remuneration of executives are as follows:

| <u>Name of Executives</u> | <u>Amount</u> <i>A\$'000</i> |
|----------------------------------|--|
| Mr. Man Lung Chen | 3 |
| Mr. Kenneth Kwing Chuen Tang | 24 |
| | <hr/> <hr/> |

VIAGOLD CAPITAL LIMITED

DIRECTORS' REPORT

The directors are pleased to present their annual report and the audited consolidated financial statements for the year ended March 31, 2010.

PRINCIPAL ACTIVITIES AND BUSINESS ANALYSIS OF OPERATIONS

The Company acts as an investment holding company. The subsidiaries of the Company are principally engaged in investment holding, retailing, property development, leasing and capital financing services. Details of the Company's subsidiaries are set out in note 33 to the consolidated financial statements.

An analysis of the Group's performance for the year by operating segment is set out in note 5 to the consolidated financial statements.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Mr. Cheong Sao Tai (*Resigned on October 20, 2009*)

Mr. Pierre Seligman

Mr. Jack Chik Ming Chu (*Deputy Chairmen and Chief Executive Officer ("CEO")*)

Non-executive directors:

Mr. Henry Chang Manayan (*Chairman*)

Mr. William Kam Biu Tam

Dr. Xiang Wei (*Appointed on May 4, 2010*)

Independent Non-executive director:

Mr. James Anthony Wigginton

In accordance with Article 19.1 of the Company's Bye-Laws, Messrs. Jack Chik Ming Chu and William Kam Biu Tam retire from office by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

All of the remaining directors, including the Non-executive directors, are subject to retirement by rotation in accordance with the Company's Bye-Laws.

VIAGOLD CAPITAL LIMITED

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

VIAGOLD – MANAGEMENT TEAM

Chairman and Non-executive director – Mr. Henry Chang Manayan, Esq.

Mr. Henry Chang Manayan, was appointed as Chairman and non-executive director of the Company in August 2006. A lawyer and management consultant based in Silicon Valley, California, Mr. Manayan served three-terms as the Mayor of the City of Milpitas, California, the first Asian-American ever elected to the position. He was educated at Syracuse University, Oxford University (Great Britain), Yale-in-China College, Golden Gate University Graduate College of Banking and Finance, and received his Juris Doctor from University of Santa Clara School of Law. He also completed post-graduate work at the London Business School and Harvard University. Mr. Manayan has been a college professor and lecturer at the University of Washington (Seattle, Washington USA). His experience includes commercial real estate development in five Western States and investment banking. He was one of the original co-founding directors of the Company and helped to take it public on the Australian Securities Exchange. Currently, Mr. Manayan is also the President and General Counsel of Transpacific Capital Corporation, a finance and investment company based in the Silicon Valley, California. He is also a board director, officer and legal counsel to several hi-tech companies and organizations.

Deputy Chairman, CEO and executive director – Mr. Jack Chik Ming Chu

Mr. Jack Chik Ming Chu, currently is the Deputy Chairman, CEO and executive director of the Company, Mr. Chu is responsible for the strategic planning and development of a number of investment projects and business focused at developing area of China. He is also a 20 years veteran of Certified Commercial Investment Member (CCIM), is an astute businessman and high-tech visionary with an established track record of building successful projects and other ventures throughout Greater China. Raised in the United States, but have been lived and worked in the Greater China Area doing a number of successful projects and investments, includes in his group are 5 publicly listed companies, 4 in Hong Kong and one in Australia. Through his wealth of experience, he indeed has a very clear understanding of doing business in both sides of the world. A native of Portland, he graduated from Portland State University with a Bachelor of Science degree in Business Management as well as a construction associate degree from Portland Community College. He completed his MBA degree from Golden Gate University in San Francisco, California.

Through the various Information Technology and development projects he has conceived, deployed and managed, he has cultivated numerous relationships across China in commercial and government spheres. Those valuable relationships are critical to the successfully navigating the intricacies of China's complex and ever changing business environment and market dynamics. Mr. Chu firmly understands the business and technological climates on both sides of the Pacific. His background and experiences in Asia, combined with those from the U.S. (Department of Energy and various American investment and brokerage houses) provide him additional insights and understandings that are useful for Western companies wishing to do business in China, as well as for Asian businesses seeking to access the U.S. marketplace.

Executive director – Mr. Pierre Seligman

Mr. Pierre Seligman worked as a senior executive for 15 years in a Hong Kong leading buying office that represented major retailers and importers of garments throughout Europe and the United States of America. He studied in Europe and in the United States of America. He has a Bachelors degree in French Literature and a textile degree in knitwear from the University of Leeds.

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VIAGOLD – MANAGEMENT TEAM – continued

Executive directors – Mr. Cheong Sao Tai

Mr. Cheong Sao Tai is an executive director of the Company. Mr. Tai was educated in Macao, Hong Kong and at the University of London, United Kingdom. Mr. Tai was a teacher for several years and then joined the Hong Kong Government where he spent the next twenty-six years in a law enforcement department and worked his way up to hold senior ranks. After leaving the public service, Mr. Tai joined a well-established real estate development company as an Executive General Manager and was responsible for its business development and office administration. Prior to joining the Group, Mr. Tai was the Controller of Human Resources and Administration in Culturecom Holdings Limited (“Culturecom”), a company listed on the Stock Exchange of Hong Kong Limited.

Non-executive directors – Mr. William Kam Biu Tam

Mr. William Kam Biu Tam was once the chief financial officer, Company Secretary and executive director of the Company and Mr. Tam has changed his capacity as a non-executive director of the Company. He has over eighteen years of experience in financial management and corporate finance, gained with a number of Hong Kong listed companies and international groups. Mr. Tam obtained a degree in Master of Business Administration in 1981 from York University in Toronto, Canada and became an associate member of the Hong Kong Institute of Certified Public Accountants in September 1987 and a fellow of the Association of Chartered Accountants in May 1988.

Non-executive directors – Dr. Xiang Wei

Dr. Xiang Wei is a Non-Executive director of the Company and a member of the CEO Advisory Committee of Queensland Cyber Infrastructure Foundation (QCIF). Mr. Xiang is a PhD in Telecommunication Engineering of University of South Australia. He has ample working experience in research and lecturing in the University of Southern Queensland. He possesses numerous honors, awards and grants in his visiting academies and researches. Mr. Xiang is an author of study books and journals in the telecommunication field.

Independent Non-executive director – Mr. James Anthony Wigginton

Mr. James Anthony Wigginton is an independent non-executive director of the Company. Mr. Wigginton, who is a qualified accountant, is currently an authorised representative of Falconer, Bellomo & Company Limited, an Australian based investment bank. He has over 29 years experience in the banking and stockbroking industry, both in Australia and overseas. He has held executive management positions with a number of major international banks in Australia, the United States and Asia and has considerable experience in international banking and corporate finance. He has been responsible for a number of initial public offerings in Australia. He has been a director of a number of private companies both in Australia and overseas.

SENIOR MANAGEMENT TEAM

Mr. Man Lung Chen

Mr. Man Lung Chen joined the Group as Chief Financial Officer and Company Secretary in 2000 till 2005. In 2007, Mr. Chen is again invited as the Group’s Chief Financial Officer, responsible for corporate reorganisation and global strategic development. He is currently Vice President of Culturecom. He also serves as a non-executive director of Mobile Telecom Network (Holdings) Ltd., a company listed on the Stock Exchange of Hong Kong Limited, one of the investment projects of Culturecom. Mr. Chen holds a Bachelor degree in Social Sciences and a Master degree in Chinese Studies.

Mr. Kenneth Kwing Chuen Tang

Mr. Kenneth Kwing Chuen Tang, who was appointed as Company Secretary of the Company in January 2007, holds a Master degree of Commerce in Finance and a Bachelor degree of Science majoring in Information Systems from the University of New South Wales. Prior to joining the Company, Mr. Tang had implemented an online e-commerce platform in a subsidiary of Culturecom. Mr. Tang also has experience in the Banking and Finance Industry.

VIAGOLD CAPITAL LIMITED

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Pursuant to the Company's Bye-Law 39 and a special resolution passed at the Annual General Meeting of Shareholders held on May 24, 2002, the Company shall pay or agree to pay a premium in respect of a policy insuring any person who is, or has been, an officer of the Company or a subsidiary of the Company against any liability in respect of which the Company would be required to indemnify such person pursuant to Bye-Law 39; and despite anything to the contrary expressed or implied in these Bye-Laws, each director will, so long as and to the extent that his interest under any such contract of insurance which is under consideration by the directors is that of an insured party, be deemed to have declared his interest pursuant to Bye-Law 18.10(g) in respect thereof, and shall be entitled to vote and be counted in the quorum on any resolution of the Board in respect thereof even though such director may be materially interested therein.

However, with the expiry of the insurance policies for the directors and officers on June 29, 2003, the Company has not made any other relevant arrangement to indemnify the directors and officers or of any related body corporate of the Company for the financial year ended March 31, 2010.

MEETINGS OF DIRECTORS

The attendance of the directors at Board meetings for the financial year is as follows:

| <u>Directors</u> | Board Meetings | |
|-----------------------------|-----------------------|-----------------|
| | <u>Held</u> | <u>Attended</u> |
| Mr. Cheong Sao Tai | 12 | 6 |
| Mr. Pierre Seligman | 12 | 12 |
| Mr. Jack Chik Ming Chu | 12 | 12 |
| Mr. William Kam Biu Tam | 12 | 12 |
| Mr. James Anthony Wigginton | 12 | 11 |
| Mr. Henry Chang Manayan | 12 | 0 |

RESULTS

The results of the Group for the year ended March 31, 2010 are set out in the consolidated income statement and consolidated statement of comprehensive income on pages 27 and 28. The directors do not recommend the payment of a dividend.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 22 to the consolidated financial statements.

VIAGOLD CAPITAL LIMITED

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the financial year, there was no significant change in the state of affairs of the Group other than those referred in the consolidated financial statements or notes thereto.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Except as detailed in note 35 to the consolidated financial statements, no matter or circumstance has arisen since March 31, 2010 that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in the coming financial years.

DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS

(i) Shares

At March 31, 2010, the interests of the Company's directors and their associates in the issued share capital are as follows:

| <u>Name</u> | <u>Number of shares held</u> | |
|--|------------------------------|-----------------------------|
| | <u>Personal interests</u> | <u>Corporate interests</u> |
| Mr. Jack Chik Ming Chu (<i>Note</i>) | 15,950 | – |
| Mr. William Kam Biu Tam | 35,332 | – |
| Mr. Henry Chang Manayan | 5,000 | – |
| | <u> </u> | <u> </u> |

Note:

- (i) 10,950 shares are beneficially held by Mr. Jack Chik Ming Chu.
- (ii) 2,500 shares are jointly held by Mr. Jack Chik Ming Chu and Mr. Mun Bun Chung.
- (iii) 2,500 shares are jointly held by Mr. Jack Chik Ming Chu and Mr. Koi Lin Sin.

VIAGOLD CAPITAL LIMITED

DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS – continued

(ii) Share options

Employee share option scheme

On December 19, 2007, ordinary resolutions were passed by the shareholders at the annual general meeting to approve the adoption of a new share option scheme (the “New Scheme”) and the termination of the old share scheme (the “Old Scheme”) which were adopted on November 28, 1995.

The company changed the share option scheme because of the limited participation by senior management, employees and director provided by the Old Scheme. Under the New Scheme, it offers a wider participation by directors, employees, management, contractors and consultant.

The participants of New Scheme are the employee of the Company. No option may be issued to a person under the plan unless the person remains as an employee as at the date of grant, or the Plan Committee determines otherwise.

The employee means:

- (a) an individual whom the Plan Committee determines to be in the full-time or part-time employment of a body corporate in the Group (including any employee on parental leave, long service leave or other special leave as approved by the Plan Committee);
- (b) a director of a body corporate in the Group;
- (c) a director of the Company;
- (d) an individual who provides services to a body corporate in the Group whom the Plan Committee determines to be an employee for the purposes of the Plan;
- (e) an individual whose associate (as that expression is defined in section 139GE of the Income Tax Assessment Act 1936) provides services to a body corporate in the Group, which individual the Plan Committee determines to be an employee for the purposes of the Plan; or
- (f) an individual otherwise in the employment of a body corporate in the Group whom the Plan Committee determines to be an employee for the purposes of the Plan.

The total number of shares in respect of which option may be granted under the New Scheme is not permitted to exceed 10% of the total number of issued shares in the Company as at the date of the offer.

