

**Company Registration No. 5035666**

**Anglo Asian Operations Limited**

**Report and Financial Statements**

**31 December 2011**



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## **Anglo Asian Operations Limited**

### **Report and financial statements 2011**

#### **Contents Page**

<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of directors' responsibilities</b>	<b>4</b>
<b>Independent auditors' report</b>	<b>5</b>
<b>Profit and loss account</b>	<b>7</b>
<b>Balance sheet</b>	<b>8</b>
<b>Notes to the financial statements</b>	<b>9</b>

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# **Anglo Asian Operations Limited**

## **Report and financial statements 2011**

### **Officers and professional advisers**

#### **Directors**

Richard Round  
John Sununu

#### **Secretary**

Andrew Herbert

#### **Registered office**

7 Devonshire Square  
Cutlers Gardens  
London  
EC2M 4YH

#### **Auditors**

Ernst & Young LLP  
Chartered Accountants  
London

#### **Bankers**

HSBC plc  
79 Piccadilly  
London W1F 8FU

#### **Lawyers**

Squire Sanders & Dempsey (UK) LLP  
7 Devonshire Square  
Cutlers Gardens  
London  
EC2M 4YH

Registration Number 5035666

## **Anglo Asian Operations Limited**

### **Directors' report**

The directors present their annual report on the affairs of the Company together with the financial statements and auditor's report, for the year ended 31 December 2011

#### **Principal activities**

The Company was established for the exploration and development of gold and copper mines in Azerbaijan. However, there are currently no operations or other activities taking place in the Company.

#### **Business review**

The administration of the Company is now being carried out by Anglo Asian Mining PLC.

#### **Results and dividends**

The Company's loss for the year, after taxation, was £2,000 (2010: £3,000).

No dividend was paid in the year (2010: nil).

#### **Future developments**

The directors aim to maintain the management policies which have resulted in the Company's performance in the year.

#### **Risks and uncertainties**

The principal activity of the Company is that of a service company and as such the Company is not exposed to significant risks. Risks that have been identified are classified as financial. The Company's exposures to price risk, credit risk, liquidity risk and cash flow risk are not material for the assessment of assets, liabilities and the financial statements.

#### **Key performance indicators**

The Companies Act 2006 requires directors to disclose the Company's key performance indicators (KPIs). Anglo Asian Mining plc, the ultimate parent undertaking, manages its KPIs at a group level. As a result the directors have taken the decision not to disclose KPIs in individual subsidiary accounts.

#### **Directors**

The directors who served the company during the year up to the date of the financial statements are noted on page 1.

None of the directors had an interest in the shares of the Company during the year (2010: nil).

Directors' interests in the ultimate parent Company's shares are disclosed in the Anglo Asian Mining PLC group accounts.

#### **Charitable and political contributions**

No charitable or political contributions were made during the year (2010: nil).

#### **Statement of going concern**

The Company's business activities together with the factors likely to affect its future development, performance and position are set out above. The financial position of the Company is set out in the financial statements.

Registration Number: 5035666

## Anglo Asian Operations Limited

### Directors' report

#### Statement of going concern (continued)

The directors consider it appropriate to prepare the financial statements on a going concern basis, since the parent undertaking has agreed to provide sufficient finance whether directly or through one of its subsidiaries, to enable the Company to meet its liabilities as they fall due for the foreseeable future.

#### Auditors

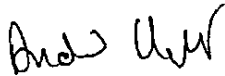
Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware there is no relevant audit information of which the Company's auditors are unaware and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s 418 of the Companies Act 2006.

Ernst & Young LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



Andrew Herbert  
Secretary

21 June 2012

## **Anglo Asian Operations Limited**

### **Statement of Directors' responsibilities**

The directors are responsible for preparing the annual 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). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements the directors are required to

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that they have complied with these requirements and, having a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in the financial statements.

