

# **Mongolia Growth Group Ltd.**

Interim Consolidated Financial Statements  
(Unaudited)  
For the six months ended  
**June 30, 2012 and 2011**  
(expressed in Canadian dollars)

The accompanying unaudited interim consolidated financial statements have been prepared by management and approved by the Board of Directors of the Company. These statements have not been reviewed by the Company's external auditors.

**Mongolia Growth Group Ltd.**  
**Interim Consolidated Statements of Financial Position**  
**(Unaudited)**

(expressed in Canadian dollars)

	June 30, 2012 \$	December 31, 2011 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	8,017,410	20,078,948
Investments and marketable securities	4,326,557	2,569,778
Other assets	991,922	427,949
Reinsurance assets	4,914	7,760
Deferred acquisition expenses	11,738	15,175
	<u>13,352,541</u>	<u>23,099,610</u>
<b>Non-current assets</b>		
Investments and marketable securities	1,681,713	1,446,983
Investment properties (note 4)	35,958,460	26,166,286
Property and equipment (note 5)	5,065,394	4,624,010
	<u>56,058,108</u>	<u>55,336,889</u>
<b>Total assets</b>		
<b>Liabilities</b>		
Trade and accrued liabilities	2,307,446	859,213
Income taxes payable	717,140	819,096
Insurance contract liabilities	369,742	361,820
	<u>3,394,328</u>	<u>2,040,129</u>
<b>Total liabilities</b>		
<b>Equity</b> (note 6)		
<b>Share capital</b>	51,676,360	51,681,818
<b>Contributed surplus</b>	2,626,873	1,846,475
<b>Accumulated other comprehensive loss</b>	(1,510,084)	(1,241,437)
<b>Retained earnings</b>	(129,369)	1,009,904
	<u>52,663,780</u>	<u>53,296,760</u>
<b>Total equity</b>		
	<u>56,058,108</u>	<u>55,336,889</u>
<b>Total equity and liabilities</b>		

**Approved by the Board of Directors**

Signed "Paul Sweeney" Director      Signed "Bill Fleckenstein" Director

The accompanying notes are an integral part of these consolidated financial statements.

# Mongolia Growth Group Ltd.

## Interim Consolidated Statement of Operations

(Unaudited)

For the three and six month period ended June 30, 2012 and 2011

(expressed in Canadian dollars)

	For the three months ended June 30,		For the six months ended June 30,	
	2012	2011	2012	2011
	\$	\$	\$	\$
<b>Revenue</b>				
Net premiums earned	118,682	-	190,665	-
Rental income	383,920	42,263	767,024	42,263
Gain on disposal of investment property	70,973	-	70,973	-
Other revenue	(2,103)	-	12,692	-
Total revenue	571,472	42,263	1,041,354	42,263
<b>Expenses</b>				
Salaries and wages	250,263	76,493	443,569	76,493
Other expenses (note 11)	607,962	193,690	1,245,222	351,852
Share based payment	390,199	319,448	780,398	319,448
Depreciation	23,890	33,456	41,233	35,118
Investor relations	8,953	3,690	23,720	4,067
Total expense	1,281,267	626,777	2,534,142	786,978
<b>Net investment income</b>	215,013	98,929	353,515	119,484
<b>Net loss for the period</b>	(494,782)	(485,585)	(1,139,273)	(625,231)
<b>Net loss per share</b>				
Basic	(0.01)	(0.02)	(0.03)	(0.04)
Diluted	(0.01)	(0.02)	(0.03)	(0.04)

The accompanying notes are an integral part of these financial statements

## **Mongolia Growth Group Ltd.**

### **Interim Consolidated Statement of Comprehensive Income (loss)**

(Unaudited)

**For the three and six month period ended June 30, 2012 and 2011**

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(expressed in Canadian dollars)

