

Ovoca Gold plc
Interim results for the six months ended 30 June 2014

CONSOLIDATED INCOME STATEMENT

	Unaudited 6 Months ended 30/06/2014 €'000	Unaudited 6 Months ended 30/06/2013 €'000	Unaudited 6 Months ended 30/06/2014 S'000	Unaudited 6 Months ended 30/06/2013 S'000
Administration expenses	(799)	(936)	(1,095)	(1,235)
Other losses	(59)	(6,550)	(81)	(8,538)
Operating loss	(858)	(7,486)	(1,176)	(9,773)
Finance costs	(13)	(284)	(18)	(374)
Finance income	335	984	459	1,297
Loss for the period before tax	(536)	(6,786)	(735)	(8,850)
Income tax	-	-	-	-
Loss for the period from continuing operations	(536)	(6,786)	(735)	(8,850)
Loss for the period	(536)	(6,786)	(735)	(8,850)
Attributable to:				
Owners of the parent	(536)	(6,786)	(735)	(8,850)
	(536)	(6,786)	(735)	(8,850)

Loss per share

Basic loss per share from continuing operations	(0.01) cents	(0.08) cents	(0.01) cents	(0.10) cents
Fully diluted loss per share from continuing operations	(0.01) cents	(0.08) cents	(0.01) cents	(0.10) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 Months ended 30/06/2014 €'000	6 Months ended 30/06/2013 €'000	6 Months ended 30/06/2014 S'000	6 Months ended 30/06/2013 S'000
Loss for the period	(536)	(6,786)	(735)	(8,850)
Other comprehensive income/(expense):				
Movement on available for sale financial assets	173	(6,895)	237	(8,934)
Exchange movement	635	86	615	(442)
Total comprehensive profit/(loss) for the period	271	(13,595)	117	(18,226)

There is no income tax impact in respect of components recognised within the consolidated statement of comprehensive income.

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital €'000	Share based payment reserve €'000	Other reserves €'000	Foreign Currency Translation Reserve €'000	Retained earnings €'000	Total (attributable to owners of the parent) €'000
At 1 January 2014	11,057	1,294	11	1,573	12,039	25,974
Comprehensive income:						
Loss for the period	-	-	-	-	(536)	(536)
Other comprehensive income						
Fair value movement on available for sale financial assets	-	-	173	-	-	173
Exchange movement	-	-	-	635	-	635
Total comprehensive income	-	-	173	635	(536)	272
Total transactions with owners	-	-	-	-	-	-
At 30 June 2014	11,057	1,294	184	2,208	11,503	26,246

At 1 January 2013	11,057	1,294	6,906	2,513	26,855	48,625
Comprehensive income:						
Loss for the period	-	-	-	-	(14,816)	(14,816)
Other comprehensive income						
Fair value movement on available for sale financial assets	-	-	(6,895)	-	-	(6,895)
Exchange movement	-	-	-	(940)	-	(940)
Total comprehensive income	-	-	(6,895)	(940)	(14,816)	(22,651)
Total transactions with owners	-	-	-	-	-	-
At 31 December 2013	11,057	1,294	11	1,573	12,039	25,974

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 30/06/2014 €'000	Audited 31/12/2013 €'000	Unaudited 30/06/2014 \$'000	Audited 31/12/2013 \$'000
Assets				
Current assets				
Inventories	81	413	111	569
Trade and other receivables	358	71	488	97
Loans and receivables	4,862	-	6,634	-
Cash and cash equivalents	9,169	14,065	12,512	19,362
	14,470	14,549	19,745	20,028
Non current assets				
Property, plant and equipment	2,962	3,115	4,042	4,228
Available for sale financial assets	11,372	10,767	15,518	14,822
	14,334	13,882	19,560	19,050
Total assets	28,804	28,431	39,305	39,078
Liabilities				
Current liabilities				
Trade and other payables	359	278	493	383
Contingent provisions	2,199	2,179	3,000	3,000
	2,558	2,457	3,493	3,383
Total liabilities	2,558	2,457	3,493	3,383
Net assets	26,246	25,974	35,812	35,695
Equity				
Ordinary shares	11,057	11,057	15,586	15,586
Other reserves	184	11	253	16
Foreign currency translation reserve	2,208	1,573	3,459	2,843
Share based payment reserve	1,294	1,294	1,759	1,759
Profit and loss account	11,503	12,039	14,755	15,491
	26,246	25,974	35,812	35,695