## **Anglo Asian Operations Limited**

### **Independent Auditor's report**

#### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANGLO ASIAN OPERATIONS LIMITED**

We have audited the financial statements of Anglo Asian Operations Limited for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet and the related notes 1 to 13. 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 auditor's 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 auditor**

As explained more fully in the statement of directors' responsibilities set out on page 4, 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 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 annual accounts 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 Company's affairs as at 31 December 2011 and of its 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.

## **Anglo Asian Operations Limited**

### **Independent Auditor's report**

#### **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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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

Ernst & Young LLP

Steven Dobson (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
21 June 2012



## Anglo Asian Operations Limited

### Profit and loss account

For the year ended 31 December 2011

	Note	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Turnover	2	-	-
Administrative expenses	3	(2)	(3)
Operating loss		(2)	(3)
Loss on ordinary activities before Taxation		(2)	(3)
Tax on profit on ordinary activities	5	-	-
Loss for the financial year	11	(2)	(3)

All results were derived from continuing operations

There were no other recognised gains and losses in the current or previous period and accordingly no statement of total recognised gains and losses is presented

## Anglo Asian Operations Limited

### Balance sheet As at 31 December 2011

	Note	31 December 2011 £'000	31 December 2010 £'000
Non-current assets			
Investments in subsidiary undertakings	6	15	15
Debtors	7	1 764	1,764
		<u>1 779</u>	<u>1 779</u>
Creditors' amounts falling due within one year	9	(1 280)	(1,278)
Net assets		<u>499</u>	<u>501</u>
Capital and reserves			
Called up share capital	11	3	3
Share premium account	11	1 463	1 463
Profit and loss account	11	(967)	(965)
Total shareholders' funds		<u>499</u>	<u>501</u>

These financial statements were approved by the Board of Directors on 21 June 2012

Signed on behalf of the Board of Directors



Andrew Herbert  
Chief Financial Officer

## **Anglo Asian Operations Limited**

### **Notes to the financial statements Year ended 31 December 2011**

#### **1 Accounting policies**

A summary of the principal accounting policies, all of which have been applied consistently throughout the current and previous periods, is set out below.

The directors consider it appropriate to prepare the financial statements on a going concern basis, since the parent undertaking has agreed to provide sufficient finance, whether directly or through one of its subsidiaries, to enable the Company to meet its liabilities as they fall due for the foreseeable future.

##### **Basis of accounting**

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

##### **Cash flow statement**

The Company's cash flows are included in the consolidated group cash flow statement of Anglo Asian Mining PLC, the Company's ultimate parent undertaking, whose consolidated financial statements are publicly available. Consequently, the Company is exempt under the terms of Financial Reporting Standard No. 1 (revised) 'Cash flow statements' from publishing a cash flow statement.

##### **Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

##### **Foreign currencies**

Any currency other than the functional currency of the Company is considered a foreign currency. Monetary assets and liabilities denominated in foreign currencies are translated to the measurement currency of the relevant rates of exchange prevailing at the balance sheet dates. Non-monetary assets and liabilities denominated in foreign currencies are recorded in the accompanying balance sheets using the historical exchange rates. Transactions denominated in foreign currencies are recorded at the exchange rates at the date of the transaction. Any gains or losses on assets and liabilities denominated in foreign currencies arising from a change in exchange rates after the date of the transaction are recognised as income or expense from other activities.

##### **Group accounting**

The Company is exempt from the obligation to prepare and deliver group financial statements in accordance with Section 228 of the Companies Act 2006. It is included in the consolidated accounts of Anglo Asian Mining PLC, a company incorporated in England and Wales. The financial statements present information about the Company as an individual undertaking and not about its group.

##### **Going concern**

The directors consider it appropriate to prepare the financial statements on a going concern basis, since the parent undertaking has agreed to provide sufficient finance, whether directly or through one of its subsidiaries, to enable the Company to meet its liabilities as they fall due for the foreseeable future.

#### **2 Turnover**

The Company made no sales during the current or prior year.