VIAGOLD CAPITAL LIMITED

DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS – continued

(ii) Share options – continued

Employee share option scheme – continued

The option granted under the New Scheme will be non-transferable, it means that they cannot be sold, transferred, mortgaged, charged or otherwise disposed of or dealt with by the participant prior to exercise except as permitted under Rule 10.3 which are stated as follows.

Rule 10.3 stated that Options may be transferred, by an instrument of transfer, in the following circumstances only:

- (a) a transfer constituting the necessary transfer documents following an acceptance of an offer made under an off-market bid relating to options;
- (b) a transfer to a bidder on the sale of the Options under any provision of an applicable law that entitles the bidder to compulsory acquires the options;
- (c) a transfer to a 100% holder of shares on the sales of the options under any provision of an applicable law that requires the holder to compulsorily acquire the options;
- (d) a transfer under any provision of an applicable law to any person required to acquire the options, if offered for sales, under such provision of the applicable law;
- (e) a transfer in accordance with a scheme of arrangement relating to the options which has become binding in accordance with the provisions of any applicable law;
- (f) if approved by the Board, which approval must not be unreasonably withheld or delayed, a transfer to a related entity of the Participant; or
- (g) any other transfer approved by the Board, which approval may be withheld or delayed or be made subject to conditions at the absolute discretion of the board.

Options will be issued for consideration comprising the services that are expected to be provided by an eligible employee to or for the benefit of the Group but no further monetary or other consideration will be payable in respect of the issue of an option.

The exercise price in respect of an option is as determined by the Plan Committee and must be denominated and payable in Australian dollars.

The New Share Scheme was approved by the shareholders of the company on December 19, 2007.

VIAGOLD CAPITAL LIMITED

DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS – continued

(ii) Share options – continued

Employee share option scheme – continued

Movements in the share options granted are set out below:

| <u>Eligible person</u> | Number of underlying shares | | | | | <u>Balance as at March 31, 2010</u> | <u>Exercise price per share</u> | <u>Date of grant (dd/mm/yyyy)</u> | <u>Exercisable period (dd/mm/yyyy)</u> |
|-----------------------------|------------------------------------|---|---|---|--|-------------------------------------|---------------------------------|-----------------------------------|--|
| | <u>Balance as at April 1, 2009</u> | <u>Granted during the year ended March 31, 2010</u> | <u>Exercised during the year ended March 31, 2010</u> | <u>Cancelled during the year ended March 31, 2010</u> | <u>Lapsed during the year ended March 31, 2010</u> | | | | |
| Directors | | | | | | | | | |
| Mr. Jack Chik Ming Chu | 100,000 | – | – | – | – | 100,000 | 2 | 19/12/2007 | 08/04/2008 – 08/04/2018 |
| Mr. Pierre Seligman | 100,000 | – | – | – | – | 100,000 | 2 | 19/12/2007 | 08/04/2008 – 08/04/2018 |
| Mr. James Anthony Wigginton | 50,000 | – | – | – | – | 50,000 | 2 | 19/12/2007 | 08/04/2008 – 08/04/2018 |
| Mr. William Kam Biu Tam | 50,000 | – | – | – | – | 50,000 | 2 | 19/12/2007 | 08/04/2008 – 08/04/2018 |
| Mr. Cheong Sao Tai | 50,000 | – | – | – | – | 50,000 | 2 | 19/12/2007 | 08/04/2008 – 08/04/2018 |
| Mr. Henry Chang Manayan | 50,000 | – | – | – | – | 50,000 | 2 | 17/12/2008 | 17/12/2008 – 16/12/2018 |
| Employees | 130,000 | – | – | – | – | 130,000 | 2 | 19/12/2007 | 08/04/2008 – 08/04/2018 |
| Consultants | 1,418,792 | – | – | (200,000) | – | 1,218,792 | 2 | 19/12/2007 | 08/04/2008 – 08/04/2018 |
| Total | <u>1,948,792</u> | <u>–</u> | <u>–</u> | <u>(200,000)</u> | <u>–</u> | <u>1,748,792</u> | | | |

The Company adopts the Black-Scholes-Merton Option Pricing Model for estimating the fair value of share options issued under the Share Option Scheme. The model is one of the commonly used models to estimate the fair value of a share option which can be exercised before the expiry of the option period.

VIAGOLD CAPITAL LIMITED

DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS – continued

(ii) Share options – continued

Employee share option scheme – continued

Significant assumptions are used in the Black-Scholes-Merton Option Pricing Model to estimate the value of the share option granted on the grant date, taking into account the following factors:

- Risk-free interest rate – the yields of Australian Government Bonds.
- Expected volatility – the historical volatility of the share prices of the Company.

Black-Scholes-Merton Option Pricing Model is subject to certain fundamental limitations because of the subjective nature of and uncertainty relating to the assumptions and inputs to the model as well as certain inherent limitation of the model itself. Any changes in the above assumptions or inputs may materially affect the fair value estimation.

Consultant is classified as employee under the New Scheme.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its ultimate holding company, any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance in relation to the Group's business to which the Company, its ultimate holding company, or any of its subsidiaries or its fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' BENEFITS

Pursuant to the resolutions passed by the shareholders of the Company on October 7, 2002, the total amount of remuneration payable by the Company to its directors by way of directors' fees shall not exceed A\$250,000 per annum.

Other than as disclosed in note 8 to the consolidated financial statements, during the year, no director of the Company has received or become entitled to receive a benefit because of a contract that the director or a firm of which the director is a member or a company in which the director has a substantial financial interest made with the Company or a company that the Company controlled, or a body corporate that was related to the Company, when the contract was made or when the director received, or became entitled to receive the benefit.

VIAGOLD CAPITAL LIMITED

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-Laws, or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

AUDITORS

The financial statements have been audited by Lau & Au Yeung C.P.A. Limited who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Jack Chik Ming Chu

Director

June 30, 2010

VIAGOLD CAPITAL LIMITED

DIRECTORS' DECLARATION

The directors of the Company declare that, for the year ended March 31, 2010:

1. The attached financial statements and notes thereto as set out on pages 27 to 85:
 - (a) comply with the International Financial Reporting Standards; and
 - (b) present fairly of the Group's financial position as at March 31, 2010 and of its performance for the financial year then ended.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed on behalf of and in accordance with a resolution of the Board of directors.

William Kam Biu Tam

Director

June 30, 2010

VIAGOLD CAPITAL LIMITED



Lau & Au Yeung C.P.A. Limited

21/F., Tai Yau Building
181 Johnston Road, Wanchai
Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VIAGOLD CAPITAL LIMITED

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of ViaGOLD Capital Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 27 to 85, which comprise the consolidated statement of financial position as at March 31, 2010, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITIES

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 (as amended) of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

VIAGOLD CAPITAL LIMITED

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, of the financial position of the Group as of March 31, 2010 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Lau & Au Yeung C.P.A. Limited

Certified Public Accountants

Hong Kong, June 30, 2010

Au Yeung Tin Wah

Practising Certificate Number P02343

VIAGOLD CAPITAL LIMITED

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

| | <i>Note</i> | <u>2010</u> <i>A\$'000</i> | <u>2009</u> <i>A\$'000</i> |
|---|-------------|-------------------------------|-------------------------------|
| Turnover | 5 | 208 | 8 |
| Cost of sales | | <u>(213)</u> | <u>(14)</u> |
| Gross loss | | (5) | (6) |
| Other income | 6 | 99 | 138 |
| Administrative expenses | | (1,409) | (1,806) |
| Distribution costs | | (126) | – |
| Finance costs | 9 | (92) | (101) |
| Gain on disposal of subsidiaries | 28 | 1,788 | – |
| Guarantee profit paid | | (403) | (440) |
| Negative goodwill | 32 | 773 | – |
| Net gains/(losses) on financial assets at fair value through profit or loss | | 1,887 | (6,398) |
| Other operating income/(expenses) | | <u>310</u> | <u>(289)</u> |
| Profit/(Loss) before income tax | 7 | 2,822 | (8,902) |
| Income tax expenses | 10 | <u>(309)</u> | <u>–</u> |
| Profit/(Loss) for the year | | <u>2,513</u> | <u>(8,902)</u> |
| Attributable to: | | | |
| Equity holders of the Company | | 2,633 | (8,831) |
| Minority interests | | <u>(120)</u> | <u>(71)</u> |
| | | <u>2,513</u> | <u>(8,902)</u> |
| Earnings/(Loss) per share for profit/(loss) attributable to the equity holders of the Company | | | |
| – basic | 12 | <u>0.20</u> | <u>(0.70)</u> |
| – diluted | 12 | <u>0.20</u> | <u>(0.70)</u> |

The notes on pages 32 to 85 form an integral part of these consolidated financial statements.

VIAGOLD CAPITAL LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2010

| | <u>2010</u> <i>A\$'000</i> | <u>2009</u> <i>A\$'000</i> |
|---|-------------------------------|-------------------------------|
| Profit/(Loss) for the year | 2,513 | (8,902) |
| Other comprehensive income for the year | | |
| Exchange differences on translation of: | | |
| – Financial statements of overseas subsidiaries | (1,070) | 2,302 |
| – Release of reserve upon disposal of interests in subsidiaries | (207) | – |
| | <u>(1,277)</u> | <u>2,302</u> |
| Total comprehensive income/(loss) for the year | <u>1,236</u> | <u>(6,600)</u> |
| Attributable to: | | |
| Equity shareholders of the Company | 1,608 | (6,822) |
| Minority interests | (372) | 222 |
| | <u>1,236</u> | <u>(6,600)</u> |

The notes on pages 32 to 85 form an integral part of these consolidated financial statements.

VIAGOLD CAPITAL LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2010

| | <i>Note</i> | 2010 <i>A\$'000</i> | 2009 <i>A\$'000</i> |
|--|-------------|-------------------------------|-------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Leasehold land and land use rights | 13 | 215 | 298 |
| Property, plant and equipment | 14 | 2,474 | 1,570 |
| Construction in progress | 15 | - | - |
| Intangible assets | 16 | - | - |
| Goodwill | 17 | - | - |
| Available-for-sale financial assets | 18 | - | - |
| | | <u>2,689</u> | <u>1,868</u> |
| Current assets | | | |
| Leasehold land and land use rights | 13 | 7 | 9 |
| Inventories | 31 | 2,758 | - |
| Other receivables | 19 | 1,074 | 2,359 |
| Financial assets at fair value through profit or loss | 20 | 2,193 | 5,002 |
| Cash and cash equivalents | 21 | 2,640 | 3,130 |
| | | <u>8,672</u> | <u>10,500</u> |
| Total assets | | <u>11,361</u> | <u>12,368</u> |
| EQUITY | | | |
| Capital and reserves attributable to the Company's equity holders | | | |
| Share capital | 22 | 3,291 | 2,531 |
| Reserves | 23 | 693 | (535) |
| | | <u>3,984</u> | <u>1,996</u> |
| Minority interests | 23 | <u>719</u> | <u>1,091</u> |
| Total equity | | <u>4,703</u> | <u>3,087</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Other payables | 24 | 2,550 | 4,125 |
| Borrowings | 25 | 2,662 | 3,589 |
| Income tax payable | | 1,446 | 1,567 |
| | | <u>6,658</u> | <u>9,281</u> |
| Total liabilities | | <u>6,658</u> | <u>9,281</u> |
| Total equity and liabilities | | <u>11,361</u> | <u>12,368</u> |

Jack Chik Ming Chu
Director

William Kam Biu Tam
Director

The notes on pages 32 to 85 form an integral part of these consolidated financial statements.