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CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 30/06/2014 €'000	Audited 31/12/2013 €'000	Unaudited 30/06/2014 \$'000	Audited 31/12/2013 \$'000
Cash flows from operating activities				
Net loss for the period/year before tax	(536)	(14,816)	(735)	(21,563)
Foreign currency reserve movement	635	(940)	699	(437)
Unrealised (gain)/loss on available for sale financial assets	(173)	3,129	(237)	4,138
Impairment of Intangible assets and deferred exploration costs	-	18,615	-	26,553
Gain on settlement of deferred consideration	-	(8,608)	-	(11,254)
Loss on disposal of assets held for sale	-	1,029	-	1,248
Depreciation	45	103	58	137
Profit on disposal of tangible assets	-	14	-	19
Net finance income	(322)	(1,053)	(441)	(1,399)
Decrease/(increase) in inventories	332	(279)	458	(392)
(Increase)/decrease in trade and other receivables	(287)	668	(391)	880
Increase/(decrease) in trade and other payables	81	(679)	110	(882)
Net cash flow from operating activities	(225)	(2,817)	(479)	(2,950)
Cash flow from financing activities				
Net interest received	322	1,053	441	1,399
Net cash flow from financing activities	322	1,053	441	1,399
Cash flows from investing activities				
Expenditure on exploration activities	-	(24)	-	(33)
Expenditure on property, plant & equipment	153	(74)	210	(101)
Disposal minerals held as inventory	(284)	-	(388)	-
Advances of loans and receivables	(4,862)	-	(6,634)	-
Net cash flow from investing activities	(4,993)	(98)	(6,812)	(134)
Net decrease in cash and cash equivalents	(4,896)	(1,862)	(6,850)	(1,685)
Cash and cash equivalents at the beginning of period/year	14,065	15,927	19,362	21,047
Cash and cash equivalents at the end of period/year	9,169	14,065	12,512	19,362

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1 Basis of Preparation

The interim consolidated financial statements for the six months ended 30 June 2014 have been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2013.

2 Accounting Policies

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013.

The adoption of other new standards and interpretations (as set out in the 2013 Annual Report) that became effective for the Group's financial statements for the year ended 31 December 2013 did not have any significant impact on the interim financial statements.

3 Going concern

The interim financial statements consolidate the financial statements of Ovoca Gold Plc and its subsidiary undertakings for the six months ended 30 June 2014. The directors have reviewed the current state of the group's finances, taking into account resources currently available to the group. The directors are satisfied that sufficient funding will be available to the group to enable it to trade at its projected level of operations for the foreseeable future. On this basis the directors consider that it is appropriate to prepare the financial statements on the going concern basis. The directors consider that in preparing the financial statements they have taken into account all information that could reasonably be expected to be available. The financial statements do not include any adjustments that would result if the Director's plans were not successful.

4 Segmental reporting

Segment information is presented in accordance with IFRS 8 – Operating Segments with effect from 1 January 2010. Comparative information is presented on a consistent basis.

At 30 June 2014, the Group had two business segments, Exploration activities and Investment. Exploration activities are primarily carried out by number of subsidiary companies based in Russia. Investing activities are carried out by another subsidiary company located in Bermuda. Unallocated costs represent group administration costs, primarily incurred in Ireland.