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Net loss for the period</b>	(494,782)	(485,585)	(1,139,273)	(625,231)
<b>Other comprehensive loss - net of taxes</b>				
Unrealized gains on AFS marketable securities	-	127,282	-	224,865
Unrealized gains on translation of financial statement operations with Mongolian MNT functional currency to Canadian dollar reporting currency	(707,390)	(46,156)	(268,647)	(56,164)
<b>Total Comprehensive loss</b>	<b>(1,202,172)</b>	<b>(404,459)</b>	<b>(1,407,920)</b>	<b>(456,530)</b>

The accompanying notes are an integral part of these financial statements

# Mongolia Growth Group Ltd.

## Interim Consolidated Statement of Changes in Equity

(Unaudited)

For the three and six month period ended June 30, 2012 and 2011

(expressed in Canadian dollars)

	Share capital \$	Contributed surplus \$	Accumulated other comprehensive income \$	Retained earnings (deficit) \$	Total \$
<b>Balance at January 1, 2011</b>	438,547	47,872	-	(339,249)	147,170
Net loss for the period	-	-	-	(149,654)	(149,654)
Other comprehensive income	-	-	97,583	-	97,583
	438,547	47,872	97,583	(488,903)	95,099
Share capital issued	4,611,252	-	-	-	4,611,252
Share issue costs	(236,665)	-	-	-	(236,665)
<b>Balance at June 30, 2011</b>	<b>4,813,134</b>	<b>47,872</b>	<b>97,583</b>	<b>(488,903)</b>	<b>4,469,686</b>

	Share capital \$	Contributed surplus \$	Accumulated other comprehensive loss \$	Retained earnings (deficit) \$	Total \$
<b>Balance at January 1, 2012</b>	51,681,818	1,846,475	(1,241,437)	1,009,904	53,296,760
Net loss for the period	-	-	-	(1,139,273)	(1,139,273)
Other comprehensive income	-	-	(268,647)	-	(268,647)
	51,681,818	1,846,475	(1,510,084)	(129,369)	51,888,840
Share based payment	-	780,398	-	-	780,398
Share issue costs	(5,458)	-	-	-	(5,458)
<b>Balance at June 30, 2012</b>	<b>51,676,360</b>	<b>2,626,873</b>	<b>(1,510,084)</b>	<b>(129,369)</b>	<b>52,663,780</b>

The accompanying notes are an integral part of these consolidated financial statements.

**Mongolia Growth Group Ltd.**  
Interim Consolidated Statement of Cash Flows

(Unaudited)

**For the three and six month period ended June 30, 2012 and 2011**

(expressed in Canadian dollars)

	For the three months ended June 30,		For the six months ended June 30,	
	2012	2011	2012	2011
	\$	\$	\$	\$
<b>Cash provided by (used in)</b>				
<b>Operating activities</b>				
Net loss for the period	(494,782)	(485,585)	(1,139,273)	(625,231)
Items not affecting cash				
Depreciation for property and equipment	23,890	33,456	41,233	35,118
Net loss on sale of financial assets	-	(109,431)	-	(116,172)
Share based payment	390,199	319,448	780,398	319,448
	(80,693)	(242,112)	(317,642)	(386,837)
Net change in non-cash working capital balances	1,080,352	(516,732)	796,509	(463,034)
Net operating cash flow	999,659	(758,844)	478,867	(849,871)
<b>Financing activities</b>				
Proceeds from share issuance	-	31,919,456	-	36,530,708
Cost of issue of shares	-	(64,369)	(5,458)	(301,034)
Payments received prior to subscription	-	(5,807,501)	-	-
	-	26,047,586	(5,458)	36,229,674
<b>Investing activities</b>				
Purchase of investments	(1,475,192)	(4,843,899)	(2,433,831)	(6,878,899)
Disposal of investments	442,322	2,908,953	442,322	3,903,953
Net acquisition of property and equipment (note 5)	(346,380)	(159,798)	(483,144)	(201,807)
Acquisition of investment property (note 4)	(6,042,887)	(9,054,797)	(10,546,305)	(9,673,202)
Disposition of investment property (note 4)	754,131	-	754,131	-
	(6,668,006)	(11,149,541)	(12,266,827)	(12,849,955)
<b>Effect of exchange rates on cash</b>	(707,658)	(46,156)	(268,120)	(56,164)
<b>Increase (decrease) in cash and cash equivalents</b>	(6,376,005)	14,093,045	(12,061,538)	22,473,684
<b>Cash and cash equivalents - Beginning of period</b>	14,393,415	8,518,840	20,078,948	138,201
<b>Cash and cash equivalents - End of period</b>	8,017,410	22,611,885	8,017,410	22,611,885