VIAGOLD CAPITAL LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2010**

| | Attributable to equity holders of the Company | | | | | | | | |
|---|---|------------------|------------------------|------------------------|--|----------------------------|--------------|-----------------------|-----------------|
| | Reserves | | | | | Accumu- lated losses | Total | Minority interests | Total equity |
| | Share capital | Share premium | Translation reserve | Contributed surplus | Share-based compensation reserve | | | | |
| As at April 1, 2008 | 2,531 | 17,576 | (17,296) | 48,103 | 1,849 | (44,010) | 8,753 | 869 | 9,622 |
| Share options granted during the year | - | - | - | - | 65 | - | 65 | - | 65 |
| Total comprehensive income/(loss) for the year | - | - | 2,009 | - | - | (8,831) | (6,822) | 222 | (6,600) |
| As at March 31, 2009 | <u>2,531</u> | <u>17,576</u> | <u>(15,287)</u> | <u>48,103</u> | <u>1,914</u> | <u>(52,841)</u> | <u>1,996</u> | <u>1,091</u> | <u>3,087</u> |
| As at April 1, 2009 | 2,531 | 17,576 | (15,287) | 48,103 | 1,914 | (52,841) | 1,996 | 1,091 | 3,087 |
| Issuance of share capital during the year | 760 | (380) | - | - | - | - | 380 | - | 380 |
| Cancellation of share options during the year | - | - | - | - | (207) | 207 | - | - | - |
| Total comprehensive income for the year | - | - | (1,025) | - | - | 2,633 | 1,608 | (372) | 1,236 |
| As at March 31, 2010 | <u>3,291</u> | <u>17,196</u> | <u>(16,312)</u> | <u>48,103</u> | <u>1,707</u> | <u>(50,001)</u> | <u>3,984</u> | <u>719</u> | <u>4,703</u> |

The notes on pages 32 to 85 form an integral part of these consolidated financial statements.

VIAGOLD CAPITAL LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2010

| | <u>Note</u> | <u>2010</u> <u>A\$'000</u> | <u>2009</u> <u>A\$'000</u> |
|--|-------------|-------------------------------|-------------------------------|
| Cash flows generated from/ (used in) operating activities | | | |
| Cash generated from/ (used in) operations | 26 | <u>1,561</u> | <u>(1,804)</u> |
| Net cash generated from/ (used in) operating activities | | <u>1,561</u> | <u>(1,804)</u> |
| Cash flows from investing activities | | | |
| Acquisition of property, plant and equipment | | (1,613) | (348) |
| Disposal of subsidiaries, net of cash disposed of | | (13) | – |
| Proceeds from disposal of property, plant and equipment | | – | 17 |
| Acquisition of a subsidiary, net of cash acquired | 32 | 22 | – |
| Interest received | | <u>4</u> | <u>33</u> |
| Net cash used in investing activities | | <u>(1,600)</u> | <u>(298)</u> |
| Cash flows from financing activities | | | |
| Proceeds from issuance of ordinary shares | 22 | <u>380</u> | <u>–</u> |
| Net cash generated from financing activities | | <u>380</u> | <u>–</u> |
| Net increase/ (decrease) in cash and cash equivalents | | | |
| Cash and cash equivalents at the beginning of the year | | 3,130 | 3,976 |
| Exchange (losses)/gains on cash and cash equivalents | | <u>(831)</u> | <u>1,256</u> |
| Cash and cash equivalents at the end of the year | 21 | <u>2,640</u> | <u>3,130</u> |

The notes on pages 32 to 85 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010

1. GENERAL INFORMATION

ViaGOLD Capital Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Australian Securities Exchange Limited (the “ASX”). Its ultimate holding company is Harvest Smart Overseas Limited, which was incorporated in the British Virgin Islands. The addresses of the registered office and principal place of business of the Company are disclosed on page 88.

The Company and its subsidiaries (together the “Group”) are principally engaged in investment holding business. Details of the activities of the Company’s principal subsidiaries are set out in note 33.

These consolidated financial statements are presented in units of Australian dollars (A\$), unless otherwise stated. These consolidated financial statements were approved for issue by the Board of directors on June 30, 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities at fair value through profit or loss.

These consolidated financial statements have been prepared under the accrual basis of accounting and on the basis that the Group is a going concern.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

(i) New and amended standards adopted by the Group

The Group has adopted the following new and amended IFRSs as at April 1, 2009:

IFRS 7 ‘Financial Instruments – Disclosures’ (amendment) – effective January 1, 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

VIAGOLD CAPITAL LIMITED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(a) Basis of preparation – continued

(i) New and amended standards adopted by the Group – continued

IAS 1 (revised) 'Presentation of financial statements' – effective January 1, 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

IFRS 2 (amendment) 'Share-based payment' – effective January 1, 2009. The amendment deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group and Company has adopted IFRS 2 (amendment) from April 1, 2009. The amendment does not have a material impact on the Group's or Company's financial statements.

IFRS 8 'Operating segments' – effective January 1, 2009. IFRS 8 replaces IAS 14, 'Segment reporting', and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker.

VIAGOLD CAPITAL LIMITED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(a) Basis of preparation – continued

(ii) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group*

| | | |
|-------------------------------|---|--|
| • IAS 24 (Revised) | – | Related Party Disclosures ¹ |
| • IAS 27 (Revised) | – | Consolidated and Separate Financial Statements ² |
| • IAS 32 (Amendment) | – | Financial Instruments: Presentation – Classification of Rights Issues ³ |
| • IAS 39 (Amendment) | – | Eligible Hedged Items ² |
| • IFRS 1 (Amendment) | – | Additional Exemptions for First-time Adopters ⁴ |
| • IFRS 1 (Amendment) | – | Exemption from Comparative IFRS 7 Disclosures for First-time Adopters ⁶ |
| • IFRS 1 (Revised) | – | First-time Adoption of Hong Kong Financial Reporting Standards ² |
| • IFRS 2 (Amendments) | – | Share-based Payment – Group Cash-settled Share-based Payment Transactions ⁴ |
| • IFRS 3 (Revised) | – | Business Combinations ² |
| • IFRSs (Amendments) | – | Amendments to IFRSs 2008 – Amendment to IFRS 5 ² |
| • IFRS 9 | – | Financial Instruments ⁵ |
| • IFRIC – Int 14 (Amendments) | – | Prepayments of a Minimum Funding Requirement ¹ |
| • IFRIC – Int 17 | – | Distributions of Non-cash Assets to Owners ² |
| • IFRIC – Int 19 | – | Extinguishing Financial Liabilities with Equity Instruments ⁶ |
| • IFRSs (Amendments) | – | Improvements to IFRSs 2009 ⁷ |
| • IFRSs (Amendments) | – | Improvements to IFRSs 2010 ¹ |

¹ Effective for annual periods beginning on or after January 1, 2011

² Effective for annual periods beginning on or after July 1, 2009

³ Effective for annual periods beginning on or after February 1, 2010

⁴ Effective for annual periods beginning on or after January 1, 2010

⁵ Effective for annual periods beginning on or after January 1, 2013

⁶ Effective for annual periods beginning on or after July 1, 2010

⁷ Effective for annual periods beginning on or after July 1, 2009 and January 1, 2010, as appropriate

The above standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after July 1, 2009 or later periods. The Group has started considering their potential impact. Based on the preliminary assessment, the Group believes that the adoption of these standards, amendments and interpretations to existing standards, if applicable, will not result in substantial changes to the Group's accounting policies. The Group has not early adopted these standards, amendments and interpretations to existing standards, if applicable, in the consolidated financial statements for the year ended March 31, 2010.

VIAGOLD CAPITAL LIMITED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to March 31, 2010.

(i) *Subsidiaries*

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interests. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement (Note 2(h)).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) *Transactions with minority interests*

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the consolidated income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

(d) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Australian dollars while the Group's transactions are denominated in multi-currencies, including Hong Kong Dollars ("HKD"), Renminbi ("RMB"), Canadian Dollars ("CAD") and Macau Pataca ("MOP").

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in equity.

VIAGOLD CAPITAL LIMITED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(d) Foreign currency translation – continued

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sales of internet services

Revenue from internet services are recognised when the services are rendered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(e) Revenue recognition – continued

(ii) *Sales of equity securities*

Sales of listed securities are recognised when instructions for sales given to securities brokers/purchasers are properly executed thereafter.

(iii) *Sales of goods – retail*

The Group operates a retail outlet for selling organic food and daily commodity. Sales of goods are recognised when a group entity sells a product to the customers. Retail sales are usually in cash.

(iv) *Interest income*

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired receivables are recognised using the original effective interest rate.

(v) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

(vi) *Lease income*

Lease income is recognised over the term of the lease on a straight line basis.

VIAGOLD CAPITAL LIMITED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(f) Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(g) Property, plant and equipment

Building comprises only an office. Building and all other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are expensed in the consolidated income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

| | |
|--------------------------|----------------------|
| – Leasehold improvements | over the lease terms |
| – Plant and equipment | 5-10 years |
| – Furniture and fixtures | 5-10 years |
| – Motor vehicles | 4-10 years |
| – Buildings | over the lease terms |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(i)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(h) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in "intangible assets". Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

(ii) Patent

Acquired patents are shown at historical cost less impairment losses. Patents with finite useful life are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the costs of patent over their estimated useful lives.

(i) Impairment of investment of subsidiaries and non-financial assets

Assets that have an indefinite useful life, for example, goodwill, are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it is acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

VIAGOLD CAPITAL LIMITED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(j) Financial assets – continued

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The Group's loans and receivables comprise "other receivables" and "cash and cash equivalents" in the consolidated statement of financial position (note 2(k) and 2(l)).

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of it within 12 months of the end of the reporting date.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented on the consolidated income statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated income statement as part of "other income" when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as "gains and losses from investment securities".

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of "other income". Dividends on available-for-sale equity instruments are recognised in the income statement as part of "other income" when the Group's right to receive payments is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(j) Financial assets – continued

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or a group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - (i) adverse changes in the payment status of borrowers in the portfolio;
 - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

VIAGOLD CAPITAL LIMITED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(j) Financial assets – continued

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the group uses the criteria refer above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the separate consolidated income statement. Impairment losses recognised in the separate consolidated income statement on equity instruments are not reversed through the separate consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the separate consolidated income statement.

(k) Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(l) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(m) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(n) Other payables

Other payables are obligations to pay for services that have been acquired in the ordinary course of business. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(o) Current and deferred income tax

The income tax expense comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted by the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(p) Employee benefits

(i) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees’ relevant income and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the company’s subsidiaries which operate in the People’s Republic of China participate in the central pension scheme (the “CPS”) operated by the local government authorities of its staff. These subsidiaries are required to contribute a certain percentage of their covered payroll to the CPS to fund the benefits. The only obligation of the subsidiaries with respect to the CPS is to pay the ongoing required contribution under the CPS. Contribution under the CPS are charged to the income statement as they become payable in accordance with the rules of the CPS.

(iii) Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees and consultants as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions (for example, profitability and sales growth targets.) Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each reporting date, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(q) Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(r) Construction in progress

Construction in progress represents capital assets under construction or being installed and is stated at cost. Cost comprises original cost of plant and equipment, installation, construction and other direct costs, prior to the date of reaching the expected usable condition. Construction in progress is transferred to the appropriate category of property, plant and equipment and depreciation commences when the asset has been completed and is available for use.

(s) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(t) Leasehold land and land use rights

Use rights for land is stated at cost less accumulated amortisation and accumulated impairment losses (if any). Cost mainly represents consideration paid for the rights to use the land on which various buildings are situated for a period of 37 years from the date the respective right was granted. Amortisation of lease premium for land is calculated on a straight-line basis over the period of the remaining lease.

VIAGOLD CAPITAL LIMITED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(u) Inventories

(i) *Properties under development*

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to sale proceeds received after the year end date less selling expenses or by management estimates based on prevailing market condition.

Costs of properties include acquisition costs, development expenditure, interest and other direct costs attributable to such properties. The carrying values of properties held by subsidiaries are adjusted in the consolidated financial statements to reflect the Group's actual acquisition costs where appropriate.

(ii) *Daily commodity*

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

3. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not use derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Board of Directors. The Board of Directors identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

(a) Market risk

(i) *Foreign exchange risk*

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, including the HKD, RMB, MOP, USD and CAD.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency (Hong Kong dollars) and net investments in foreign operations. The risk is measured using sensitivity analysis and cash flow forecasting.

3. FINANCIAL RISK MANAGEMENT – continued

(a) Market risk – continued

(i) Foreign exchange risk – continued

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and maintains RMB, MOP, HKD, CAD bank accounts which are used by the Group to pay for the transactions denominated in these currencies.

RMB, CAD and MOP have experienced certain appreciation in recent years which is the major reason for the exchange gains recognised by the Group in the income statement for the year. Further depreciation or appreciation of HKD against RMB, CAD and MOP will affect the Group's financial position and results of operations.

The Group considers that there is a relatively low foreign exchange risk in USD because of the linked exchange rate system between USD and HKD.

Based on the financial instruments held at March 31, 2010, if the Hong Kong dollars had weakened/strengthened by 5% against the MOP, with all other variables held constant, the Group's post-tax profit/(loss) would have been lower/higher by approximately A\$32,000 (2009: lower/higher by approximately A\$9,000).

