Company	Peninsular Gold Limited
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Peninsular Gold Limited
22 March 2011

Peninsular Gold Limited

('Peninsular Gold' or the 'Company' or the 'Group')

(AIM: PGL)

Interim results (unaudited) for the six month period to 31st December 2010
and
Trading Update

Overview

- Peninsular Gold announces a half year pre-tax profit to 31 December, 2010 of £121,065 (£229,254);
- Gold production for the six months to 31 December 2010 was 8,734 ounces (2009: 8,060);
- Peninsular Gold remains unhedged;
- Upgrade of plant processing facility to handle 2mtpa of ore underway - production levels to increase in the course of 2011.

CHAIRMAN'S STATEMENT

Dear Shareholders,

As I reported in my last Chairman's Statement, the period since 30 June, 2010 has been an active one, with developments and progress on several fronts.

The revenue for the Group for the half year period from 1 July 2010 to 31 December 2010 was £7,239,477 (2009: £5,248,945). Pre-tax profit for the Group for the half year was £121,065 (2009: £229,254). The Group EBITDA was £1,843,970 (2009: £1,282,175). The pre-tax profit figure is after charging administrative expenses, depreciation, amortisation of intangible assets, foreign exchange movements and finance costs.

Operations

The current Raub CIL plant is operating above expectation with a total of 610,850 tonnes being treated in the period. A total of 8,734 ounces of gold were produced in the six months and in spite of the lower grade being processed recovery averaged 74%. The head grade processed from the areas currently being mined, has been 0.6g/t on average, which is approximately 0.1g/t lower than the overall tailings average. A 0.1g/t variance in tailings grade represents approximately 300 ounces of gold production per month. The average cash cost per ounce for the period was approximately US$614, reflecting the impact of the slightly lower grade. As the grade returns to the overall tailings average we would expect the average cash cost per ounce to come down.

The current tailings areas being mined are also enabling the preparation of the next tailings storage facility. This will be required for when the current facility is full and will store processed material from both the tailings and also primary ore. The primary ore is expected to start being mined during Q4 2011.

Raub CIL Plant Expansion

As announced on 9 March 2011, the Company has been advised of delays in the supply and delivery of some key equipment for the expansion and together with the recent heavy rains it is expected that the commissioning of the expanded circuit will now be in Q2 2011. As a result of this delay and the slightly lower grade currently being mined, as discussed above, the results for the full year to 30 June 2011 may be lower than expected by the market.

Once the CIL circuit is completed it will be commissioned on tailings whilst the additional crushing and milling circuit is built to enable the inclusion of primary ore which remains targeted for Q4 of 2011.

Exploration

Exploration and drilling programmes are underway at both Raub and at Tersang, in the Northern Licence Areas that lie about 15 km to the north of Raub. We have recently announced drilling results from these programmes and I look forward to providing additional updates as further assays are received.

The exploration at Raub is focused on the definition of new resources below the oxidised and intermediate zones where 218,000 ounces (JORC) were previously estimated. The zone currently being investigated is deeper within the recognized Lode Structure and drilling is being conducted by diamond drilling with 3 rigs in operation.

The principal drilling area at present is the primary mineralisation zone between Bukit Malacca North and Bukit Ward where significant widths of near surface mineralisation have been recorded in the earlier RC and recent diamond drilling. This drilling will test the probable extensions to the known mineralisation and will test beneath the former underground workings.

The current exploration and drilling objective at Tersang is to define the initial Tersang resources to JORC standard by the end of Q3 2011. This will be followed, during the latter part of 2011 and the first half of 2012, by a further drilling programme estimated at 20,000m of reverse circulation ('RC') and 2,000m of diamond drilling aimed at the completion of the Tersang resource definition.

Community Relationship

The local Raub community support for RAGM was clearly demonstrated with an overwhelming turnout of over 20,000 people for the Company's recently held "1Malaysia" - Chinese New Year open house celebration. The event was graced by His Royal Highness the Sultan of Pahang, Sultan Haji Ahmad Shah. Also in attendance at the event were several ministers from the federal Cabinet and Pahang State Cabinet as well as other dignitaries. The open house celebration is a tradition practiced by Malaysians where the host organises an event which is opened to the public to attend.