The accompanying notes are an integral part of these financial statements

# **Mongolia Growth Group Ltd.**

## **Notes to Interim Consolidated Financial Statements**

(Unaudited)

**June 30, 2012**

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(expressed in Canadian dollars)

### **1 Corporate information**

The accompanying unaudited interim consolidated financial statements are of Mongolia Growth Group Ltd. (the Company). The Company is registered in Alberta, Canada, with its Head Office at its registered address at 1400, 700-2<sup>nd</sup> Street W, Calgary, Alberta, Canada. The Company is domiciled out of the Company's corporate office and principal place of business which is located at 706 - 34 Cumberland St. N., Thunder Bay, Ontario, P7A 4L3, Canada. The Company also has a business office for the Mongolian investment property and insurance companies in the Mandal Building on Seoul Street, Ulaanbaatar, Mongolia.

The Company is organized into three business units based on the business operations:

- Big Sky Capital LLC and its subsidiaries own investment properties which are located in Ulaanbaatar, Mongolia and are held for the purpose of generating rental revenue, capital appreciation or both;
- Mandal General Insurance LLC offers insurance products in Mongolia covering all common general insurance types. The Company's main lines of business are motor insurance, including voluntary motor third party liability, property, accident medical and travel and liability insurance;
- The MGG Corporate office is located in Thunder Bay, Canada and administers the financial resources, investment portfolio, corporate reporting, and legal functions of the Company.

### **2 Basis of presentation**

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) applicable to the preparation of interim financial statements, including IAS 34 Interim Financial Reporting. The interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2011, which have been prepared in accordance with IFRS as issued by the IASB.

The consolidated financial statements' values, including the notes to the consolidated financial statements, are presented in Canadian dollars (\$) which is the Company's presentation currency and the functional currency of the parent company. The functional currency of the Company's operating subsidiaries is the Mongolian National Tögrög (MNT).

These interim consolidated financial statements were approved by the Board of Directors of the Company for issue on August 29, 2012.

**Mongolia Growth Group Ltd.**  
**Notes to Interim Consolidated Financial Statements**  
(Unaudited)  
**June 30, 2012**

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(expressed in Canadian dollars)

**3 Significant accounting policies**

These financial statements are based on the accounting policies consistent with those disclosed in note 3 of the 2011 annual consolidated financial statements. Refer to note 3 of the 2011 annual consolidated financial statements for information on new accounting standards and amendments not yet effected.

**4 Investment properties**

	Six months ended June 30, 2012 \$	Twelve months ended December 31, 2011 \$
Balance - beginning of period	26,166,286	-
Additions		
Acquisitions <sup>(1)</sup>	9,427,222	21,621,505
Capital expenditures	253,199	819,698
Disposals	(754,131)	-
Foreign currency translation	865,884	(2,015,836)
Unrealized fair value adjustment	-	5,740,919
	<u>35,958,460</u>	<u>26,166,286</u>
Balance - end of period		

<sup>(1)</sup> Acquisition of foreign investment properties have been translated to Canadian dollars at the historical exchange rate and adjusted to reflect the June 30, 2012 and December 31, 2011 closing rate.

As of June 30, 2012, included in investment properties are investment properties actively being marketed for sale that are to be disposed without redevelopment with a fair value of \$1,003,380.

The proceeds from the sale of investment properties were \$825,104. The assets and liabilities associated with the property were derecognized and a gain on sale of investment property in the amount of \$70,973 was recorded.

The Company did not dispose of any properties during the year ended December 31, 2011.



