

Company Number: 03607558

BASERESULT HOLDINGS LIMITED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
2 NOVEMBER 2007

THURSDAY



A5XTQ5DD
A65 04/12/2008 88
COMPANIES HOUSE

BASERESULT HOLDINGS LIMITED
DIRECTORS AND OFFICERS

DIRECTORS

K P Williams
D J Stone
A P Shoesmith

SECRETARY

G Hall

REGISTERED OFFICE

South Crofty Mine
Dudnance Lane
Pool, Redruth
Cornwall TR15 3QT

AUDITOR

Baker Tilly UK Audit LLP
The Clock House
140 London Road
Guildford
Surrey GU1 1UW

BASERESULT HOLDINGS LIMITED
REPORT OF THE DIRECTORS
FOR THE PERIOD ENDED 2 NOVEMBER 2007

The Directors present their Report and the financial statements of the company for the period from 1 August 2006 to 2 November 2007.

Principal Activities, Current Position and Outlook

The principal activity of the Company is the production and sale of mineralised ore and secondary aggregate. The company also continued development of the South Crofty Mine for the mining of non-ferrous metal ores.

During the period under review the Company saw the commencement of trading. It continued with its programme of research & development and mine planning alongside underground mine development and exploration.

Given the re-establishment of mining operations the Company also, in the period under review, concluded a Joint Venture Agreement (JVA) in order to facilitate future funding requirements. Under the terms of the JVA at the end of the period the mine assets and trade were transferred to Western United Mines Limited, which was formed to continue the mining operations at the South Crofty site.

Directors

The following directors have held office since 1 August 2006:

David John Stone
Kevin Peter Williams
Alan Peter Shoesmith

Statement as to disclosure of information to auditors

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

BASERESULT HOLDINGS LIMITED
REPORT OF THE DIRECTORS
FOR THE PERIOD ENDED 2 NOVEMEBR 2007

Auditors

The auditor, Baker Tilly UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

This report has been prepared in accordance with the special provision of Part VII of the Companies Act 1985.

By Order of the Board

.....*Gillian Hall*.....
Gillian Hall - Secretary

.....*27th November 2008*.....
Date

BASERESULT HOLDINGS LIMITED
DIRECTORS' RESPONSIBILITIES IN THE PREPARATION
OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law 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 those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent; and
- c. 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 requirements of the Companies Act 1985. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BASERESULT HOLDINGS LIMITED

We have audited the financial statements on pages 5 to 15.

This report is made solely to the company's member, as a body, in accordance with section 235 of the Companies Act 1985. 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 AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 2 November 2007 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

BAKER TILLY UK AUDIT LLP

BAKER TILLY UK AUDIT LLP

Registered Auditor
Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey GU1 1UW

2 December 2008

BASERESULT HOLDINGS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD FROM 1 AUGUST 2007 TO
2 NOVEMBER 2007

	Notes	Period to <u>02.11.07</u>	Year to <u>31.07.06</u>
Turnover	1	48,437	9,108
Cost of Sales		-	-
Gross Profit		----- 48,437	----- 9,108
Administrative expenses		(745,341)	(783,513)
OPERATING LOSS		----- (696,904)	----- (774,405)
Profit on sale of fixed assets in discontinued operations	7	2,962,278	-
Investment Income	2	2,793	689
		----- 2,268,167	----- (773,716)
Interest payable and similar charges	3	(927,137)	(624,264)
Profit/(loss) on Ordinary Activities Before Taxation	4	----- 1,341,030	----- (1,397,980)
Taxation	5	21,113	44
Profit/(loss) on Ordinary Activities After Taxation	13	----- <u>1,362,143</u>	----- <u>(1,397,936)</u>

The Notes on pages 7 to 15 form part of these financial statements.

The operating profit/(loss) for the year arises from the company's discontinued operations.

