

Registered number: 06468514

PHIGOLD PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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PHIGOLD PLC

COMPANY INFORMATION

DIRECTORS	A Mullins D Thompson J R Apostol
COMPANY NUMBER	06468514
REGISTERED OFFICE	Thames House Portsmouth Road Esher Surrey KT10 9AD
AUDITORS	haysmacintyre Fairfax House 15 Fulwood Place London WC1V 6AY
SOLICITORS	Fladgate LLP 16 Great Queen Street London WC2B 5DG

PHIGOLD PLC

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PHIGOLD PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and the financial statements for the year ended 31 December 2011

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES

The group's principal activity is that of investing in gold mining assets in the Philippines.

BUSINESS REVIEW

On 23 February 2011 the investment in PMOI via the company's wholly owned subsidiary Phigold Mining Limited was transferred to its ultimate parent undertaking Phigold Limited, a company registered in the Cayman Islands at its net book value.

RESULTS

The loss for the year, after taxation, amounted to \$15,414 (2010 - loss \$1,331,268).

DIRECTORS

The directors who served during the year were

A Mullins
D Thompson
J R Apostol

COMPANY'S POLICY FOR PAYMENT OF CREDITORS

PHIGOLD PLC

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011**

It is the group's policy to agree commercial terms with its creditors prior to purchase

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information

AUDITORS

The auditors, haysmacintyre, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006

This report was approved by the board on 14 March 2012 and signed on its behalf



A Mullins
Director

PHIGOLD PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PHIGOLD PLC

We have audited the financial statements of Phigold Plc for the year ended 31 December 2011, set out on pages 5 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2011 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

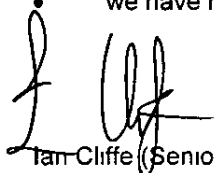
PHIGOLD PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PHIGOLD PLC

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Ian Cliffe (Senior statutory auditor)

for and on behalf of
haysmacintyre

Statutory Auditors

Fairfax House
15 Fulwood Place
London
WC1V 6AY

14 March 2012

PHIGOLD PLC

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 \$	2010 \$
Administrative expenses		<u>(9,351)</u>	<u>(1,296,511)</u>
OPERATING LOSS	2	(9,351)	(1,296,511)
Share of loss of an associate		-	(402,881)
Interest receivable and similar income		-	160,040
Interest payable and similar charges	7	<u>(6,063)</u>	<u>(60,510)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(15,414)	(1,599,862)
Tax on loss on ordinary activities	8	<u>-</u>	<u>268,594</u>
LOSS FOR THE FINANCIAL YEAR	13	<u><u>(15,414)</u></u>	<u><u>(1,331,268)</u></u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and loss account

The notes on pages 9 to 17 form part of these financial statements

PHIGOLD PLC
REGISTERED NUMBER 06468514

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2011

	Note	\$	2011	\$	\$	2010	\$
CURRENT ASSETS							
Debtors	10	3,918,257			3,170,534		
Cash at bank		65,413			4,412		
		<u>3,983,670</u>			<u>3,174,946</u>		
CREDITORS. amounts falling due within one year							
	11	<u>(2,308,603)</u>			<u>(1,484,865)</u>		
NET CURRENT ASSETS				<u>1,675,067</u>			<u>1,690,081</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				<u>1,675,067</u>			<u>1,690,081</u>
CAPITAL AND RESERVES							
Called up share capital	12			320,260			319,860
Share premium account	13			3,530,212			3,530,212
Other reserves	13			(13,268)			(13,268)
Profit and loss account	13			<u>(2,162,137)</u>			<u>(2,146,723)</u>
SHAREHOLDERS' FUNDS	14			<u>1,675,067</u>			<u>1,690,081</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14 March 2012