There have also been numerous site visits by various school children from Raub as we seek to impart greater mining awareness to these future potential engineers and operators. With Raub's strong mining heritage we hope that such visits will re-establish a career in mining as a serious option to consider for the future.

Community relationships were also bolstered through sporting and social events and at the Diwali event arranged by the Company in December, together with several local organisations, at which the Company donated funds to underprivileged children to assist them in their preparations for the start of the new school year.

As a growing business with significant future potential, the Company aims to be a good corporate citizen and will continue its positive engagement with local communities and businesses.

Strategy and Outlook

We remain focused on building production capacity through the Raub plant expansion and I look forward to announcing the commencement of commissioning at Raub. On the exploration front we are targeting a resource update for both the Raub and Tersang deposits in line with our objective of becoming a significant Malaysian gold mining house.

We have continued to develop our in house team with the addition of experienced local and expatriate geologists to support the next phase of exploration investment at both the Raub and Northern Licence areas.

Dato' Sri Andrew Tai Yeow Kam
Chairman and Chief Executive

Condensed Consolidated Statement of Financial Position (Unaudited)
at 31st December 2010
(Expressed in United Kingdom Sterling)

	Notes	31st December 2010 (Unaudited) £	31st December 2009 (Unaudited) £	30th June 2010 (Audited) £
Non-Current Assets				
Property, plant and equipment	2	27,862,426	14,057,739	21,635,246
Other intangible assets	3	16,182,488	16,869,138	16,557,712
Mining development expenditure	4	6,278,129	3,861,451	4,380,249
Total Non-current Assets		50,323,043	34,788,328	42,573,207
Current Assets				

Inventories		542,427	713,665	890,887
Trade and other receivables	5	866,815	3,655,689	1,112,734
Cash and cash equivalents	6	5,245,493	292,871	1,118,530
Short-term investment	6	98,656	31,226	92,063
		6,753,391	4,693,451	3,214,214
Current Liabilities				
Trade and other payables	7	(3,070,196)	(4,078,461)	(2,517,338)
Borrowings-current portion	8	(5,445,585)	(2,674,631)	(4,462,146)
Total Current Liabilities		(8,515,781)	(6,753,092)	(6,979,484)
Net Current Liabilities		(1,762,390)	(2,059,641)	(3,765,270)
Total Assets Less Current Liabilities		48,560,653	32,728,687	38,807,937
Non-Current Liabilities				
Trade and other payables	7,11	(330,000)	(345,600)	(300,000)
Borrowings - non-current portion	8	(13,807,596)	(13,432,850)	(13,435,645)
Total Non-Current Liabilities		(14,137,596)	(13,778,450)	(13,735,645)
Net Assets		34,423,057	18,950,237	25,072,292
Shareholders' Equity				
Share capital	9	-	-	-
Stated capital account		40,792,957	25,561,661	31,616,674
Reserves		(6,369,900)	(6,611,424)	(6,544,382)
Total equity		34,423,057	18,950,237	25,072,292

Condensed Consolidated Statement of Comprehensive Income (Unaudited)
for the Period From 1st July 2010 to 31st December 2010
(Expressed in United Kingdom Sterling)

	Notes	Six months ended 31st December 2010 (Unaudited) £	Six months ended 31st December 2009 (Unaudited) £	Year ended 30th June 2010 (Audited) £
Revenue		7,239,477	5,248,945	10,073,283
Less: Cost of sales		(4,083,902)	(2,556,388)	(5,588,303)
Gross Profit		3,155,575	2,692,557	4,484,980
Administrative expenses		(1,762,813)	(1,164,525)	(2,763,776)
Other operating expenses		(776,776)	(322,261)	(750,667)
Financial income		551	6,556	2,142
Finance costs	11	(678,809)	(765,926)	(1,625,679)
Foreign exchange gain / (loss)		159,918	(217,147)	212,070
Profit on disposal of fixed assets		14,450	-	572,159
Other income		8,969	-	106,583
Profit before taxation		121,065	229,254	237,812
Income tax expense	12	(35,374)	-	-
Profit for the Period		85,691	229,254	237,812
Other Comprehensive Income: Exchange difference arising on translation of foreign operations		88,791	287,380	345,864
Other Comprehensive Income for the Period, net of tax		88,791	287,380	345,864
Total Comprehensive Income for the Period		174,482	516,634	583,676
Attributable to :				
Equity Shareholders of the parent		85,691	229,254	237,812
Basic earnings per share	13	0.12p	0.42p	0.41p
Diluted earnings per share	13	0.11p	0.39p	0.38p