Period ended 30 June 2014	Exploration	Investment	Unallocated	Total	Exploration	Investment	Unallocated	Total
	Activities				Activities			
	€'000	€'000	€'000	€'000	US\$'000	US\$'000	US\$'000	US\$'000
Administration expenses	(280)	(146)	(373)	(799)	(384)	(200)	(511)	(1,095)
Other gains and losses	(131)	42	30	(59)	(180)	58	41	(81)
Operating loss	(411)	(104)	(343)	(858)	(564)	(142)	(471)	(1,177)
Finance costs	(1)	(2)	(10)	(13)	(1)	(3)	(14)	(18)
Finance income	-	85	250	335	-	117	342	459
Loss before tax	(412)	(21)	(103)	(536)	(565)	(28)	(142)	(735)
Segment assets	3,500	20,696	4,608	28,804	4,776	28,240	6,289	39,305
Segment liabilities	(92)	(2,199)	(267)	(2,558)	(126)	(3,001)	(366)	(3,493)
Net assets	3,408	18,497	4,339	26,246	4,650	25,239	5,923	35,812

Period ended 30 June 2013	Exploration	Investment	Unallocated	Total	Exploration	Investment	Unallocated	Total
	Activities				Activities			
	€'000	€'000	€'000	€'000	US\$'000	US\$'000	US\$'000	US\$'000
Administration expenses	(246)	(175)	(515)	(936)	(324)	(231)	(680)	(1,235)
Other gains and losses	(922)	(5,291)	(337)	(6,550)	(1,202)	(6,897)	(439)	(8,538)
Operating profit/(loss)	(1,168)	(5,466)	(852)	(7,486)	(1,526)	(7,128)	(1,119)	(9,773)
Finance costs	-	(282)	(2)	(284)	-	(371)	(3)	(374)
Finance income	314	571	99	984	414	753	130	1,297
Profit/loss before tax	(854)	(5,177)	(755)	(6,786)	(1,112)	(6,746)	(992)	(8,850)
Segment assets	20,653	20,392	5,456	46,501	26,864	26,524	7,096	63,007
Segment liabilities	(33)	(11,241)	(197)	(11,471)	(43)	(14,621)	(256)	(14,920)
Net assets	20,620	9,151	5,259	35,030	26,821	11,903	6,840	48,087

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4 Segmental reporting (continued)

(b) Secondary reporting format - geographical segments

The Group's business segments and its assets are located in the Russia, Bermuda, Ireland and the United Kingdom. The table above shows income and expenditure and assets and liabilities by primary geographical segments on the basis that exploration activities are carried out in Russia, investment activity is carried out in Bermuda and unallocated amounts relate to costs incurred in Ireland and the United Kingdom.

5 Contingent provisions

The deferred consideration payable from the acquisition of the subsidiary companies in previous years, with the final conditional payment now falling due within the next 6 months.

The movement on deferred consideration during the period/year is as follows:

	Unaudited	Audited	Unaudited	Audited
	30/06/2014	31/12/2013	30/06/2014	31/12/2013
	€'000	€'000	\$'000	\$'000
Deferred consideration at 1 January 2014	2,179	10,787	3,000	14,254
Effective interest for the period	-	-	-	-
Settlement of deferred consideration	-	(8,175)	-	(11,254)
Exchange rate movement for the period	20	(433)	-	-
Deferred consideration at 30 June 2014	<u>2,199</u>	<u>2,179</u>	<u>3,000</u>	<u>3,000</u>

6 Available for sale financial assets

Available for sale financial assets are held at their fair value and consist of quoted securities. There was a significant decrease in the market value of the securities during the prior period resulting in a decrease of the carrying value of these investments. This loss in market value was recorded in the income statement. However, Polymetal has paid significant dividends over recent periods which is an indication that company's performance remains strong despite the drop in the market price of its shares. The Board believes that when market conditions in the mining sector improve the holding in Polymetal will show the gains reflecting the potential of the investment.

7 Events after the reporting period

There have been no significant events affecting the Group since the interim period.

8 Approval of the financial statements

The interim report was approved by the Board of Directors on and is included on the Company's website, www.ovocagold.com.