Based on the financial instruments held at March 31, 2010, if the Hong Kong dollars had weakened/strengthened by 5% against the CAD, with all other variables held constant, the Group's post-tax profit/(loss) would have been higher/lower by approximately A\$7,000 (2009: Nil).

Based on the financial instruments held at March 31, 2010, if the Hong Kong dollars had weakened/strengthened by 5% against the RMB, with all other variables held constant, the Group's post-tax profit/(loss) would have been higher/lower by approximately A\$23,000 (2009: higher/lower by A\$115,000).

(ii) Price risk

The Group is exposed to equity price risk through its financial assets at fair value through profit or loss. The management manages the exposure by maintaining a portfolio of equity investments with different risk profiles.

The Group's investments consist mainly of the shares which are listed on the Stock Exchange of Hong Kong Limited. The fair value of the investments of the Group is determined with reference to quoted market prices.

With all other variables held constant, if the average future price of financial assets at fair value through profit or loss increase/decrease by 5%, the impact on the Group's equity would be a maximum increase/decrease of approximately A\$110,000 (2009: A\$250,000). This sensitivity analysis has been determined assuming that the change in the future prices had occurred at the end of the reporting period and had been applied to the exposure to the price risk in existence at that date. The 5% shift represents the management's assessment of a reasonable possible change in those future prices in shares listed on the Stock Exchange of Hong Kong Limited.

VIAGOLD CAPITAL LIMITED

3. FINANCIAL RISK MANAGEMENT – continued

(a) Market risk – continued

(iii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of change in market interest rates and the Group has no significant interest-bearing assets and liabilities except for cash and cash equivalents, amount due to the ultimate holding company and borrowings, details of which have been disclosed in notes 21, 24 and 25. Since the bank interest income is insignificant and the interest rates on borrowings and amount due to the ultimate holding company are fixed, management considers that cash flow and fair value interest rate risks of the Group are insignificant. Therefore no sensitivity analysis is presented thereon.

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalent and other receivables.

The credit risk on other receivables is limited because the Group manages the credit risk by taking into account the debtors' financial positions, past creditability records or request securities on the receivables, if applicable.

The credit risk on cash and cash equivalent is limited because the Group mainly places the deposits in banks with high credit rating and management does not expect any losses from non-performance by banks.

During the year, the Group has started its retailing and leasing and capital financing business. For the retailing business, the sales are received in cash, the credit risk on those businesses is limited. For the leasing and capital financing business, the group company's policy requires the customers to pay in advance. Therefore, the credit risks on these two businesses are limited.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The maximum exposure to liquidity risk is at the reporting date is the carrying amount of amounts due to the related companies. The management of the Group believes that the related companies will not request for the repayment of the amount due to the related companies until the Group is able to make such repayment.

VIAGOLD CAPITAL LIMITED

3. FINANCIAL RISK MANAGEMENT – continued

(c) Liquidity risk – continued

The table below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

| <u>As at March 31, 2010</u> | <u>Carrying amount</u> <i>A '000</i> | <u>On demand</u> <i>A '000</i> | <u>Less than 1 year</u> <i>A '000</i> |
|--|---|---------------------------------------|--|
| Borrowings | 2,662 | 2,662 | – |
| Payable and accrued charges | 2,159 | – | 2,159 |
| Amount due to the ultimate holding company | 344 | 344 | – |
| Income tax payable | 1,446 | 1,446 | – |
| Total | 6,611 | 4,452 | 2,159 |

| <u>As at March 31, 2009</u> | <u>Carrying amount</u> <i>A '000</i> | <u>On demand</u> <i>A '000</i> | <u>Less than 1 year</u> <i>A '000</i> |
|--|---|---------------------------------------|--|
| Borrowings | 3,589 | 3,589 | – |
| Payable and accrued charges | 3,670 | – | 3,670 |
| Amount due to the ultimate holding company | 455 | 455 | – |
| Income tax payable | 1,567 | 1,567 | – |
| Total | 9,281 | 5,611 | 3,670 |

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

VIAGOLD CAPITAL LIMITED

3. FINANCIAL RISK MANAGEMENT – continued

(d) Capital risk management – continued

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including borrowings as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as “equity”, as shown in the consolidated financial position, plus net debt.

| | <u>2010</u> <i>A\$000</i> | <u>2009</u> <i>A\$000</i> |
|--|------------------------------|------------------------------|
| Total borrowings (<i>Note 25</i>) | 2,662 | 3,589 |
| <i>Less: Cash and cash equivalents (Note 21)</i> | <u>(2,640)</u> | <u>(3,130)</u> |
| Net debt | 22 | 459 |
| Total equity | <u>4,703</u> | <u>3,087</u> |
| Total capital | <u><u>4,725</u></u> | <u><u>3,546</u></u> |
| Gearing ratio | 0.47% | 13% |

The gearing ratio decreased mainly because of the profit for the year of approximately A\$2,513,000 and foreign currencies translation effect.

(e) Fair value estimation

The carrying amounts of the Group’s current financial assets, including other receivables, financial assets at fair value through profit or loss and cash and cash equivalents; and current financial liabilities including other payables, borrowings and income tax payable, approximate to their fair values due to their short maturities. The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate to their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Effective from April 1, 2009, the group adopted the amendment to IFRS 7 for financial instruments that requires to measure financial instruments in the statement of financial position at fair value, and to have disclosure of fair value measurements by level of the following hierarchy:

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

VIAGOLD CAPITAL LIMITED

3. FINANCIAL RISK MANAGEMENT – continued

(e) Fair value estimation – continued

The following table presents the Group's assets and liabilities that are measured at fair value at March 31, 2010

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|----------------|----------------|----------------|----------------|
| | <i>A\$'000</i> | <i>A\$'000</i> | <i>A\$'000</i> | <i>A\$'000</i> |
| Assets | | | | |
| Financial assets at fair value through profit or loss | | | | |
| – Trading securities | 2,193 | – | – | 2,193 |

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

There were no transfers between levels 1, 2 and 3 in the current year.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) *Estimated impairment of intangible assets and goodwill*

The Group determines whether intangible assets and goodwill are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the intangible assets and goodwill are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. More details are given in notes 16 and 17 to the consolidated financial statements on the impairment testing of intangible assets and goodwill.

VIAGOLD CAPITAL LIMITED

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – continued

(a) Critical accounting estimates and assumptions – continued

(ii) Estimated impairment of other receivables

The estimated impairment of other receivables of the Group is based on the evaluation of collectibility and aging analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances might be required.

(iii) Income tax expense

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(iv) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of store renovation and relocation. Management will increase/decrease the depreciation charges where useful lives are less/more than previously estimated lives.

(b) Critical judgments in applying the entity's accounting policies

(i) Impairment of available-for-sale financial assets

The Group follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

VIAGOLD CAPITAL LIMITED

5. SEGMENT INFORMATION

The Group manages its business by divisions, which are organised by business lines. On first-time adoption of IFRS 8, “Operating Segments”, and in a manner consistent with the way in which information is reported internally to the Group’s most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following reportable segments.

- Investment holdings
- Leasing and capital financing
- Property development
- Retailing
- Administration of the Group
- Internet service provider (“ISP”)

The management considers the business from both a geographic and product perspective. Geographically, the management operates the businesses in Hong Kong and Macao as investment holdings and the People’s Republic of China (the “PRC”), which is further segregated into leasing and capital financing, retailing and property development. Furthermore, the segment in Macao is mainly operating as a treasurer of the Group.

The management assesses the performance of the operating segments based on the profit/loss for the year. This measurement basis excluded intra-group transactions and gain/loss on disposals of subsidiaries.

Segment assets include all tangible, intangible assets and current assets excluding the interests in subsidiaries and inter-group current accounts.

Segment liabilities include all current and non-current liabilities excluding intra-group current accounts.

VIAGOLD CAPITAL LIMITED

5. SEGMENT INFORMATION – continued

The segment information for the reporting segments for the year ended March 31, 2010 is as follows:

| | HK | PRC | Macao | PRC | PRC | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Investment | Leasing | Administration | Property | | | |
| | holding | and capital | of the Group | development | Retailing | Unallocated | Consolidated |
| | <u>A\$'000</u> |
| Segment revenue | - | 172 | - | - | 36 | - | 208 |
| Inter-segment revenue | - | - | - | - | - | - | - |
| Revenue from external customers | <u>-</u> | <u>172</u> | <u>-</u> | <u>-</u> | <u>36</u> | <u>-</u> | <u>208</u> |
| Reportable segment profit/(loss) | | | | | | | |
| before income tax | 1,042 | (243) | (301) | (12) | (225) | - | 261 |
| Depreciation and amortisation | (1) | (123) | - | - | (76) | - | (200) |
| Guarantee profit paid | (403) | - | - | - | - | - | (403) |
| Net gains on financial assets at fair | | | | | | | |
| value through profit or loss | 1,887 | - | - | - | - | - | 1,887 |
| Income tax expense | (309) | - | - | - | - | - | (309) |
| Interest income | - | 2 | - | - | 2 | - | 4 |
| Other receivable written off | (4,192) | - | - | - | - | - | (4,192) |
| Reversal of impairment on receivables | 4,192 | - | - | - | 267 | - | 4,459 |
| As at March 31, 2010 | | | | | | | |
| Total assets | <u>3,328</u> | <u>2,450</u> | <u>85</u> | <u>2,763</u> | <u>2,735</u> | <u>-</u> | <u>11,361</u> |
| Non-current assets | | | | | | | |
| (Other than financial instruments and deferred tax assets) | - | 1,079 | - | - | 1,610 | - | 2,689 |
| Additions to non-current assets | | | | | | | |
| (Other than financial instruments and deferred tax assets) | <u>-</u> | <u>1,263</u> | <u>-</u> | <u>-</u> | <u>350</u> | <u>-</u> | <u>1,613</u> |
| Total liabilities | <u>5,132</u> | <u>49</u> | <u>708</u> | <u>758</u> | <u>11</u> | <u>-</u> | <u>6,658</u> |

During the year, the Group has disposed of its ISP business through the disposal of a subsidiary and commenced the property development business through acquiring a new subsidiary.

VIAGOLD CAPITAL LIMITED

5. SEGMENT INFORMATION – continued

The segment information for the reporting segments for the year ended March 31, 2009 is as follows:

| | Restated retrospectively | | | | | Unallocated A\$'000 | Consolidated A\$'000 |
|--|--|---|--|----------------------|-----------------------------|------------------------|-------------------------|
| | HK Investment holding A\$'000 | PRC Leasing and capital financing A\$'000 | Macao Administration of the Group A\$'000 | HK ISP A\$'000 | PRC Retailing A\$'000 | | |
| Segment revenue | - | - | - | 3 | 5 | - | 8 |
| Inter-segment revenue | - | - | - | - | - | - | - |
| Revenue from external customers | <u>-</u> | <u>-</u> | <u>-</u> | <u>3</u> | <u>5</u> | <u>-</u> | <u>8</u> |
| Reportable segment loss | | | | | | | |
| before income tax | (7,374) | (259) | (570) | (3) | (476) | (220) | (8,902) |
| Depreciation and amortisation | (1) | (12) | (3) | - | (94) | (14) | (124) |
| Guarantee profit paid | - | - | - | - | - | (440) | (440) |
| Net losses on financial assets | | | | | | | |
| at fair value through profit or loss | (6,398) | - | - | - | - | - | (6,398) |
| Income tax expense | - | - | - | - | - | - | - |
| Interest income | 1 | 10 | - | - | 22 | - | 33 |
| Other receivable written off | - | - | - | - | - | - | - |
| Reversal of impairment on receivables | - | - | - | - | (1) | - | (1) |
| As at March 31, 2009 | | | | | | | |
| Total assets | <u>5,539</u> | <u>891</u> | <u>170</u> | <u>8</u> | <u>5,598</u> | <u>162</u> | <u>12,368</u> |
| Non-current assets (Other than financial instruments and deferred tax assets) | - | 42 | - | - | 1,826 | - | 1,868 |
| Additions to non-current assets (Other than financial instruments and deferred tax assets) | <u>-</u> | <u>1</u> | <u>-</u> | <u>-</u> | <u>389</u> | <u>-</u> | <u>390</u> |
| Total liabilities | <u>6,543</u> | <u>1</u> | <u>769</u> | <u>1,195</u> | <u>17</u> | <u>756</u> | <u>9,281</u> |