A Mullins
Director

The notes on pages 9 to 17 form part of these financial statements

PHIGOLD PLC
REGISTERED NUMBER. 06468514

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2011

	Note	2011	2010
		\$	\$
FIXED ASSETS			
Investments	9	128,306	128,306
CURRENT ASSETS			
Debtors	10	3,572,595	3,592,244
Cash at bank		-	3,336
		<u>3,572,595</u>	<u>3,595,580</u>
CREDITORS: amounts falling due within one year	11	<u>(1,473,353)</u>	<u>(1,484,865)</u>
NET CURRENT ASSETS		<u>2,099,242</u>	<u>2,110,715</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>2,227,548</u></u>	<u><u>2,239,021</u></u>
CAPITAL AND RESERVES			
Called up share capital	12	320,260	319,860
Share premium account	13	3,530,212	3,530,212
Other reserves	13	108,623	108,623
Profit and loss account	13	<u>(1,731,547)</u>	<u>(1,719,674)</u>
SHAREHOLDERS' FUNDS	14	<u><u>2,227,548</u></u>	<u><u>2,239,021</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14 March 2012


A Mullins
 Director

The notes on pages 9 to 17 form part of these financial statements

PHIGOLD PLC

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 \$	2010 \$
Net cash flow from operating activities	15	789,963	(1,546,503)
Returns on investments and servicing of finance	16	(6,063)	(34,757)
Acquisitions and disposals	16	-	(210,466)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		<u>783,900</u>	<u>(1,791,726)</u>
Financing	16	(658,805)	1,776,924
INCREASE/(DECREASE) IN CASH IN THE YEAR		<u><u>125,095</u></u>	<u><u>(14,802)</u></u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	2011 \$	2010 \$
Increase/(Decrease) in cash in the year	125,095	(14,802)
Cash outflow from decrease in debt and lease financing	658,805	1,943,093
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	<u>783,900</u>	<u>1,928,291</u>
Other non-cash changes	400	-
MOVEMENT IN NET DEBT IN THE YEAR	<u>784,300</u>	<u>1,928,291</u>
Net debt at 1 January 2011	(718,887)	(2,647,178)
NET FUNDS/(DEBT) AT 31 DECEMBER 2011	<u><u>65,413</u></u>	<u><u>(718,887)</u></u>

The notes on pages 9 to 17 form part of these financial statements

PHIGOLD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The consolidated financial statements are presented in US Dollars (\$), being the group's transactional currency

1.2 Basis of consolidation

The financial statements consolidate the accounts of Phigold Plc and all of its subsidiary and associated undertakings

1.3 Going concern

During the year the Group transferred its investment in PMOI (held in its subsidiary Phigold Mining Limited) to its ultimate parent undertaking, Phigold Limited

The financial statements have been prepared on a going concern basis, the applicability of which is dependent on the continuous support of the company's ultimate parent undertaking, Phigold Limited

1.4 Investments

(i) Subsidiary undertakings

Investments in subsidiaries are valued at cost less provision for impairment

(ii) Associated undertakings

Investments in associates are stated at the amount of the company's share of net assets. The Profit and loss account includes the company's share of the associated companies' profits after taxation using the equity accounting basis

The financial statements of the associate are prepared for the same reporting period as the group. Where necessary, adjustments are made to bring the accounting policies in line with those of the group.

1.5 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into dollars at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into dollars at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

PHIGOLD PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

1. ACCOUNTING POLICIES (continued)

1.6 Share - based payment transactions

The group issues equity-settled share-based payment transactions to certain employees. Equity-settled share-based payment transactions are measured at fair value at the date of grant.

The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest.

The directors have used the Black Scholes model to estimate the value of the options granted.