**Mongolia Growth Group Ltd.**  
Notes to Interim Consolidated Financial Statements  
(Unaudited)  
**June 30, 2012**

(expressed in Canadian dollars)

**5 Property and equipment**

					<b>2011</b>
	<b>Furniture and fixtures \$</b>	<b>Equipment \$</b>	<b>Vehicles \$</b>	<b>Buildings \$</b>	<b>Total \$</b>
<b>December 31</b>					
Cost	109,122	81,605	234,039	4,241,393	4,666,159
Accumulated depreciation	5,780	9,926	8,618	17,825	42,149
<b>Net book value</b>	<b>103,342</b>	<b>71,679</b>	<b>225,421</b>	<b>4,223,568</b>	<b>4,624,010</b>
<b>2012</b>					
	<b>Furniture and fixtures \$</b>	<b>Equipment \$</b>	<b>Vehicles \$</b>	<b>Buildings \$</b>	<b>Total \$</b>
<b>Cost</b>					
<b>At January 1</b>	109,122	81,605	234,039	4,241,393	4,666,159
Additions	33,201	34,016	38,546	-	105,763
Disposals	-	-	-	-	-
Foreign exchange adjustment	18,505	(2,309)	13,268	347,917	337,381
<b>At June 30</b>	<b>160,828</b>	<b>113,312</b>	<b>285,853</b>	<b>4,589,310</b>	<b>5,149,303</b>
<b>2012</b>					
	<b>Furniture and fixtures \$</b>	<b>Equipment \$</b>	<b>Vehicles \$</b>	<b>Buildings \$</b>	<b>Total \$</b>
<b>Accumulated depreciation</b>					
<b>At January 1</b>	5,780	9,926	8,618	17,825	42,149
Depreciation	6,676	11,225	12,372	10,960	41,233
Foreign exchange adjustment	(541)	(226)	757	537	527
<b>At June 30</b>	<b>11,915</b>	<b>20,925</b>	<b>21,747</b>	<b>29,322</b>	<b>83,909</b>
<b>Net book value at June 30</b>	<b>148,913</b>	<b>92,387</b>	<b>264,106</b>	<b>4,559,988</b>	<b>5,065,394</b>

# Mongolia Growth Group Ltd.

## Notes to Interim Consolidated Financial Statements

(Unaudited)

June 30, 2012

(expressed in Canadian dollars)

### 6 Equity

#### Stock options

A summary of the Company's options as at June 30, 2012 and December 31, 2011 and changes during the periods then ended follows:

	June 30, 2012	Weighted average exercise price \$	December 31, 2011	Weighted average exercise price \$
Balance, beginning of period	1,697,000	3.36	296,430	0.20
Options cancelled	-	-	(296,430)	(0.20)
Options granted	190,000	4.00	1,825,000	3.42
Options forfeited	(55,000)	(4.25)	(128,000)	(4.20)
Balance, end of the period	1,832,000	3.40	1,697,000	3.36
Exercisable	-		-	
Weighted remaining average life (years)	5.23		5.7	

During the first half of 2012, 50,000 options with an exercise price of \$4.20 and 5,000 options with an exercise price of \$4.77 per option were forfeited.

On March 23, 2012, the Company issued 190,000, 5 year stock options at a price of \$4.00 per share.

The following table summarizes the shares used in calculating earnings (loss) per share:

	Six months ended June 30, 2012 \$	Twelve months ended December 31, 2011 \$
Weighted average number of shares – basic	34,143,352	23,902,851
Effect of dilutive stock options	1,744,308	1,101,214
Weighted average number of shares – diluted	35,887,660	25,004,065

Basic earnings (loss) per share are derived by dividing net income (loss) for the year by the weighted average number of common shares outstanding for the period. The effect of potentially dilutive securities is excluded if they are anti-dilutive.

**Mongolia Growth Group Ltd.**  
**Notes to Interim Consolidated Financial Statements**  
(Unaudited)  
**June 30, 2012**

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(expressed in Canadian dollars)

There have been no significant capital transactions from the reporting date to the date of this filing which have had a material impact on earnings per share.