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

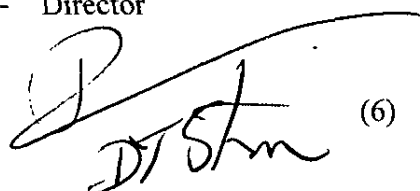
BASERESULT HOLDINGS LIMITED
BALANCE SHEET
AS AT 2 NOVEMBER 2007

	Notes	<u>02.11.07</u>	<u>31.07.06</u>
Fixed Assets			
Tangible Assets (fixed assets)	6	976,027	2,159,005
Investments	7	3,938,163	1,000
		-----	-----
		4,914,190	2,160,005
Current Assets			
Debtors	8	532,202	64,170
Cash at Bank and in hand		187,326	25,874
		-----	-----
		719,528	90,044
Creditors: Amounts falling due within one year	9	(1,639,978)	(354,156)
		-----	-----
Net Current Liabilities		(920,450)	(264,112)
		-----	-----
Total Assets less Current Liabilities		£ 3,993,740	£1,895,893
		=====	=====
Creditors: Amount falling due after more than one year	10	6,099,410	5,363,706
Capital and Reserves			
Called up Share Capital	11	5,000	5,000
Share Premium Account	12	606,000	606,000
Profit and Loss Account	13	(2,716,670)	(4,078,813)
		-----	-----
Shareholder's Funds	14	(2,105,670)	(3,467,813)
		-----	-----
		£ 3,993,740	£1,895,893
		=====	=====

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements on pages 5 to 15 were approved by the board of directors and authorised for issue on *24th November* 2008 and are signed on its behalf by:

David J Stone - Director

 (6)

BASERESULT HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of Accounting

These financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards and on a going concern basis.

The company has taken advantage of the exemption conferred by Section 248 of the Companies Act 1985 and the information presented is in respect of the company only and no group accounts have been prepared.

Advantage has been taken of the exemption conferred by Financial Reporting Standard 1 and no cash flow statement has accordingly been produced.

Going Concern

The accounts have been prepared under the going concern basis due to the continuing support of the directors, shareholders and other lenders to the company.

Turnover

Turnover represents the company's income from sale of rock and scrap metal during the period.

Mine development expenditure

Where the company has identified economically recoverable resources in the mine, costs of developing the mine are capitalised as mining development costs. Such expenditure includes costs directly attributable to the construction of the mine and its related infrastructure.

Depreciation of the mine development costs commenced when mining activities commenced on 1st August 2007.

Depreciation

Fixed assets are written down to their residual value, on the straight line basis, over their expected useful lives:

Mining Equipment	10%
Motor Vehicles	25%-33%
Office Equipment & Fittings	10%

The company's policy was to defer depreciation of mine related assets until mining commences, and thus depreciation was charged from the commencement of mining activities on 1st August 2007.

BASERESULT HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

ACCOUNTING POLICIES (Continued)

Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Any deferred tax asset arising on trading losses will only be recognised to the extent that it is recoverable. Deferred tax is measured on a non-discounted basis.

Research and development

All research and development costs are written off as incurred.

Operating lease

The annual rentals are charged on a straight line basis over the term of the lease term with rentals relating to the leasing of equipment used to develop the mine being capitalised as part of mining assets, otherwise they are charged to profit and loss for the period.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

BASERESULT HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

(1) **TURNOVER AND PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION**

The company's turnover and profit/(loss) before taxation were all derived from its principal activity, wholly undertaken in the United Kingdom.

	Period ended 2 November <u>2007</u> £	Year to 31 July <u>2006</u> £
(2) INVESTMENT INCOME		
Interest receivable	£ 2,793 =====	£ 689 =====

	Period ended 2 November <u>2007</u> £	Year to 31 July <u>2006</u> £
(3) INTEREST PAYABLE		
Group loan interest	552,415	369,785
Other loan interest	374,722	254,479
	----- £ 927,137 =====	----- £ 624,264 =====

	Period ended 2 November <u>2007</u> £	Year to 31 July <u>2006</u> £
(4) PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		
Profit/(loss) on ordinary activities before taxation is stated after charging:-		
Depreciation and amounts written off tangible fixed assets:		
owned assets	20,747	4,634
Profit on disposal of fixed assets	(2,962,278)	-
Directors' remuneration	98,714	72,000
Auditor's remuneration payable to Baker Tilly UK Audit LLP	9,000 =====	8,500 =====