Condensed Consolidated Statement of Changes in Equity (Unaudited)
For the Period From 1st July 2010 to 31st December 2010
(Expressed in United Kingdom Sterling)

	Share Capital	Stated Capital account	Accumulated losses	Capital reserve	Equity reserve on loan notes	Translation reserve	Total
	£	£	£	£	£	£	£
At 1st July 2009	-	25,561,661	(9,874,215)	456,303	-	2,289,854	18,433,603
Profit for the period	-	-	229,254	-	-	-	229,254
Exchange difference arising on translation of foreign operations	-	-	-	-	-	287,380	287,380
At 31st December 2009	-	25,561,661	(9,644,961)	456,303	-	2,577,234	18,950,237
Profit for the period	-	-	8,558	-	-	-	8,558
Issue of ordinary shares for cash	-	4,763,994	-	-	-	-	4,763,994
Exchange difference arising on translation of foreign operations	-	-	-	-	-	58,484	58,484
Conversion of convertible loan to ordinary shares	-	1,026,619	-	-	-	-	1,026,619
Conversion of preference shares to ordinary shares	-	264,400	-	-	-	-	264,400
At 1st July 2010	-	31,616,674	(9,636,403)	456,303	-	2,635,718	25,072,292
Profit for the period	-	-	85,691	-	-	-	85,691
Exchange difference arising on translation of foreign operations	-	-	-	-	-	88,791	88,791
Placement of new ordinary shares	-	5,313,546	-	-	-	-	5,313,546
Placement and subscription of new ordinary shares	-	3,862,737	-	-	-	-	3,862,737
At 31st December 2010	-	40,792,957	(9,550,712)	456,303	-	2,724,509	34,423,057

Condensed Consolidated Statement of Cash Flows (Unaudited)
For the Period From 1st July 2010 to 31st December 2010
(Expressed in United Kingdom Sterling)

	Six months ended 31st December 2010	Six months ended 31st December 2009	Year ended 30th June 2010
	(Unaudited)	(Unaudited)	(Audited)
	£	£	£
Operating Activities			
Profit for the Period	85,691	229,254	237,812
Depreciation of property, plant and equipment	717,852	358,292	896,452
Finance costs	612,590	765,926	1,493,241
Interest income	(551)	(6,556)	(2,142)
Profit on disposal of fixed assets	(14,450)	-	(572,159)
Preference dividends	-	-	-
(Gain)/loss on foreign exchange	(159,918)	217,147	(212,070)
Amortisation of mining development expenditure	176,321	85,720	222,139
Amortisation of other intangible assets	375,223	213,872	525,298
Amortisation of transaction costs for bank loan	66,219	66,219	132,438
Cash inflow before working capital changes	1,858,977	1,929,874	2,721,009
Changes in working capital:			
Decrease/(increase) in inventories	348,460	(168,291)	(345,513)
Decrease/(increase) in trade and other receivables	245,919	(2,640,769)	(97,814)
Increase/(decrease) in trade and other payables	750,629	409,258	(621,830)