VIAGOLD CAPITAL LIMITED

5. SEGMENT INFORMATION – continued

A reconciliation of the reportable segment results to the profit/(loss) before income tax is provided as follows:

| | <u>2010</u> <i>A\$000</i> | <u>2009</u> <i>A\$000</i> |
|--|------------------------------|------------------------------|
| Reportable segment profit/(loss) before income tax | 261 | (8,902) |
| Negative goodwill | 773 | – |
| Gain on disposal of subsidiaries | <u>1,788</u> | <u>–</u> |
| Profit/(Loss) before income tax | <u><u>2,822</u></u> | <u><u>(8,902)</u></u> |

6. OTHER INCOME

| | <u>2010</u> <i>A\$000</i> | <u>2009</u> <i>A\$000</i> |
|----------------------|------------------------------|------------------------------|
| Bank interest income | 4 | 33 |
| Sundry income | <u>95</u> | <u>105</u> |
| | <u><u>99</u></u> | <u><u>138</u></u> |

VIAGOLD CAPITAL LIMITED

7. PROFIT/(LOSS) BEFORE INCOME TAX

| | <u>2010</u> | <u>2009</u> |
|---|-------------------|-------------------|
| | <u>A\$000</u> | <u>A\$000</u> |
| Profit/(Loss) before income tax is arrived at: | | |
| <u>After crediting the following items:</u> | | |
| Net exchange gains | 43 | – |
| Net gains on financial assets at fair value through profit or loss | 1,887 | – |
| Reversal of impairment on receivables | 4,459 | 1 |
| Gain on disposal of subsidiaries | 1,788 | – |
| Negative goodwill | 773 | – |
| | <u> </u> | <u> </u> |
| <u>And after charging the following items:</u> | | |
| Amortisation of leasehold land and land use rights | 8 | 8 |
| Auditors' remuneration | 113 | 106 |
| Depreciation of property, plant and equipment (<i>Note 14</i>) | 192 | 116 |
| Employee benefit expense (<i>Note 8</i>) | 421 | 699 |
| Guarantee profit paid (<i>Note a</i>) | 403 | 440 |
| Impairment loss on receivables | – | 1 |
| Net losses on financial assets at fair value through profit or loss | – | 6,398 |
| Loss on disposal of property, plant and equipment | – | 13 |
| Net exchanges losses | – | 217 |
| Other receivables written off | 4,192 | – |
| Operating lease rentals in respect of rental premises and equipment | 102 | 122 |
| Property, plant and equipment written off | – | 59 |
| Research and development expense | 3 | 19 |
| | <u> </u> | <u> </u> |

Note a:

Guarantee profit of approximately A\$403,000 (2009: approximately A\$440,000) paid has been recognized for the year. A wholly owned subsidiary, ViaGOLD USA Limited (“VUL”) has entered into an agreement with the minority shareholder of its subsidiary, 北京華寶時代國際設備租賃有限公司 (Beijing Hua Bao International Leasing Company Limited*) (“HBI”) to guarantee the amount of attributable profits. If the profit attributable to the minority shareholder of HBI as shown in its audited financial statements for the years ended/ending December 31, 2008, 2009 and 2010 prepared in accordance with the accounting principles generally accepted in the PRC is less than HK\$2,640,000, VUL will compensate the minority shareholder of HBI in cash on a dollar for dollar basis. As HBI incurred a loss for the year, a guarantee profit of HK\$2,640,000 (approximately equivalent to A\$403,000) has been paid to the minority shareholder of HBI.

* *The English name is for identification purpose only*

VIAGOLD CAPITAL LIMITED

8. EMPLOYEE BENEFIT EXPENSE

| | <u>2010</u> <i>A\$000</i> | <u>2009</u> <i>A\$000</i> |
|---|------------------------------|------------------------------|
| Directors' remuneration | | |
| – fees | 60 | 60 |
| – share options granted | – | 65 |
| – salaries, allowances and benefits in kind | 7 | 28 |
| | <u>67</u> | <u>153</u> |
| Wages and salaries | 296 | 474 |
| Social insurance | 39 | 44 |
| Other staff benefits | 19 | 28 |
| | <u>354</u> | <u>546</u> |
| | <u>421</u> | <u>699</u> |

Directors' and senior management's emoluments

The remuneration of every director for the year ended March 31, 2010 is set out below:

| <u>Name of directors</u> | <u>Fees</u> <i>A\$'000</i> | <u>Share</u> <u>options</u> <u>granted</u> <i>A\$'000</i> | <u>Salaries,</u> <u>allowances</u> <u>and</u> <u>benefits in</u> <u>kind</u> <i>A\$'000</i> | <u>Total</u> <i>A\$'000</i> |
|-----------------------------|-------------------------------|--|--|--------------------------------|
| Mr. Cheong Sao Tai | – | – | – | – |
| Mr. Pierre Seligman | – | – | – | – |
| Mr. Jack Chik Ming Chu | – | – | – | – |
| Mr. William Kam Biu Tam | – | – | – | – |
| Mr. Henry Chang Manayan | – | – | – | – |
| Mr. James Anthony Wigginton | 60 | – | 7 | 67 |
| | <u>60</u> | <u>–</u> | <u>7</u> | <u>67</u> |

VIAGOLD CAPITAL LIMITED

8. EMPLOYEE BENEFIT EXPENSE – continued

Directors' and senior management's emoluments – continued

The remuneration of every director for the year ended March 31, 2009 is set out below:

| <u>Name of directors</u> | <u>Fees</u> <i>A\$'000</i> | <u>Share</u> <u>options</u> <u>granted</u> <i>A\$'000</i> | <u>Salaries,</u> <u>allowances</u> <u>and</u> <u>benefits in</u> <u>kind</u> <i>A\$'000</i> | <u>Total</u> <i>A\$'000</i> |
|-----------------------------|-------------------------------|--|--|--------------------------------|
| Mr. Cheong Sao Tai | – | – | – | – |
| Mr. Pierre Seligman | – | – | – | – |
| Mr. Jack Chik Ming Chu | – | – | 18 | 18 |
| Mr. William Kam Biu Tam | – | – | – | – |
| Mr. Henry Chang Manayan | – | 65 | – | 65 |
| Mr. James Anthony Wigginton | 60 | – | 10 | 70 |
| | <u>60</u> | <u>65</u> | <u>28</u> | <u>153</u> |

There was no arrangement under which directors waived or agreed to waive any remuneration during the year (2009: Nil).

During the year, no emoluments were paid by the Company to the directors as an inducement to join, or upon joining the Company, or as compensation for loss of office (2009: Nil).

9. FINANCE COSTS

| | <u>2010</u> <i>A\$000</i> | <u>2009</u> <i>A\$000</i> |
|--|------------------------------|------------------------------|
| Interest on amount due to the ultimate holding company | 7 | 8 |
| Loan interests | <u>85</u> | <u>93</u> |
| | <u>92</u> | <u>101</u> |

VIAGOLD CAPITAL LIMITED

10. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the year (2009: Nil). No provision for taxation arising in other jurisdictions has been made in the financial statements for both years as the Group had no assessable profits in other jurisdictions for both year.

| | <u>2010</u> <u>A\$000</u> | <u>2009</u> <u>A\$000</u> |
|--|------------------------------|------------------------------|
| Current income tax | | |
| – Hong Kong profits tax | 309 | – |
| Deferred income tax (<i>Note 27</i>) | – | – |
| | <u>309</u> | <u>–</u> |

The tax on the Group's profit/(loss) before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits/(loss) of the consolidated entities as follows:

| | <u>2010</u> <u>A\$000</u> | <u>2009</u> <u>A\$000</u> |
|---|------------------------------|------------------------------|
| Profit/(Loss) before income tax | <u>2,822</u> | <u>(8,902)</u> |
| Tax calculated at the Hong Kong profits tax rate of 16.5% (2009: 16.5%) | 465 | (1,469) |
| Tax effect of: | | |
| Expenses not deductible for tax purposes | 7,902 | 124 |
| Income not subject to tax | (8,210) | (2) |
| Unrecognised deferred tax assets arising from tax losses and other temporary differences | 124 | 1,397 |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | <u>28</u> | <u>(50)</u> |
| Income tax expense | <u>309</u> | <u>–</u> |

There was no tax charge/credit relating to components of other comprehensive income for the year (2009: Nil).

VIAGOLD CAPITAL LIMITED

11. EMPLOYEE SHARE OPTION SCHEME

On December 19, 2007, ordinary resolutions were passed by the shareholders at the annual general meeting to approve the adoption of a new share option scheme (the “New Scheme”) and the termination of the old share scheme (the “Old Scheme”) which was adopted on November 28, 1995.

On December 19, 2007, share options were granted to certain employees and directors of the Group pursuant to the Group’s New Scheme. Share options with rights to subscribe for a total of 1,898,792 shares were granted to certain employees with an exercise price at A\$2.00 per share on December 19, 2007. The share options can be exercised from April 8, 2008 and to be expired on April 8, 2018.

On December 17, 2008, share options were granted to a director of the Group pursuant to the Group’s New Scheme. Share options with rights to subscribe for a total of 50,000 shares were granted to a director with an exercise price at A\$2.00 per share on December 17, 2008. The share options can be exercised from December 17, 2008 and to be expired on December 16, 2018.

Movements in the share options outstanding and their related weighted average exercise prices are as follows:

| | Weighted average exercise price per share | Number of underlying shares |
|----------------------------|--|--|
| | A\$ | |
| As at April 1, 2008 | 2.00 | 1,898,792 |
| Granted | 2.00 | 50,000 |
| Exercised | – | – |
| Lapsed | – | – |
| As at March 31, 2009 | 2.00 | <u>1,948,792</u> |
| As at April 1, 2009 | 2.00 | 1,948,792 |
| Granted | – | – |
| Exercised | – | – |
| Cancelled | 2.00 | (200,000) |
| Lapsed | – | – |
| As at March 31, 2010 | 2.00 | <u><u>1,748,792</u></u> |

VIAGOLD CAPITAL LIMITED

11. EMPLOYEE SHARE OPTION SCHEME – continued

Share options outstanding at the end of the year have the following expiry dates and exercise price:

| <u>Expiry date</u> | <u>Exercise price per share A\$</u> | 2010 Number of underlying shares | 2009 Number of underlying shares |
|--------------------|---|---|---|
| April 8, 2018 | 2.00 | 1,698,792 | 1,898,792 |
| December 16, 2018 | 2.00 | 50,000 | 50,000 |

There was no share option granted for the year ended March 31, 2010. The estimated fair value of the share options granted for the year ended March 31, 2009 was amounted to approximately A\$65,000. It was estimated as at the date of grant by using the Black-Scholes-Merton Option Pricing Model, taking into account the terms and condition upon which the options were granted. The significant assumptions and inputs used in the valuation model are as follows:

| | <u>2010</u> | <u>2009</u> |
|---------------------|-------------|-------------|
| Spot price | N/A | A\$1.30 |
| Exercise price | N/A | A\$2.00 |
| Expected volatility | N/A | 290.92% |
| Expected life | N/A | 5 years |
| Risk free rate | N/A | 3.530% |

The expected volatility was based on the historical volatility of the share prices of the Company.

The risk-free interest rate was determined with reference to the yield of the Australian Government Bonds.

The expected life was determined based on the information provided by the management of the Company.

The Black-Scholes-Merton Option Pricing Model is subject to certain fundamental limitations because of the subjective nature of and uncertainty relating to the assumptions and inputs to the model as well as certain inherent limitations of the model itself. Any changes in the above assumptions or inputs may materially affect the fair value estimation.

VIAGOLD CAPITAL LIMITED

11. EMPLOYEE SHARE OPTION SCHEME – continued

The fair value of the share options granted recognised for the years ended March 31, 2010 and 2009 are as follows:

| | <u>2010</u> <u>A\$000</u> | <u>2009</u> <u>A\$000</u> |
|-------------------------|------------------------------|------------------------------|
| Directors' remuneration | – | 65 |
| Employees | – | – |
| Consultants | – | – |
| | <u>–</u> | <u>65</u> |

12. EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

| | <u>2010</u> <u>A\$000</u> | <u>2009</u> <u>A\$000</u> |
|---|------------------------------|------------------------------|
| Profit/(Loss) attributable to equity holders of the Company | <u>2,633</u> | <u>(8,831)</u> |
| Weighted average number of ordinary shares in issue (thousands) | <u>13,449</u> | <u>12,659</u> |
| Basic earnings/(loss) per share (A\$ per share) | <u>0.20</u> | <u>(0.70)</u> |

(b) Diluted

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. Accordingly, the fair value was less than the exercise price, thus no adjustment need be made to the weighted average number of ordinary shares in issue.