**7 Related party transactions**

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Summary of significant transactions with related parties for the period ended June 30, 2012 are presented below:

	<b>Mandal General Insurance \$</b>
Payment of rental expense to Zulu and Orpheus LLC	62,914
Insurance premium paid by Big Sky and subsidiaries	38,491

These related party transactions were eliminated upon consolidation.

The insurance risk on the property portfolio paid by the real estate companies to Mandal Insurance are 99% ceded.

Key management personnel of the Company include all directors and executive management. The summary of compensation for key management personnel at the end of the second quarter is as follows:

	<b>Expense \$</b>
Salaries and other short-term employee benefits	90,000
Share-based payments	<u>231,022</u>
	<u>321,022</u>

**Mongolia Growth Group Ltd.**  
Notes to Interim Consolidated Financial Statements  
(Unaudited)  
**June 30, 2012**

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(expressed in Canadian dollars)

**8 Contingent liabilities**

From time to time and in the normal course of business, claims against the Company may be received. On the basis of management's assessments and professional legal advice, management is of the opinion that no material losses will be incurred and no provision or disclosure has been made in these consolidated financial statements.

The Company indemnifies its directors and officers against any and all claims or losses reasonably incurred in the performance of their service to the Company to the extent permitted by law.

The Company is also subject to litigation arising in the normal course of conducting its insurance business. The Company is of the opinion that this litigation will not have a significant effect on the financial position, financial performance or cash flows of the Company.

**9 Supplementary cash flow information**

	For the three months ended June 30,		For the six months ended June 30,	
	2012	2011	2012	2011
	\$	\$	\$	\$
Changes in non-working capital arising from				
Other assets	(13,112)	(450,731)	(563,973)	(464,018)
Trade and other payables and accrued liabilities	1,334,122	(66,001)	1,448,233	984
Reinsurance assets	2,980	-	2,846	-
Deferred acquisition expense	3,699	-	3,437	-
Income tax payable	(50,995)	-	(101,956)	-
Insurance contract liabilities	(196,342)	-	7,922	-
Changes in non-cash working capital from operating activities	<u>1,080,352</u>	<u>(516,732)</u>	<u>796,509</u>	<u>(463,034)</u>

# **Mongolia Growth Group Ltd.**

## **Notes to Interim Consolidated Financial Statements**

(Unaudited)

**June 30, 2012**

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(expressed in Canadian dollars)

### **10 Segment information**

The Company's operations are conducted in three reportable segments as Investment Property Operations, Insurance Operations and Corporate. The Company reports information about its operating segments based on the way management organizes and reports the segments within the organization for making operating decisions and evaluating performance.

Investment Property operations consist of commercial and residential investment property in Mongolia held for the purposes of rental revenue, capital appreciation or both. These properties are managed by Big Sky Capital LLC and its subsidiaries.

Insurance Operations includes general property and casualty insurance products in Mongolia. Insurance underwriting and claims handling functions are administered through Mandal General Insurance LLC.

Corporate administers financial resources and the corporate investment portfolio and is comprised of investment income, corporate costs and other activities not specific to other reportable segments and is shown separately.

**Mongolia Growth Group Ltd.**  
Notes to Interim Consolidated Financial Statements  
(Unaudited)  
**June 30, 2012**

(expressed in Canadian dollars)

The Company evaluates performance based on net income (loss) before income taxes.