Cash inflow/(outflow) from operating activities	3,203,985	(469,928)	1,655,852
Investing Activities			
Interest received	551	6,556	2,142
Purchase of property, plant and equipment	(6,387,967)	(2,007,281)	(8,696,834)
Proceeds from disposal of fixed assets	14,450	-	572,168
Mining development expenditure	(1,963,587)	(269,183)	(232,154)
Placement of fixed deposit	(6,593)	(1,023)	(63,742)
Cash outflow from investing activities	(8,343,146)	(2,270,931)	(8,418,420)
Financing Activities			
Repayment of bank loans	(1,471,418)	(82,822)	(2,211,397)
Increase in bank loans (Note 8)	2,597,074	3,578,557	5,687,249
Repayment of hire purchase obligations	(33,963)	-	(25,966)
Proceeds from issue of ordinary shares	9,176,283	-	4,763,994
Proceeds from issue of convertible loans	-	438,740	1,001,581
Finance costs paid	(582,590)	(727,526)	(1,397,001)
Cash inflow from financing activities	9,685,386	3,206,949	7,818,460
Net Increase in Cash and Cash Equivalent	4,546,225	466,090	1,055,892
Cash and Cash Equivalents at beginning of Period	1,118,530	290,757	290,757
Foreign exchange translation reverse	(419,262)	(463,976)	(228,119)
Cash and Cash Equivalents at end of Period (Note 6)	5,245,493	292,871	1,118,530

Notes to the Financial Statements (Unaudited)
For the Period From 1st July 2010 to 31st December 2010

1. Accounting Policies

These financial statements for the period from 1st July 2010 to 31st December 2010 have been prepared in accordance with International Accounting Standard 34 which applies to interim financial statements.

The same accounting policies and methods of computation are followed in these interim financial statements as were used in the preparation of the financial statements for the year ended 30th June 2010. A copy of those accounts is available on www.peninsulargold.com. The information provided as comparatives herein for the year ended 30th June 2010 does not constitute the full statutory accounts as per Jersey law by itself. This information was derived from the statutory accounts for the year ended 30th June 2010, a copy of which has been delivered to the Registrar of Companies. The auditors' report on the said accounts was not qualified.

The new and revised Standards and Interpretations have been adopted in the current period, to the extent that they influenced the accounting treatment of the Group's transactions, and have affected the layout and the amounts reported in these financial statements in the following manner.

Standards in issue but not yet effective

The company has adopted all new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to the company's operations and effective for accounting periods beginning on 1 January 2010.

The following standards and amendments to existing standards have been published and are mandatory for accounting periods of the group beginning after 1 January 2010, but which have not been adopted early by the company:

a) IFRS 9, 'Financial Instruments', is effective for accounting periods beginning on or after 1 January 2013. The standard outlines the recognition and measurement of financial assets, financial liabilities and the derecognition criteria for financial assets. Financial assets are to be measured either at amortised cost or fair value through profit and loss, with an irrevocable option on initial recognition to recognise some equity financial assets at fair value through other comprehensive income.

A financial asset can only be measured at amortised cost if the group has a business model to hold the asset to collect contractual cash flows and the cash flows arise on specific dates and are solely for payment of principal and interest on the principal outstanding.

Most financial liabilities will continue to be carried at amortised cost, however, some financial liabilities will be required to be measured at fair value through profit and loss (for example derivatives) with changes in the liabilities' credit risk to be recognised in other comprehensive income.

The derecognition principles of IAS 39, 'Financial Instrument: Recognition and Measurement', have been transferred to IFRS 9, and are unlikely to have an impact on the group from this section of the standard when it is applied. The group has not evaluated the full extant of the impact that the standard will have on the financial statements.

b) IFRS 7 (amendment), 'Financial Instruments: Disclosures'. The amendment addresses the disclosures surrounding the derecognition of financial assets. The amendment removes the extant requirements and adds new disclosure requirements for; transferred financial assets which do not qualify for derecognition and those transferred financial assets that are derecognised in their entirety but the entity has continuing involvement in them. The amendment is effective for annual periods beginning on or after 1 July 2011. Comparative information will not be required on initial application.

c) IFRIC 19, 'Extinguishing Financial Liabilities with Equity Instruments', (effective from 1 July 2010). The interpretation clarifies the accounting when an entity extinguishes a financial liability by issuing equity instruments to the creditor. It requires the entity to recognise a gain or loss within profit or loss being the difference between the fair value of the equity instruments and the carrying amount of the liability.

If the fair value of the equity instruments issued cannot be reliably measured the fair value of the liability extinguished is used to measure the equity instrument. The group will apply the interpretation retrospectively from 1 January 2011. The interpretation is unlikely to have a material impact on the financial statements of the group.

d) Various IFRSs have been amended by the Annual Improvements issued in 2009 and 2010. The amendments that are not yet effective and are unlikely to have a material impact on the group financial statements, unless previously stated.