## Anglo Asian Operations Limited

### Notes to the financial statements Year ended 31 December 2011

#### 3 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Auditors' remuneration	2	3

No amounts were payable for non-audit services by the Company as of each respective balance sheet date

#### 4 Staff costs

The Company did not have any employees during the year (2010: nil)

The Directors' remuneration for 2011 and 2010 was paid and recorded in the parent Company Anglo Asian Mining PLC. The directors received no amounts in respect of their role in the Company. For remuneration of Directors of the Group refer to note 8 of the 31 December 2011 Anglo Asian Mining PLC financial statements

#### 5 Tax on profit on ordinary activities

There is no tax charge for the current period (2010: nil)

A full reconciliation between the expected rate of 26.5% (2010: 28%) and the current tax charge is set out below

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Loss on ordinary activities before tax	(2)	(3)
Tax credit on (loss)/profit on ordinary activities at standard UK corporation tax rate of 26.5% (2010: 28%)	(1)	(1)
Effects of Un-utilised tax losses	1	2
Current tax credit for the period	-	-

A deferred tax asset has not been recognised in respect of timing differences relating to tax losses as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £166,000 (2010: £190,000). The asset would be recovered if sufficient taxable profits were generated in future periods.

The main rate of corporation tax reduced to 26% from 1 April 2011. The 2012 budget on 21 March 2012 proposed that the main rate of corporation tax will reduce by 2% to 24% from 1 April 2012 (an additional 1% to the 1% reduction proposed in the March 2011 budget). The Government has announced its intention to reduce the main rate of corporation tax by 1% per year until 2014, which would take the rate to 22% from 1 April 2014. As at the balance sheet date, only the reduction in the corporation tax rate to 25% from 1 April 2012 was substantively enacted. It is not anticipated that these changes will have a material effect on the Company's results.

## Anglo Asian Operations Limited

### Notes to the financial statements Year ended 31 December 2011

#### 6 Investment in subsidiary undertakings

The following investments were held by the Company

Subsidiary

	31 December 2011 £'000	31 December 2010 £'000
Holance Holdings Limited	15	15

Anglo Asian Operations owns 100% of the issued share capital of Holance Holdings Limited. The principal activity of Holance Holdings Limited is a Holding Company. The country of incorporation is British Virgin Islands.

#### 7 Debtors

	31 December 2011 £'000	31 December 2010 £'000
Amounts owed by subsidiary undertakings	1,764	1,764
<b>Total</b>	<b>1,764</b>	<b>1,764</b>

#### 8 Audit fees

	31 December 2011 £'000	31 December 2010 £'000
Audit fee	2	3
	<b>2</b>	<b>3</b>

£2,000 was charged in 2011 (2010: £3,000) for the audit fee and this will be settled by other Group companies for and on behalf of Anglo Asian Operations Limited.

#### 9 Creditors, amounts falling due within one year

	31 December 2011 £'000	31 December 2010 £'000
Amounts owed to parent company	1,280	1,278
	<b>1,280</b>	<b>1,278</b>

## Anglo Asian Operations Limited

### Notes to the financial statements Year ended 31 December 2011

#### 10 Called up share capital

	31 December 2011 £'000	31 December 2010 £'000
Authorised: 600,000 ordinary shares of 1p each	6	6
Called up, allotted and fully paid 307,666 ordinary shares of 1p each	3	3

#### 11 Reconciliation of movement in shareholders' funds

	Share capital £'000	Share premium £'000	Profit and loss £'000	Shareholders' Funds £'000
As at 1 January 2011	3	1,463	(965)	501
(Loss) for the period	-	-	(2)	(2)
As at 31 December 2011	3	1,463	(967)	499

#### 12 Related party transactions

The Company has taken advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard 8 not to disclose related party transactions with Anglo Asian Mining PLC group companies

#### 13 Ultimate parent company

The ultimate parent company and ultimate controlling entity is Anglo Asian Mining PLC, a company incorporated in Great Britain and registered in England and Wales. The smallest and largest group that publishes consolidated accounts incorporating the results of the Company is Anglo Asian Mining PLC. Copies of the group accounts are available from the Company Secretary, 7 Devonshire Square, Cutlers Gardens London EC2R 8DN, United Kingdom or from corporate web-site [www.angloasianmining.com](http://www.angloasianmining.com)