	<b>Six months ended June 30, 2012</b>			
	<b>Investment property \$</b>	<b>Insurance \$</b>	<b>Corporate \$</b>	<b>Total \$</b>
<b>Rental income</b>	767,024	-	-	767,024
<b>Property operating expenses</b>	(39,736)	-	-	(39,736)
<b>Salaries and wages</b>	(137,058)	(179,162)	(127,349)	(443,569)
<b>Professional fees</b>	(103,656)	(54,345)	(199,493)	(357,494)
<b>Advertising</b>	(3,025)	(121,974)	(8,969)	(133,968)
<b>Travel</b>	(10,134)	(1,052)	(121,699)	(132,885)
<b>Land and property tax</b>	(89,510)	-	-	(89,510)
<b>Insurance</b>	(38,492)	-	(11,816)	(50,308)
<b>Utility</b>	(45,270)	(1,019)	-	(46,289)
<b>Net premiums earned</b>	-	190,665	-	190,665
<b>Claims and insurance benefits incurred</b>	-	(37,528)	-	(37,528)
<b>Share based payment</b>	(268,580)	(271,788)	(240,030)	(780,398)
<b>Other expenses</b>	(141,034)	(57,662)	(182,530)	(381,226)
<b>Depreciation</b>	(24,084)	(14,755)	(2,393)	(41,232)
<b>Net investment income</b>	61,337	286,808	5,370	353,515
<b>Gain on disposal of investment property</b>	70,973	-	-	70,973
<b>Other revenue</b>	3,323	9,370	-	12,693
<b>Net income (loss) before income taxes</b>	2,078	(252,442)	(888,909)	(1,139,273)

# Mongolia Growth Group Ltd.

## Notes to Interim Consolidated Financial Statements

(Unaudited)

June 30, 2012

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(expressed in Canadian dollars)

The Company evaluates performance based on net income (loss) before income taxes.

Three months ended June 30, 2012

	Investment property \$	Insurance \$	Corporate \$	Total \$
Rental income	383,920	-	-	383,920
Property operating expenses	(26,450)	-	-	(26,450)
Salaries and wages	(85,353)	(102,398)	(62,512)	(250,263)
Professional fees	(39,007)	(30,595)	(147,765)	(217,367)
Advertising	(3,025)	(62,162)	(8,969)	(74,156)
Travel	(10,134)	(503)	(79,306)	(89,943)
Land and property tax	(61,983)	-	-	(61,943)
Insurance	(38,492)	-	(6,403)	(44,895)
Utility	(25,249)	(1,019)	-	(26,268)
Net premiums earned	-	118,682	-	118,682
Claims and insurance benefits incurred	-	(15,096)	-	(15,096)
Share based payment	(134,290)	(135,894)	(120,015)	(390,199)
Other expenses	(101,493)	159,063	(118,329)	(60,759)
Depreciation	(15,284)	(8,605)	-	(23,889)
Net investment income	61,337	150,264	3,412	215,013
Gain on disposal of investment property	70,973	-	-	70,973
Other revenue	(11,472)	9,370	-	(2,102)
Net income (loss) before income taxes	(36,002)	81,107	(539,887)	(494,782)

# Mongolia Growth Group Ltd.

## Notes to Interim Consolidated Financial Statements

(Unaudited)

June 30, 2012

(expressed in Canadian dollars)

	<b>Six months ended June 30, 2011</b>			
	<b>Investment property \$</b>	<b>Insurance \$</b>	<b>Corporate \$</b>	<b>Total \$</b>
Rental income	42,263	-	-	42,263
Property operating expenses	(30,630)	-	-	(30,630)
Salaries and wages	(19,592)	(36,351)	(20,550)	(76,493)
Professional fees	(19,388)	-	(139,472)	(158,860)
Advertising	-	(322)	-	322
Travel	-	-	(15,456)	(15,456)
Land and property tax	(6,114)	-	-	(6,114)
Utility	(903)	-	-	(903)
Net premiums earned	-	-	-	-
Claims and insurance benefits incurred	-	-	-	-
Share based payment	(2,408)	(257,338)	(59,702)	(319,448)
Other expenses	(68,987)	(14,345)	(60,302)	(143,634)
Depreciation	(32,672)	(2,188)	(258)	(35,118)
Net investment income (loss)	-	-	116,769	116,769
Other revenue	2,715	-	-	2,715
Net income (loss) before income taxes	(135,716)	(310,544)	(178,971)	(625,231)



# Mongolia Growth Group Ltd.

## Notes to Interim Consolidated Financial Statements

(Unaudited)

June 30, 2012

(expressed in Canadian dollars)