2. Property, Plant and Equipment

	Plant & Equipment	Buildings	Motor Vehicles	Furniture, Fittings & Equipment	Renovation	Assets Under Construction	CIL Plant	Tailings Dam	Water Retaining Pond	Leasehold Land	R25 Tailing Dam	Total
	£	£	£	£	£	£	£	£	£	£	£	£
Cost												
At 1st July 2010	3,142,237	438,711	325,967	265,418	204,361	7,922,452	11,403,299	1,819,835	157,723	101,897	-	25,781,900
Additions	5,554	3,045	92,047	69,616	-	5,265,808	187,963	513,967	189,272	-	60,695	6,387,967
Disposal	-	-	(23,705)	-	-	-	-	-	-	-	-	(23,705)
Currency translation difference	82,274	11,487	8,535	6,910	5,351	207,435	298,574	47,649	4,130	2,668	-	675,013
Reclassification	9,646	-	-	(9,646)	-	-	-	-	-	-	-	-
At 31st December 2010	3,239,711	453,243	402,844	332,298	209,712	13,395,695	11,889,836	2,381,451	351,125	104,565	60,695	32,821,175
Accumulated depreciation												
At 1st July 2010	2,424,976	185,709	145,434	110,892	29,023	-	1,063,160	156,891	-	30,569	-	4,146,654
Charge for the period	22,063	33,916	33,073	12,455	10,350	-	500,432	94,303	6,099	5,161	-	717,852
Disposal	-	-	(23,704)	-	-	-	-	-	-	-	-	(23,704)
Currency translation difference	63,782	5,306	4,240	3,045	896	-	34,388	5,342	80	868		117,947
Reclassification	9,280	-	-	(9,280)	-	-	-	-	-	-	-	-
At 31st December 2010	2,520,101	224,931	159,043	117,112	40,269	-	1,597,980	256,536	6,179	36,598	-	4,958,749
Net Book Value												
At 31st December 2010	719,610	228,312	243,801	215,186	169,443	13,395,695	10,291,856	2,124,915	344,946	67,967	60,695	27,862,426
At 30th June 2010	717,261	253,002	180,533	154,526	175,338	7,922,452	10,340,139	1,662,944	157,723	71,328	-	21,635,246
At 31st December 2009	654,764	247,047	93,734	115,966	158,375	1,677,856	9,536,160	1,505,655	-	68,182	-	14,057,739

Assets under construction refer to the construction works in progress for the Carbon-In-Leach Plant. In September 2009, Raub Australian Gold Mining Sdn Bhd commenced its project to upgrade the Carbon-In-Leach Plant at its Raub gold project in Pahang, Malaysia.

Leasehold land refers to a piece of land, owned by S.E.R.E.M. Malaysia Sdn Bhd, to which mining certificate MC511 relates.

3. Other Intangible Assets - Mining Reserves and Resources

	31st December 2010 (Unaudited) £	31st December 2009 (Unaudited) £	30th June 2010 (Audited) £
Cost			
Opening balance	17,378,478	17,378,478	17,378,478
Amortisation			
Opening balance	820,766	295,468	295,468
Charge for the year	375,224	213,872	525,298
Closing balance	1,195,990	509,340	820,766
Net book value	16,182,488	16,869,138	16,557,712

Other intangible assets comprise mineral properties including mining licences and rights.

The Group's mining assets were valued by independent experts prior to the acquisition of the subsidiaries on 17th June 2005 and these valuations were considered to be relevant and unimpaired at the financial reporting date. The valuation was based upon the defined reserves, resources and the Group's prospecting interests. Valuation techniques most relevant to the asset type, as considered by the independent valuer, were applied and included discounted cash flows for the defined reserves, comparable transaction method for the inferred resources and the Geoscience Factor method for mineral titles. The gold price used for the discounted cash flow calculation of the reserves at the time of the original valuation was US$ 420 per ounce.

No revenue has been generated from SEREM in the financial period ended 31st December 2010 from its mineral reserves. Hence, there is no amortisation of mining reserves and resources for SEREM.