VIAGOLD CAPITAL LIMITED

12. EARNINGS/(LOSS) PER SHARE – continued

(b) Diluted – continued

| | <u>2010</u> <i>A\$000</i> | <u>2009</u> <i>A\$000</i> |
|---|------------------------------|------------------------------|
| Profit/(Loss) attributable to equity holders of the Company | <u>2,633</u> | <u>(8,831)</u> |
| Weighted average number of ordinary shares in issue (thousands) | <u>13,449</u> | 12,659 |
| Adjustment for: | | |
| – Share options | <u>–</u> | <u>–</u> |
| Weighted average number of ordinary shares for diluted earnings/(loss) per share (thousands) | <u>13,449</u> | <u>12,659</u> |
| Diluted earnings/(loss) per share (A\$ per share) | <u>0.20</u> | <u>(0.70)</u> |

13. LEASEHOLD LAND AND LAND USE RIGHTS

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

| | <u>2010</u> <i>A\$000</i> | <u>2009</u> <i>A\$000</i> |
|------------------------------------|------------------------------|------------------------------|
| Leasehold land in the PRC | | |
| Leases of between 10 and 50 years | <u>222</u> | <u>307</u> |
| Analysed for reporting purpose as: | | |
| Non-current assets | <u>215</u> | 298 |
| Current assets | <u>7</u> | <u>9</u> |
| | <u>222</u> | <u>307</u> |

VIAGOLD CAPITAL LIMITED

14. PROPERTY, PLANT AND EQUIPMENT

| | <u>Leasehold improvements</u> <i>A\$'000</i> | <u>Plant and equipment</u> <i>A\$'000</i> | <u>Furniture and fixtures</u> <i>A\$'000</i> | <u>Buildings</u> <i>A\$'000</i> | <u>Motor vehicles</u> <i>A\$'000</i> | <u>Total</u> <i>A\$'000</i> |
|--|---|--|---|------------------------------------|---|--------------------------------|
| Cost | | | | | | |
| As at April 1, 2008 | 74 | 339 | 47 | 749 | 109 | 1,318 |
| Additions | 343 | 5 | – | – | – | 348 |
| Disposals | – | (18) | – | – | (88) | (106) |
| Written off | – | (142) | – | – | – | (142) |
| Transfer from construction in progress (<i>Note 15</i>) | – | – | – | 42 | – | 42 |
| Exchange adjustments | 69 | 104 | 20 | 288 | 30 | 511 |
| As at March 31, 2009 | 486 | 288 | 67 | 1,079 | 51 | 1,971 |
| Additions | 340 | 10 | – | – | 1,263 | 1,613 |
| Disposals | – | (1) | – | – | – | (1) |
| Disposal of subsidiaries | (46) | – | (37) | – | – | (83) |
| Exchange adjustments | (146) | (125) | (17) | (276) | (114) | (678) |
| As at March 31, 2010 | 634 | 172 | 13 | 803 | 1,200 | 2,822 |
| Accumulated depreciation and impairment losses | | | | | | |
| As at April 1, 2008 | 73 | 168 | 46 | – | 43 | 330 |
| Depreciation | 12 | 34 | 1 | 53 | 16 | 116 |
| Disposals | – | (18) | – | – | (58) | (76) |
| Written off | – | (83) | – | – | – | (83) |
| Exchange adjustments | 27 | 53 | 16 | 7 | 11 | 114 |
| As at March 31, 2009 | 112 | 154 | 63 | 60 | 12 | 401 |
| Depreciation | 19 | 24 | – | 28 | 121 | 192 |
| Disposals | – | (1) | – | – | – | (1) |
| Disposal of subsidiaries | (46) | – | (37) | – | – | (83) |
| Exchange adjustments | (26) | (92) | (13) | (18) | (12) | (161) |
| As at March 31, 2009 | 59 | 85 | 13 | 70 | 121 | 348 |
| Net book value | | | | | | |
| As at March 31, 2010 | 575 | 87 | – | 733 | 1,079 | 2,474 |
| As at March 31, 2009 | 374 | 134 | 4 | 1,019 | 39 | 1,570 |

VIAGOLD CAPITAL LIMITED

14. PROPERTY, PLANT AND EQUIPMENT – continued

The category of motor vehicles leased by the Group to third parties under operating leases with the following carrying amounts:

| | <i>A\$'000</i> |
|---|----------------|
| Cost | 1,159 |
| Accumulated depreciation at April 1, 2009 | – |
| Depreciation charge for the year | (98) |
| Exchange adjustments | (5) |
| | <hr/> |
| Net book value | 1,056 |
| | <hr/> <hr/> |

15. CONSTRUCTION IN PROGRESS

| | <i>A\$'000</i> |
|--|----------------|
| As at April 1, 2008 | 35 |
| Transfer to property, plant and equipment (<i>Note 14</i>) | (42) |
| Exchange adjustments | 7 |
| | <hr/> |
| As at March 31, 2009 and 2010 | – |
| | <hr/> <hr/> |

VIAGOLD CAPITAL LIMITED

16. INTANGIBLE ASSETS

| | Development costs A\$'000 |
|--|--|
| <u>Cost</u> | |
| As at April 1, 2008 | 4 |
| Exchange adjustments | <u>1</u> |
| As at March 31, 2009 | 5 |
| Exchange adjustments | <u>(1)</u> |
| As at March 31, 2010 | <u><u>4</u></u> |
| <u>Accumulated amortisation and impairment losses</u> | |
| As at April 1, 2008 | 4 |
| Exchange adjustments | <u>1</u> |
| As at March 31, 2009 | 5 |
| Exchange adjustments | <u>(1)</u> |
| As at March 31, 2010 | <u><u>4</u></u> |
| <u>Net book value</u> | |
| As at March 31, 2010 | <u><u>-</u></u> |
| As at March 31, 2009 | <u><u>-</u></u> |

The intangible assets of the Group as at March 31, 2010 represent the patent of a web site development technique.

The Group tests annually, or when there is an indicator, whether intangible assets have suffered any impairment to the intangible assets, in accordance with the accounting policy stated in note 2(h). The recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Based on the estimated recoverable amount, in the opinion of the directors, no reversal of impairment loss should be recognised in the current year (2009: Nil).

VIAGOLD CAPITAL LIMITED

17. GOODWILL

A\$'000

Cost

| | |
|----------------------|--------|
| As at April 1, 2008 | 63,862 |
| Exchange adjustments | 22,183 |

| | |
|---------------------------------|-----------------|
| As at March 31, 2009 | 86,045 |
| Disposal of subsidiaries | (86,045) |

| | |
|-----------------------------|----------|
| As at March 31, 2010 | - |
|-----------------------------|----------|

Accumulated amortisation and impairment losses

| | |
|----------------------|--------|
| As at April 1, 2008 | 63,862 |
| Exchange adjustments | 22,183 |

| | |
|---------------------------------|-----------------|
| As at March 31, 2009 | 86,045 |
| Disposal of subsidiaries | (86,045) |

| | |
|-----------------------------|----------|
| As at March 31, 2010 | - |
|-----------------------------|----------|

Net book value

| | |
|-----------------------------|----------|
| As at March 31, 2010 | - |
|-----------------------------|----------|

| | |
|----------------------|---|
| As at March 31, 2009 | - |
|----------------------|---|

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2(h).

The recoverable amounts have been determined based on a value-in-use calculation which in turn is based on financial projections of the Group. The discount rate applied to the cash flow projections is 8%. The balance of goodwill is nil as at March 31, 2010, no impairment loss was charged to the consolidated income statement for the current year (2009: Nil).

VIAGOLD CAPITAL LIMITED

17. GOODWILL – continued

Key assumptions used in value-in-use calculations for the year ended March 31, 2009:

The key assumptions on which the management has based its cash flow projections of five years to undertake impairment testing of goodwill are set out below:

- (a) Budgeted turnover was projected with reference to the expected earnings from each segment;
- (b) Budgeted operating expenses with reference to the latest management account;
- (c) Budgeted finance costs were projected with reference to i) the expected future interest rates and ii) the expected level of borrowings; and
- (d) For the business environment, there will be no material changes in the existing political, legal, regulatory, fiscal or economic conditions, bases or rates of taxation or duties in Hong Kong, or any of the countries in which the group companies are incorporated or registered.

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | <u>2010</u> <i>A\$'000</i> | <u>2009</u> <i>A\$'000</i> |
|--------------------------------|-------------------------------|-------------------------------|
| Unquoted equity shares | | |
| At cost | 14,114 | 19,030 |
| Provision of impairment losses | <u>(14,114)</u> | <u>(19,030)</u> |
| | <u>–</u> | <u>–</u> |

The unquoted equity shares are denominated in HKD, are stated at cost less impairment losses and have been fully impaired.

There is no movement in available-for-sale financial assets for the year, the decrease in values is solely arising from exchange adjustments.

VIAGOLD CAPITAL LIMITED

19. OTHER RECEIVABLES

| | <u>2010</u> <i>A\$'000</i> | <u>2009</u> <i>A\$'000</i> |
|---|-------------------------------|-------------------------------|
| Debtors, deposits and prepayments | 1,617 | 10,481 |
| <i>Less: Impairment losses</i> | <u>(543)</u> | <u>(8,191)</u> |
| Debtors, deposits and prepayments – net | 1,074 | 2,290 |
| Amounts due from related parties | <u>–</u> | <u>69</u> |
| Current portion | <u><u>1,074</u></u> | <u><u>2,359</u></u> |

As at March 31, 2010, no other receivable is past due but not impaired (2009 Nil).

As at March 31, 2010, other receivables of A\$543,000 (2009: approximately A\$8,191,000) were impaired and provided. The aging of these receivable is as follows:

| | <u>2010</u> <i>A\$'000</i> | <u>2009</u> <i>A\$'000</i> |
|---------------|-------------------------------|-------------------------------|
| Over one year | <u><u>(543)</u></u> | <u><u>(8,191)</u></u> |

Movement on the provision for impairment of other receivables are as follows:

| | <u>2010</u> <i>A\$'000</i> | <u>2009</u> <i>A\$'000</i> |
|--------------------------------|-------------------------------|-------------------------------|
| At the beginning of the year | (8,191) | (5,878) |
| Reversal of impairment | 4,459 | 1 |
| Impairment loss on receivables | – | (1) |
| Disposal of subsidiaries | 1,941 | – |
| Exchange adjustments | <u>1,248</u> | <u>(2,313)</u> |
| At the end of the year | <u><u>(543)</u></u> | <u><u>(8,191)</u></u> |

Amounts due from related parties are non-interest bearing, unsecured and repayable on demand.

The directors consider that the carrying amounts of other receivables approximate to their fair values due to their short term maturities.

VIAGOLD CAPITAL LIMITED

19. OTHER RECEIVABLES – continued

The carrying amounts of the other receivables are denominated in the following currencies:

| | <u>2010</u> <i>A\$'000</i> | <u>2009</u> <i>A\$'000</i> |
|-----|-------------------------------|-------------------------------|
| HKD | 30 | 87 |
| USD | – | 3 |
| CAD | 128 | – |
| MOP | 40 | 74 |
| RMB | 876 | 2,195 |
| | <u>1,074</u> | <u>2,359</u> |

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | <u>2010</u> <i>A\$'000</i> | <u>2009</u> <i>A\$'000</i> |
|-----------------------------------|-------------------------------|-------------------------------|
| Market value of listed securities | | |
| Equity securities – Hong Kong | <u>2,193</u> | <u>5,002</u> |

Financial assets at fair value through profit or loss are presented within the section of investing activities in the consolidated statement of cash flows.

Changes in fair values of financial assets at fair value through profit or loss are recorded in the consolidated income statement.

The fair values of all equity securities are based on their current bid prices in an active market.

The carrying amounts of the financial assets at fair value through profit or loss is denominated in HKD.