	Three months ended June 30, 2011			
	Investment property \$	Insurance \$	Corporate \$	Total \$
Rental income	42,263	-	-	42,263
Property operating expenses	(30,630)	-	-	(30,630)
Salaries and wages	(19,592)	(36,351)	(20,550)	(76,493)
Professional fees	(19,388)	-	(1,296)	(20,684)
Advertising	-	(322)	-	(322)
Travel	-	-	(15,456)	(15,456)
Land and property tax	(6,114)	-	-	(6,114)
Utility	(903)	-	-	(903)
Net premiums earned	-	-	-	-
Claims and insurance benefits incurred	-	-	-	-
Share based payment	(2,408)	(257,338)	(59,702)	(319,448)
Other expenses	(68,987)	(14,345)	(39,939)	(123,271)
Depreciation	(32,672)	(2,188)	1,404	(33,456)
Net investment income (loss)	-	-	96,214	96,214
Other revenue	2,715	-	-	2,715
Net income (loss) before income taxes	(135,716)	(310,544)	(39,325)	(485,585)

# Mongolia Growth Group Ltd.

## Notes to Interim Consolidated Financial Statements

(Unaudited)

**June 30, 2012**

(expressed in Canadian dollars)

	<b>June 30, 2012</b>			
<b>Balance as of June 30, 2012:</b>	<b>Investment property \$</b>	<b>Insurance \$</b>	<b>Corporate \$</b>	<b>Consolidated \$</b>
<b>Total assets</b>	46,746,656	4,830,667	4,480,785	56,058,108
Property and equipment	4,808,255	223,682	33,457	5,065,394
Investment properties	35,958,460	-	-	35,958,460
<b>Period Expenditures</b>				
Property and equipment	341,324	100,351	1,469	443,144
Investment properties	10,546,305	-	-	10,546,305

	<b>June 30, 2011</b>			
<b>Balance as of June 30, 2011:</b>	<b>Investment property \$</b>	<b>Insurance \$</b>	<b>Corporate \$</b>	<b>Consolidated \$</b>
<b>Total assets</b>	11,266,904	4,906,926	20,076,593	36,250,423
Property and equipment	4,516	118,407	13,080	136,003
Investment properties	9,703,888	-	-	9,703,888
<b>Period Expenditures</b>				
Investment properties	9,673,202	-	-	9,673,202

	<b>Revenue</b>		<b>Property and equipment</b>		<b>Investment property</b>	
	<b>June30, 2012 \$</b>	<b>June 30, 2011 \$</b>	<b>June 30, 2012 \$</b>	<b>June 30, 2011 \$</b>	<b>June 30, 2012 \$</b>	<b>June 30, 2011 \$</b>
Barbados	-	-	-	-	-	-
Canada	-	-	33,457	13,080	-	-
Mongolia	1,041,354	42,263	5,031,937	122,923	35,958,460	9,703,888
	<b>1,041,354</b>	<b>42,263</b>	<b>5,065,394</b>	<b>136,003</b>	<b>35,958,460</b>	<b>9,703,888</b>

**Mongolia Growth Group Ltd.**  
Notes to Interim Consolidated Financial Statements  
(Unaudited)  
**June 30, 2012**

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(expressed in Canadian dollars)

**11 Other expenses**

	Three months ended		Six months ended	
	June 30,		June 30,	
	2012	2011	2012	2011
	\$	\$	\$	\$
Professional fees	217,367	20,684	357,494	158,860
Advertising	74,156	322	133,968	322
Travel	89,943	15,456	132,885	15,456
Land and property tax	61,983	6,114	89,510	6,114
Insurance	44,895	5,445	50,308	5,445
Utility expense	26,268	903	46,289	903
Net claims incurred	118,682	-	37,528	-
Other expenses	(25,332)	144,766	397,240	164,752
	<u>607,962</u>	<u>193,690</u>	<u>1,245,222</u>	<u>351,852</u>

**12 Subsequent events**

Subsequent to the period end the Company purchased approximately \$1.32 million worth of investment properties.