4. Mining Development Expenditure

	31st December 2010 (Unaudited) £	31st December 2009 (Unaudited) £	30th June 2010 (Audited) £
Cost			
Opening balance	4,761,016	3,792,782	3,792,782
Currency translation difference	124,659	247,630	736,080
Additions	1,961,821	31,846	232,154
Closing balance	6,847,496	4,072,258	4,761,016
Amortisation			
Opening balance	380,767	114,794	114,794
Currency translation difference	12,278	5,570	43,834
Amortisation for the period	176,322	90,443	222,139
Closing balance	569,367	210,807	380,767
Net Book Value	6,278,129	3,861,451	4,380,249

The directors are of the view that there will be sufficient future revenues from the extraction of gold to offset the mining development expenditure capitalised in the financial statements.

5. Trade and Other Receivables

	31st December 2010 (Unaudited) £	31st December 2009 (Unaudited) £	30th June 2010 (Audited) £
Other receivables, deposits and prepayments	866,815	3,655,689	1,112,734

6. Cash and Cash Equivalents

	31st December 2010 (Unaudited) £	31st December 2009 (Unaudited) £	30th June 2010 (Audited) £
Cash at bank and in hand	5,245,493	292,871	1,118,530

A fixed deposit of £98,656 (2009 : £31,226) with a licensed bank has not been included in Cash and Cash Equivalents as it has a maturity exceeding three months at inception. It has been reported in short term investments.

7. Trade and Other Payables

	31st December 2010 (Unaudited)	31st December 2009 (Unaudited)	30th June 2010 (Audited)
	£	£	£
Trade payables	2,785,257	2,561,200	1,763,314
Other payables and accruals	614,939	1,862,861	1,054,024
	3,400,196	4,424,374	2,817,338
Less: non-current portion (Note 10)	(330,000)	(345,600)	(300,000)
	3,070,196	4,078,461	2,517,338

8. Borrowings

	31st December 2010 (Unaudited)	31st December 2009 (Unaudited)	30th June 2010 (Audited)
	£	£	£
Current Portion			
Bank Loans	5,401,984	2,213,896	4,427,839
Convertible loans	-	438,740	-
Hire purchase obligations	43,601	21,995	34,307
	5,445,585	2,674,631	4,462,146
Non-current Portion			
Bank Loans	12,945,626	12,506,365	12,624,236
Preference shares - debt portion	664,000	850,000	664,000
Hire purchase obligations	197,970	76,485	147,409
	13,807,596	13,432,850	13,435,645

The Bank Loan provided to RAGM has increased from £17.1 million (Malaysian Ringgit 87.1 million), as reported in the audited accounts on 30th June 2010 to £18.9 million (Malaysian Ringgit 90.7 million) as of 31st December 2010, with the additional financing provided for the expansion of the Carbon In Leach plant and other infrastructure works in relation to the gold mining business in Raub, Pahang. The loans are secured by way of a debenture over all the assets and undertakings of Raub Australian Gold Mining Sdn. Bhd., a third party charge over a property owned by a company under common control and a corporate guarantee provided by the Peninsular Gold Limited.

	31st December 2010 (Unaudited)
	£
Proceeds received from additional drawdown of the new £20.9 million (RM100 million) bank loans with Bank Kerjasama Rakyat Malaysia Berhad.	2,597,074
Less: Transaction costs	-
Net proceeds received from additional bank loans	2,597,074

The existing Bai' Al-Inah Term Financing-i loans of £11.1 million (Malaysian Ringgit 65.1 million) are repayable to Bank Kerjasama Rakyat Malaysia Berhad in 60 instalments commencing from 28th February 2009 whereas the new loans are repayable in 48 instalments commencing only upon completion of the entire loan drawdown, as drawdown progresses in line with the plant expansion work over years 2009 and 2010 and beyond. The Group's bank loans are subject to interest rates of 2 % to 4% per annum above the lender's base lending rate, currently 6.30%.