2 OPERATING LOSS

The operating loss is stated after charging/(crediting)

	2011 \$	2010 \$
Difference on foreign exchange	5,261	(62,426)

3. AUDITORS' REMUNERATION

	2011 \$	2010 \$
Fees payable to the company's auditor for the audit of the company's annual accounts	-	22,475
Fees payable to the company's auditor and its associates in respect of		
Services relating to corporate finance transactions	-	89,240
All other services	-	19,350

The audit fees are borne by its ultimate holding company

4 STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2011 \$	2010 \$
Wages and salaries	-	226,351

The average monthly number of employees, including the directors, during the year was as follows

	2011 No	2010 No
Management	3	3

PHIGOLD PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

5 DIRECTORS' REMUNERATION

	2011 \$	2010 \$
Emoluments	-	226,351
Amounts receivable under long-term incentive schemes	-	12,323

The highest paid director received remuneration of \$NIL (2010 - \$120,997)

6 SHARE BASED PAYMENTS

During the year the share options have been transferred to the ultimate parent undertaking, Phigold Ltd

7. INTEREST PAYABLE

	2011 \$	2010 \$
On bank loans and overdrafts	6,063	1,159
Other interest payable	-	59,351
	<u>6,063</u>	<u>60,510</u>

8 TAXATION

	2011 \$	2010 \$
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on loss for the year	-	-
Deferred tax		
Share of associates' deferred tax	-	(268,594)
Tax on loss on ordinary activities	<u>-</u>	<u>(268,594)</u>

PHIGOLD PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

8 TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2010 - lower than) the standard rate of corporation tax in the UK of 26% (2010 - 28%). The differences are explained below

	2011 \$	2010 \$
Loss on ordinary activities before tax	(15,414)	(1,599,862)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2010 - 28%)	(4,008)	(447,961)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,008	7,728
Utilisation of tax losses	-	(51,681)
Unrelieved tax losses carried forward	-	333,967
Other differences leading to an increase (decrease) in the tax charge	-	157,947
Current tax charge for the year (see note above)	-	-

Factors that may affect future tax charges

There were no factors that may affect future tax charges

9 FIXED ASSET INVESTMENTS

Company Cost or valuation	Investments in subsidiary \$
At 1 January 2011 and 31 December 2011	128,306
Net book value	
At 31 December 2011	128,306
At 31 December 2010	128,306

The company has an investment in the following subsidiary company

	Principal activity	Country of incorporation	Holdings	%
Phigold Mining Limited	Investment holding company	England and Wales	Ordinary shares	100

PHIGOLD PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

10 DEBTORS

	Group		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Amounts owed by group undertakings	3,908,272	-	3,570,979	3,590,628
Amounts owed by undertakings in which the company has a participating interest	-	3,163,902	-	-
Other debtors	6,632	6,632	1,616	1,616
Prepayments and accrued income	3,353	-	-	-
	<u>3,918,257</u>	<u>3,170,534</u>	<u>3,572,595</u>	<u>3,592,244</u>

11 CREDITORS

Amounts falling due within one year

	Group		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Bank loans and overdrafts	-	64,494	-	64,494
Other loans	-	658,805	-	658,805
Amounts owed to group undertakings	2,308,603	-	1,473,353	-
Other creditors	-	185,760	-	185,760
Accruals and deferred income	-	575,806	-	575,806
	<u>2,308,603</u>	<u>1,484,865</u>	<u>1,473,353</u>	<u>1,484,865</u>

12. SHARE CAPITAL

	2011	2010
	\$	\$
Allotted, called up and fully paid		
9,485,939 Ordinary shares of £0.02 each	318,526	318,526
932,860 Deferred ordinary shares of £0.001 each	1,734	1,334
	<u>320,260</u>	<u>319,860</u>

During the year the company issued 252,860 deferred shares of £0.001 at par in lieu of services provided

Deferred shares

Until conversion, the deferred shares have no rights attached to them. At any date falling five years from the date of issue, all the options of the holders of the deferred shares may be converted into ordinary shares. The conversion price payable is the difference between the par value and £0.50.