VIAGOLD CAPITAL LIMITED

21. CASH AND CASH EQUIVALENTS

| | <u>2010</u> <i>A\$'000</i> | <u>2009</u> <i>A\$'000</i> |
|--------------------------|-------------------------------|-------------------------------|
| Cash at bank and in hand | <u>2,640</u> | <u>3,130</u> |

The cash and cash equivalents are denominated in the following currencies:

| | <u>2010</u> <i>A\$'000</i> | <u>2009</u> <i>A\$'000</i> |
|---------------------------------|-------------------------------|-------------------------------|
| AUD | 12 | 5 |
| CAD | 9 | 151 |
| HKD | 952 | 408 |
| MOP | 14 | 15 |
| RMB | 399 | 896 |
| USD | <u>1,254</u> | <u>1,655</u> |
| | <u>2,640</u> | <u>3,130</u> |
| Maximum exposure to credit risk | <u>2,637</u> | <u>3,126</u> |

22. SHARE CAPITAL

| | <u>Number of</u> <u>shares</u> <i>in thousands</i> | <u>Ordinary</u> <u>shares</u> <i>A\$'000</i> |
|-------------------------------------|--|--|
| <u>Issued and fully paid</u> | | |
| As at April 1, 2008 and 2009 | 12,659 | 2,531 |
| Placement of shares (<i>Note</i>) | <u>3,797</u> | <u>760</u> |
| As at March 31, 2010 | <u>16,456</u> | <u>3,291</u> |

Note

On January 14, 2010, the issued share capital of the Company was increased to approximately A\$3,291,000 by the issue of approximately 3,797,000 ordinary shares at a discount of A\$0.1 each for working capital to the company. These shares rank pari passu with the existing shares. Net proceeds from the issuance of ordinary shares were amounting to approximately A\$380,000.

The total authorized number of ordinary shares is 50 million shares (2009: 50 million shares) with a par value of Australian twenty cents per share (2009: Australian twenty cents per share).

All issued shares are fully paid.

VIAGOLD CAPITAL LIMITED

23. RESERVES

| | Attributable to equity holders of the Company | | | | | | | |
|--|---|-----------------|----------------|----------------|-----------------|----------------|----------------|----------------|
| | Share | Translation | Contributed | Share-based | Accumu- | Total | Minority | Total |
| | premium | reserve | surplus | compensation | lated | | | |
| <i>A\$'000</i> | <i>A\$'000</i> | <i>A\$'000</i> | <i>A\$'000</i> | <i>A\$'000</i> | <i>A\$'000</i> | <i>A\$'000</i> | <i>A\$'000</i> | <i>A\$'000</i> |
| As at April 1, 2008 | 17,576 | (17,296) | 48,103 | 1,849 | (44,010) | 6,222 | 869 | 7,091 |
| Share options granted during the year | - | - | - | 65 | - | 65 | - | 65 |
| Total comprehensive income/(loss) for the year | - | 2,009 | - | - | (8,831) | (6,822) | 222 | (6,600) |
| As at March 31, 2009 | <u>17,576</u> | <u>(15,287)</u> | <u>48,103</u> | <u>1,914</u> | <u>(52,841)</u> | <u>(535)</u> | <u>1,091</u> | <u>556</u> |
| As at April 1, 2009 | 17,576 | (15,287) | 48,103 | 1,914 | (52,841) | (535) | 1,091 | 556 |
| Issuance of shares during the year | (380) | - | - | - | - | (380) | - | (380) |
| Cancellation of share options during the year | - | - | - | (207) | 207 | - | - | - |
| Total comprehensive income/(loss) for the year | - | (1,025) | - | - | 2,633 | 1,608 | (372) | 1,236 |
| As at March 31, 2010 | <u>17,196</u> | <u>(16,312)</u> | <u>48,103</u> | <u>1,707</u> | <u>(50,001)</u> | <u>693</u> | <u>719</u> | <u>1,412</u> |

Notes:

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (i) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

VIAGOLD CAPITAL LIMITED

24. OTHER PAYABLES

| | <u>2010</u> <i>A\$'000</i> | <u>2009</u> <i>A\$'000</i> |
|--|-------------------------------|-------------------------------|
| Other payables and accrued charges | 2,159 | 3,670 |
| Receipt in advance | 47 | – |
| Amount due to the ultimate holding company | <u>344</u> | <u>455</u> |
| | <u><u>2,550</u></u> | <u><u>4,125</u></u> |

Amount due to the ultimate holding company is interest bearing at 2% (2009: 2%), unsecured and repayable on demand.

The directors consider that the carrying amounts of other payables approximates to their fair values due to their short term maturities.

The carrying amounts of the other payables are denominated in the following currencies:

| | <u>2010</u> <i>A\$'000</i> | <u>2009</u> <i>A\$'000</i> |
|-----|-------------------------------|-------------------------------|
| AUD | – | 2 |
| CAD | – | 151 |
| HKD | 1,034 | 2,898 |
| MOP | 699 | 278 |
| RMB | <u>817</u> | <u>796</u> |
| | <u><u>2,550</u></u> | <u><u>4,125</u></u> |

VIAGOLD CAPITAL LIMITED

25. BORROWINGS

| | <u>2010</u> <i>A\$'000</i> | <u>2009</u> <i>A\$'000</i> |
|-----------------------|-------------------------------|-------------------------------|
| Current | | |
| Short-term borrowings | <u>2,662</u> | <u>3,589</u> |

The carrying amounts of short-term borrowings approximate to their fair values due to their short term maturities.

The total short-term borrowings comprise of the following loans:

For the year ended March 31, 2010

Approximately A\$841,000 of the short-term borrowings bear a fixed interest rate of 5% annually and repayable on demand.

Approximately A\$1,821,000 of the short-term borrowing bears a fixed interest rate of 2 % annually and is repayable on demand.

For the year ended March 31, 2009

Approximately A\$1,133,400 of the short-term borrowings bear a fixed interest rate of 5% annually and repayable on demand.

Approximately A\$2,455,700 of the short-term borrowing bears a fixed interest rate of 2 % annually and repayable on demand.

The company's borrowings were repayable as follows:

| | <u>2010</u> <i>A\$'000</i> | <u>2009</u> <i>A\$'000</i> |
|------------------------------|-------------------------------|-------------------------------|
| Within one year or on demand | <u>2,662</u> | <u>3,589</u> |

The above balances are denominated in HKD.

There is no movement in borrowings for the year, the decrease in value is solely arising from exchange adjustments.

VIAGOLD CAPITAL LIMITED

26. CASH GENERATED FROM/(USED IN) OPERATIONS

| | <u>Note</u> | <u>2010</u> <u>A\$'000</u> | <u>2009</u> <u>A\$'000</u> |
|---|-------------|-------------------------------|-------------------------------|
| Profit/(Loss) before income tax | | 2,822 | (8,902) |
| Adjustments for: | | | |
| – Amortisation of leasehold land and land use rights | 7 | 8 | 8 |
| – Depreciation of property, plant and equipment | 7 | 192 | 116 |
| – Gain on disposal of subsidiaries | 7 | (1,788) | – |
| – Loss on disposal of property, plant and equipment | 7 | – | 13 |
| – Impairment loss on receivables | 7 | – | 1 |
| – Other receivables written off | 7 | 4,192 | – |
| – Reversal of impairment on receivables | 7 | (4,459) | (1) |
| – Property, plant and equipment written off | 7 | – | 59 |
| – Negative goodwill | 7 | (773) | – |
| – Share-based payments | | – | 65 |
| – Interest income | 6 | (4) | (33) |
| – Interest expenses | 9 | 92 | 101 |
| Changes in working capital: (excluding the effects of exchange differences on consolidation) | | | |
| – Debtors, deposits and prepayments | | 714 | (213) |
| – Other payables and accrued charges | | (3) | 741 |
| – Financial assets at fair value through profit or loss | | 1,652 | 6,241 |
| – Inventories | | (1,084) | – |
| Cash generated from/(used in) operations | | <u>1,561</u> | <u>(1,804)</u> |

Non-cash transactions:

Interest expense of approximately A\$7,000 (2009: approximately A\$8,000) was charged by the ultimate holding company. The interest expenses were recognised by crediting the current account with the ultimate holding company.

Interest expense of approximately A\$85,000 (2009: approximately A\$93,000) was charged by the third parties. The interest expenses were recognised by crediting the other payables accounts.

VIAGOLD CAPITAL LIMITED

27. DEFERRED INCOME TAX

Tax losses

A\$'000

As at March 31, 2009 and as at March 31, 2010

—

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of approximately A\$1,037,000 (2009: approximately A\$1,798,000) that can be carried forward against future taxable income. The estimated tax losses at March 31, 2010 may be carried forward indefinitely.

28. GAIN ON DISPOSAL OF SUBSIDIARIES

On July 1, 2009, the Group disposed of several subsidiaries. As a result, a gain on the disposal of subsidiaries of approximately A\$1,788,000 was recognized in the consolidated income statement for the year.

The assets and liabilities of the subsidiaries disposed of are as follows:

A\$'000

Assets

Other receivables

344

Cash and cash equivalents

15

A\$'000

Liabilities

Other payables

1,901

VIAGOLD CAPITAL LIMITED

29. RELATED-PARTY TRANSACTIONS

During the year, the Group has the following transactions and balances with related parties:

| <u>Related company</u> | <u>Nature of transactions</u> | <u>2010</u> <u>A\$'000</u> | <u>2009</u> <u>A\$'000</u> |
|--------------------------------------|--|-------------------------------|-------------------------------|
| Ultimate holding company | Interest paid and payable by the Group for the year | 7 | 8 |
| | Amount owed by the Group (<i>Note 24</i>) at the reporting date | 344 | 455 |
| | Consultancy fee paid and payable for the year | – | 83 |
| Related parties | Amounts owed to the Group at the reporting date | – | 69 |
| | Amounts owed by the Group at the reporting date | 210 | – |
| Minority shareholder of a subsidiary | Guarantee profit paid and payable for the year | 403 | 440 |
| Directors of the Company | Consultancy fee paid and payable for the year | – | 18 |
| | | – | 18 |

30. OPERATING LEASE COMMITMENTS

The Group leases various offices and staff quarters under non-cancellable operating lease agreements. The lease terms are between 1 month and 1 year, and the majority of lease agreements are renewable at the end of the period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

| | <u>2010</u> <u>A\$000</u> | <u>2009</u> <u>A\$000</u> |
|--|------------------------------|------------------------------|
| <u>Leasehold land and buildings</u> | | |
| Not later than 1 year | 6 | 48 |
| Later than 1 year but not later than 5 years | – | – |
| | 6 | 48 |

VIAGOLD CAPITAL LIMITED

30. OPERATING LEASE COMMITMENTS – continued

The future minimum lease payments receivables under non-cancellable operating leases are as follows:

| | <u>2010</u> <i>A\$000</i> | <u>2009</u> <i>A\$000</i> |
|--|------------------------------|------------------------------|
| <u>Motor vehicles</u> | | |
| Not later than 1 year | 362 | – |
| Later than 1 year but not later than 5 years | 402 | – |
| | <hr/> | <hr/> |
| | 764 | – |
| | <hr/> <hr/> | <hr/> <hr/> |

31. INVENTORIES

| | <u>2010</u> <i>A\$000</i> | <u>2009</u> <i>A\$000</i> |
|------------------------------|------------------------------|------------------------------|
| Properties under development | 2,651 | – |
| Finished goods | 107 | – |
| | <hr/> | <hr/> |
| | 2,758 | – |
| | <hr/> <hr/> | <hr/> <hr/> |

The cost of inventories recognised as expenses and included in ‘cost of sales’ amounted to approximately A\$22,000 (2009: Nil).

32. BUSINESS COMBINATION

On June 10, 2009, the Group acquired 100% of the equity interests of 岑溪市豐智昌順房地產開發有限公司 (Fengzhi Chang Shun Real Estate Development Co., Limited*).

Details of net assets acquired and goodwill are as follows:

| | <i>A\$'000</i> |
|---|----------------|
| Purchase consideration: | |
| – Offset against by debts owed to the Group | 185 |
| | <hr/> <hr/> |

VIAGOLD CAPITAL LIMITED

32. BUSINESS COMBINATION – continued

The assets and liabilities as at June 10, 2009 arising from the acquisition were as follows:

| | <u>Fair value</u> A\$'000 | <u>Acquirer's carrying amount</u> A\$'000 |
|------------------------------|------------------------------|--|
| Cash and cash equivalents | 22 | 22 |
| Other receivables | 19 | 19 |
| Inventories | 1,528 | 753 |
| Other payables | (611) | (611) |
| | <hr/> | <hr/> |
| Fair value of net assets | 958 | <u>183</u> |
| Negative goodwill | (773) | |
| | <hr/> | |
| Total purchase consideration | <u>185</u> | |

* The English name is for identification purpose only.

33. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of principal subsidiaries at March 31, 2010 and March 31, 2009 were as follows:

| <u>Name of subsidiary</u> | <u>Place of incorporation/ registration and operation</u> | <u>Issued and fully paid up share capital/ registered capital</u> | <u>Attributable equity interests</u> | | <u>Principal activities</u> |
|---|---|---|---|-------------------|-----------------------------|
| | | | <u>held by the Company</u> <i>Directly</i> | <i>Indirectly</i> | |
| Chamberlin Investments Limited | British Virgin Islands | US\$1 | 100% | – | Securities investment |
| ViaGOLD (BVI) Limited | British Virgin Islands | US\$10 | 100% | – | Investment holding |
| Golden Sun International Group Limited | British Virgin Islands | US\$1 | 100% | – | Investment holding |
| ViaGOLD Technology Limited | British Virgin Islands | US\$1 | 100% | – | Investment holding |
| ViaGOLD Direct Network Limited # | Hong Kong | HK\$10,000 | – | 100% | ISP in Hong Kong |

VIAGOLD CAPITAL LIMITED

33. PARTICULARS OF PRINCIPAL SUBSIDIARIES – continued

| <u>Name of subsidiary</u> | <u>Place of incorporation/ registration and operation</u> | <u>Issued and fully paid up share capital/ registered capital</u> | <u>Attributable equity interests held by the Company</u> | | <u>Principal activities</u> |
|--|---|---|--|-------------------|-------------------------------|
| | | | <i>Directly</i> | <i>Indirectly</i> | |
| ViaGOLD (USA) Limited | Hong Kong | HK\$100 (Voting ordinary shares) HK\$10,000 (Non-voting ordinary shares) | – | 100% | Investment holding |
| Yun Tong Gold Mind Technology Company Limited | Macao | MOP\$2,000,000 | – | 100% | Group treasury |
| 北京華寶時代國際設備租賃有限公司 (Beijing Hua Bao International Leasing Company Limited*) | PRC | US\$2,600,000 | – | 70% | Leasing and capital financing |
| 羅定市豐智發展有限公司 (Luoding Fengzhi Development Company Limited*) | PRC | US\$5,000,000 | – | 100% | Retailing |
| 岑溪市豐智昌順房地產開發有限公司 (Fengzhi Chang Shun Real Estate Development Co., Limited*) | PRC | RMB 4,000,000 | – | 100% | Property development |

The subsidiary was disposed of during the year.

Note:

The directors are of the opinion that a complete list of the particulars of all subsidiaries would be of excessive length and therefore the above list only contains subsidiaries which principally affect the results or assets or liabilities of the Group.

北京華寶時代國際設備租賃有限公司(Beijing Hua Bao International Leasing Company Limited*) is a wholly foreign-owned enterprise registered in the PRC on September 20, 2007.

* *The English names are for identification purpose only*

VIAGOLD CAPITAL LIMITED

34. CONTINGENT LIABILITIES

A wholly owned subsidiary, ViaGOLD USA Limited (“VUL”) has entered into an agreement with the minority shareholder of its subsidiary 北京華寶時代國際設備租賃有限公司 (Beijing Hua Bao International Leasing Company Limited*) (“HBI”) to guarantee the amount of attributable profit. If the profit attributable to the minority shareholder of HBI as shown in its audited financial statements for the years ended/ending December 31, 2008, 2009 and 2010 prepared in accordance with the accounting principles generally accepted in the PRC is less than HK\$2,640,000 (i.e. 22% of the consideration), VUL has to compensate the minority shareholder of HBI in cash on a dollar for dollar basis.

On April 9, 2010, the Group disposed of VUL and its subsidiaries, excluding HBI to an independent third party. For the equity interests of HBI, VUL transferred it to another subsidiary of the Company and this subsidiary will take up this contingent liabilities of guarantee profit.

** The English name is for identification purpose only*

35. SUBSEQUENT EVENT

On April 9, 2010, the Group disposed of its wholly owned subsidiary, VUL together with its subsidiaries, Fengzhi Chang Shun Real Estate Development Co., Limited, 羅定市豐智發展有限公司 (Luoding City Fengzhi Development Co., Limited*) and Yun Tong Gold Mind Technology Company Limited, at a cash consideration of HK\$22 million.

On April 30, 2010, the shareholders of the Company approved a share placement up to 4,200,000 ordinary shares and at an issue price of twenty-two cents Australian dollars per share. However, the share placement is not yet done up to the date of the annual report.

** The English name is for identification purpose only*

VIAGOLD CAPITAL LIMITED

36. ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE AFTER THE REPORTING PERIOD

As per the note 35, the Group announced its plans to sell its subsidiaries on April 9, 2010, which was subject to be approved by shareholders' approval on April 30, 2010.

The segment information provided to the management for the reporting segments for the year ended March 31, 2010 is as follows:

| | HK Investment holding <i>A\$'000</i> | Macao Administration of the Group <i>A\$'000</i> | PRC Property development <i>A\$'000</i> | PRC Retailing <i>A\$'000</i> | Consolidated <i>A\$'000</i> |
|---|---|---|--|------------------------------------|--------------------------------|
| Segment revenue | - | - | - | 36 | 36 |
| Inter-segment revenue | - | - | - | - | - |
| Revenue from external customers | <u>-</u> | <u>-</u> | <u>-</u> | <u>36</u> | <u>36</u> |
| Reportable segment loss before income tax | (539) | (301) | (12) | (225) | (1,077) |
| Depreciation and amortisation | - | - | - | (76) | (76) |
| Guarantee profit paid | (403) | - | - | - | (403) |
| Income tax expense | - | - | - | - | - |
| Interest income | - | - | - | 2 | 2 |
| Other receivables written off | (4,192) | - | - | - | (4,192) |
| Reversal of impairment on receivables | <u>4,192</u> | <u>-</u> | <u>-</u> | <u>267</u> | <u>4,459</u> |
| As at March 31, 2010 | | | | | |
| Total assets | <u>284</u> | <u>85</u> | <u>2,763</u> | <u>2,735</u> | <u>5,867</u> |
| Non-current assets (Other than financial instruments and deferred tax assets) | - | - | - | 1,610 | 1,610 |
| Additions to non-current assets (Other than financial instruments and deferred tax assets) | <u>-</u> | <u>-</u> | <u>-</u> | <u>350</u> | <u>350</u> |
| Total liabilities | <u>3,547</u> | <u>708</u> | <u>758</u> | <u>11</u> | <u>5,024</u> |

VIAGOLD CAPITAL LIMITED

36. ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE AFTER THE REPORTING PERIOD – continued

The segment information provided to the management for the reporting segments for the year ended March 31, 2009 is as follows:

| | HK Investment holdings <i>A\$'000</i> | Macao Administration of the group <i>A\$'000</i> | PRC Retailing <i>A\$'000</i> | PRC Consolidated <i>A\$'000</i> |
|--|--|---|------------------------------------|---------------------------------------|
| Segment revenue | – | – | 5 | 5 |
| Inter-segment revenue | – | – | – | – |
| Revenue from external customers | <u>–</u> | <u>–</u> | <u>5</u> | <u>5</u> |
| Reportable segment loss before income tax | (620) | (570) | (476) | (1,666) |
| Depreciation and amortisation | – | (3) | (94) | (97) |
| Guarantee profit paid | (440) | – | – | (440) |
| Income tax expense | – | – | – | – |
| Interest income | – | – | 22 | 22 |
| Other receivables written off | – | – | – | – |
| Reversal of impairment on receivables | <u>–</u> | <u>–</u> | <u>(1)</u> | <u>(1)</u> |
| As at March 31, 2009 | | | | |
| Non-current assets (Other than financial instruments and deferred tax assets) | – | – | 1,826 | 1,826 |
| Additions to non-current assets (Other than financial instruments and deferred tax assets) | <u>–</u> | <u>–</u> | <u>389</u> | <u>389</u> |
| Total liabilities | <u>4,608</u> | <u>769</u> | <u>17</u> | <u>5,394</u> |

VIAGOLD CAPITAL LIMITED

ADDITIONAL INFORMATION PURSUANT TO THE OFFICIAL LISTING RULES OF THE AUSTRALIAN SECURITIES EXCHANGE LIMITED

1. The statement of interests in share capital as at June 17, 2010 is as follows:

(a) Distribution of shareholdings:

| <u>Size of holding</u> | <u>No. of ordinary shareholders</u> |
|------------------------|---|
| 1 – 1,000 | 460 |
| 1,001 – 5,000 | 42 |
| 5,001 – 10,000 | 12 |
| 10,001 – 100,000 | 22 |
| 100,001 and over | 16 |
| | <hr/> |
| | 552 |
| | <hr/> <hr/> |

(b) The name of the substantial shareholder and the number of securities held as at June 17, 2010 are:

| <u>Names</u> | <u>No. of ordinary shares held</u> |
|-------------------------------|--|
| HARVEST SMART OVERSEAS LTD | 6,284,399 |
| CITICORP NOMINEES PTY LIMITED | 1,303,263 |
| MR HUANG QIKANG | 1,265,862 |
| MS LI MEINA | 1,265,861 |
| MR CHEN WEI QING | 1,237,862 |
| | <hr/> |
| | 11,357,247 |
| | <hr/> <hr/> |

VIAGOLD CAPITAL LIMITED

1. The statement of interests in share capital as at June 17, 2010 is as follows:– continued

(c) The 20 largest holders of the Company's securities are:

| <u>Names</u> | <u>No. of ordinary Shares held</u> | <u>% of total issued of ordinary capital held</u> |
|--|--|---|
| HARVEST SMART OVERSEAS LTD | 6,284,399 | 38.19 |
| CITICORP NOMINEES PTY LIMITED | 1,303,263 | 7.92 |
| MR HUANG QIKANG | 1,265,862 | 7.69 |
| MS LI MEINA | 1,265,861 | 7.69 |
| MR CHEN WEI QING | 1,237,862 | 7.52 |
| SOCIEDADE GOLD MIND LIMITADA | 781,250 | 4.75 |
| TARGET BREAKER HOLDINGS LIMITED | 781,250 | 4.75 |
| SCANDATA CONSULTANTS LTD | 583,668 | 3.55 |
| BOOM SECURITIES (HK) LTD <CLIENTS ACCOUNT> | 346,035 | 2.10 |
| BAY SQUARE HOLDINGS LTD | 291,250 | 1.77 |
| MR SIO KAI KUAN | 286,250 | 1.74 |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 282,265 | 1.72 |
| LANSTONE INVESTMENT LIMITED | 225,000 | 1.37 |
| CHOW LAI WAH | 217,500 | 1.32 |
| HAINAN FINANCE LIMITED | 154,600 | 0.94 |
| CARLETON TRADING LTD | 105,175 | 0.64 |
| FONG HONG KEI | 100,000 | 0.61 |
| MR CHAN SHUK KING | 72,500 | 0.44 |
| GUANGDONG CREDIT LIMITED | 50,000 | 0.30 |
| UOB KAY HIAN (HONG KONG) LIMITED <CLIENTS A/C> | 49,867 | 0.30 |

(d) Voting rights

Subject to the ASX Listing Rules and to any special rights, privileges or restrictions attaching to any class or classes of shares, every member is entitled to be present at a meeting in person, by proxy, representative or attorney. On a show of hands, every member who is present in person or by proxy has one vote for every share of which he is the holder, and on a poll; every member has (i) one vote for each fully paid share held by that person or (ii) voting rights pro-rata to the amount paid up on each partly paid share held by that person.

2. Share options outstanding as at June 17, 2010

| | |
|---|-----------|
| Total number of outstanding share options | 1,748,792 |
| Total number of option holders | <u>14</u> |

3. The name of the Company Secretary

Mr. Kenneth Kwing Chuen Tang

VIAGOLD CAPITAL LIMITED

4. Address and contact number:

The address and contact number of the principal registered office in Hong Kong is:

Room 3201
32/F Singa Commercial Centre
148 Connaught Road West
Hong Kong
Telephone: (852) 2509 3112
Website: <http://www.viagold.ws>

The address and contact number of the principal registered office in Macao is:

AV, Xian Xing Hai, Ed. Zhu Kuan,
6I-K, Macao
Telephone: (853) 2875 1881

The address and contact number of the principal registered office in Australia is:

Suite 501
100 Victoria Parade
East Melbourne Vic 3002
Australia
Telephone: (613) 9662 4049

5. Registers of securities are kept at the following addresses:

a. Australia

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford, Victoria 3067
Australia
Telephone: (613) 9611 5774

b. Bermuda

Codan Services Limited
Clarendon House
PO Box HM1022
Hamilton HM DX
Bermuda
Telephone: 1 (441) 295 5950