9. Share Capital and Stated Capital Account

(a) Share Capital

	31st December 2010 (Unaudited)	31st December 2009 (Unaudited)	30th June 2010 (Audited)
	£	£	£
Company			
Authorised			

Unlimited ordinary shares of £Nil par value each	-	-	-
Allotted, called up and fully paid			
85,461,550 ordinary shares of £Nil par value each	-	-	-
2,000,000 preference shares of £Nil par value each	-	-	-
	-	-	-

(b) Stated Capital Account

Movements:		**2010**
		£
At 1st July 2010	Opening balance	31,616,674
12th October 2010	Placing of new ordinary shares	5,313,546
23rd November 2010	Placing and subscription of new ordinary shares	3,862,737
At 31st December 2010		40,792,957

10. Translation reserve

Assets and liabilities of foreign consolidated subsidiaries are translated into United Kingdom Sterling at the rate of exchange ruling at the balance sheet date.

Revenue and expenses are translated at the average exchange rates for the period. All resulting translation differences are included in a translation reserve in equity.

The closing rates used in the translation of foreign currency monetary assets and liabilities are as follows:

United Kingdom Sterling	1.00	Malaysian Ringgit	4.7817
United Kingdom Sterling	1.00	United States Dollars	1.5507
United States Dollars	1.00	Malaysian Ringgit	3.0835

11. Dividends

Included in the Financing Costs is an amount of £30,000 in respect of 2,000,000 redeemable, convertible 6% preference shares' dividends. In accordance with the share subscription agreement, preference dividends should be accrued from the date of issuance to the conversion date or the redemption date. The accumulated amount of preference dividends has now amounted to £330,000 since the issue of the said shares at £0.50 per share on 27th May 2005, as indicated in the trade and other payables.

12. Income Tax Expense

With effect from 1st January 2009, the status of exempt company ceased to exist and the Parent Company is subject to Jersey income tax at a rate of 0%.

Malaysian Corporation Tax is provided on taxable profits at the appropriate rate for subsidiary companies located in Malaysia. Income tax for the financial period is derived by using the Malaysian tax rate of 25% (2009 : 25%).

Tax reconciliation:

Group	**31st December 2010 (Unaudited) £**
Profit / (loss) before taxation	121,065
Income tax using Malaysian tax rate	30,266
Non-deductible expenses	170,283
Utilisation of losses brought forward and previous years capital allowance	(154,854)
Effect of lower tax rate for Malaysian Companies with share capital below RM2.5 million	(10,321)
	35,374

No income tax expenses for 2009 as there are sufficient capital allowances and tax losses to offset the taxation.

13. Earnings per share

The calculation of earnings per share is based on the earnings for the period after taxation and on the weighted average number of shares in issue during the period as below:-

Basic earnings per share	**31st December 2010 (Unaudited)**	**31st December 2009 (Unaudited)**	**30th June 2010 (Audited)**
	£	**£**	**£**
Earnings used in calculation	85,691	229,254	237,812
Weighted average number of ordinary shares	72,788,550	55,230,978	57,846,846
Basic earnings per share	0.12p	0.42p	0.41p

Diluted earnings per share	**31st December 2010 (Unaudited)**	**31st December 2009 (Unaudited)**	**30th June 2010 (Audited)**
	£	**£**	**£**
Earnings used in calculation	85,691	229,254	237,812
Weighted average number of ordinary shares	72,788,550	55,230,978	57,846,846
Conversion of warrants for nil consideration	3,569,014	2,996,309	4,118,750
	76,357,564	58,227,287	61,965,596
Diluted earnings per share	0.11p	0.39p	0.38p

The redeemable preference shares are non-dilutive.

14. Segmental information

Currently all revenues, profits and losses before tax and the carrying value of assets and liabilities arise from the production and sale of gold doré bars and activities related to the upgrade of the carbon-in-leach plant and gold mining and exploration activity within Malaysia.

15. Capital Commitments

	31st December 2010 (Unaudited)	**31st December 2009 (Unaudited)**	**30th June 2010 (Audited)**
	£	**£**	**£**
Authorised and contracted for	11,223,037	2,216,463	9,693,846

The above amount relates to a commitment for the expansion of the Carbon-in-Leach Plant (CIL), which is expected to be commissioned within the second half of the financial year to 30th June 2011.

-Ends-

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