PHIGOLD PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

13. RESERVES

	Share premium account \$	Other reserves \$	Profit and loss account \$
Group			
At 1 January 2011	3,530,212	(13,268)	(2,146,723)
Loss for the year			(15,414)
	<u>3,530,212</u>	<u>(13,268)</u>	<u>(2,162,137)</u>
At 31 December 2011	<u>3,530,212</u>	<u>(13,268)</u>	<u>(2,162,137)</u>
	Share premium account \$	Other reserves \$	Profit and loss account \$
Company			
At 1 January 2011	3,530,212	108,623	(1,719,674)
Loss for the year			(11,873)
	<u>3,530,212</u>	<u>108,623</u>	<u>(1,731,547)</u>
At 31 December 2011	<u>3,530,212</u>	<u>108,623</u>	<u>(1,731,547)</u>

PHIGOLD PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011 \$	2010 \$
Group		
Opening shareholders' funds/(deficit)	1,690,081	(314,003)
Prior year adjustments		(421,469)
Opening shareholders' funds/(deficit) (as restated)		(735,472)
Loss for the year	(15,414)	(1,331,268)
Shares issued during the year	400	189,805
Share premium on shares issued (net of expenses)	-	3,530,212
Other movements in profit and loss reserve	-	36,804
Closing shareholders' funds	<u>1,675,067</u>	<u>1,690,081</u>
Company		
Opening shareholders' funds/(deficit)	2,239,021	(162,872)
Loss for the year	(11,873)	(1,354,928)
Shares issued during the year	400	189,805
Share premium on shares issued (net of expenses)	-	3,530,212
Other movements in profit and loss reserve	-	36,804
Closing shareholders' funds	<u>2,227,548</u>	<u>2,239,021</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account

The loss for the year dealt with in the accounts of the company was \$11,873 (2010 - loss\$1,354,928)

15. NET CASH FLOW FROM OPERATING ACTIVITIES

	2011 \$	2010 \$
Operating loss	(9,351)	(1,296,511)
(Increase)/decrease in debtors	(3,353)	5,161
Increase in amounts owed by group undertakings	(3,908,272)	-
Decrease in amounts owed by joint ventures	3,163,902	-
Decrease/(increase) in amounts owed by associates	-	(989,397)
(Decrease)/increase in creditors	(761,566)	697,440
Increase in amounts owed to group undertakings	2,308,603	-
Share based payments	-	36,804
Net cash inflow/(outflow) from operating activities	<u>789,963</u>	<u>(1,546,503)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

16. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2011 \$	2010 \$
Returns on investments and servicing of finance		
Interest received	-	160,040
Interest paid	(6,063)	(60,510)
Income from investments in related companies	-	(134,287)
Net cash outflow from returns on investments and servicing of finance	<u>(6,063)</u>	<u>(34,757)</u>
	2011 \$	2010 \$
Acquisitions and disposals		
Sale of share in associates	-	(210,466)
	2011 \$	2010 \$
Financing		
Purchase of ordinary shares	-	3,720,017
Other new loans	-	509,602
Repayment of other loans	(658,805)	-
Shares treated as debt - Redeemed	-	(2,452,695)
Net cash (outflow)/inflow from financing	<u>(658,805)</u>	<u>1,776,924</u>

17 ANALYSIS OF CHANGES IN NET DEBT

	1 January 2011 \$	Cash flow \$	Other non-cash changes \$	31 December 2011 \$
Cash at bank and in hand	4,412	60,601	400	65,413
Bank overdraft	(64,494)	64,494	-	-
	<u>(60,082)</u>	<u>125,095</u>	<u>400</u>	<u>65,413</u>
Debt:				
Debts due within one year	(658,805)	658,805	-	-
Net debt	<u>(718,887)</u>	<u>783,900</u>	<u>400</u>	<u>65,413</u>

PHIGOLD PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

18 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with its 100% owned subsidiary undertaking

19 CONTROLLING PARTY

The ultimate parent undertaking is Phigold Limited, a company incorporated under Cayman Company Law

There is no one controlling party