BASERESULT HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	Period ended 2 November <u>2007</u> £	Year to 31 July <u>2006</u> £
(5) TAXATION		
Current tax charge		
UK Corporation tax credit on profits of the period	(11,415)	-
Adjustment in respect of previous period	(9,698)	(44)
	<u>(21,113)</u>	<u>(44)</u>
Factors affecting current tax charge for the year		
The tax assessed for the period is lower than the small companies rate of corporation tax in the UK		
The differences are stated below:		
Profit/(loss) on ordinary activities before taxation	1,341,030	(1,397,980)
Profit/(loss) on ordinary activities multiplied by the small companies rate of corporation tax 30% (2006: 19%)	402,309	(265,616)
Depreciation	6,214	-
Disallowable expenditure	281,860	152,743
Adjustment for tax losses carried forward/(utilised)	(713,695)	112,873
Sale of fixed assets	9,043	-
Adjustment in respect of previous periods	(9,698)	(44)
Research and development tax credit	2,854	-
Current tax credit	<u>£ (21,113)</u>	<u>£ (44)</u>

The company has estimated losses of £1,800,000 (2006: £2,500,000) available for carry forward against future trading profits.

No provision has been made in respect of the deferred tax asset arising on the tax losses carried forward due to the uncertainty of their recoverability.

BASERESULT HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

(6) **TANGIBLE FIXED ASSETS**

	<i>Total</i>	<i>Freehold Land & Buildings</i>	<i>Drawings & Mine Plans</i>	<i>Mine & Survey Equipment</i>	<i>Motor Vehicles</i>	<i>Fixtures & Fittings</i>	<i>Mine Development</i>
Cost at 01.08.06	2,169,100	1,182,559	50,000	908,776	12,050	15,715	-
Additions	509,101	72,047	-	171,900	12,535	19,120	233,499
Disposals	(1,699,181)	(395,345)	(50,000)	(960,917)	(24,585)	(34,835)	(233,499)
Cost at 02.11.07	979,020	859,261	-	119,759	-	-	-
Depreciation at 01.08.06	10,095	-	-	-	5,112	4,983	-
Provision for the period	20,747	-	-	12,473	3,920	4,354	-
Disposals	(27,849)	-	-	(9,480)	(9,032)	(9,337)	-
Accumulated Depreciation at 02.11.07	2,993	-	-	2,993	-	-	-
Net Book Values at 02.11.07	£ 976,027	£ 859,261	£ -	£ 116,766	£ -	£ -	£ -
at 31.7.06	£ 2,159,005	£ 1,182,559	£ 50,000	£ 908,776	£ 6,938	£ 10,732	£ -

BASERESULT HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

		<u>2007</u>
		£
(7) INVESTMENTS		
At 1 August 2006		1,000
Additions		3,937,163
At 2 November 2007		<u>£ 3,938,163</u>

The company holds a 100% interest in the ordinary share capital of NCK Mines Limited, a company incorporated in, and that has its place of business in England. This company did not trade during the period.

On 2 November 2007 the Company sold the mining business, including land and buildings, plant and all equipment relating to that business to Western United Mines Limited, a company incorporated in, and that has its place of business in England. This company is a joint venture vehicle through which the company had obtained short term funding for the mining activity.

As a consequence of the arrangement for sale, the Company acquired issued ordinary share capital of Western United Mines Limited, which at 2 November 2007 gave it a holding of 73% of the issued ordinary share capital. The consideration paid for these shares was £3,937,163 consisting of the agreed value of the mine assets transferred. On 27 June 2008, as envisaged by the joint venture arrangements, further finance in the form of share capital was provided to Western United Mines Limited by the joint venture partner which resulted in the Company's holding being reduced to 50.01% of the issued ordinary shares of Western United Mines Limited.

		<u>2007</u>	<u>2006</u>
		£	£
(8) DEBTORS			
Trade debtors		33,698	26,782
Corporation tax recoverable		11,415	-
Other debtors		487,089	37,388
		-----	-----
		<u>£ 532,202</u>	<u>£ 64,170</u>

BASERESULT HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

		<u>2007</u>	<u>2006</u>
		£	£
(9)	CREDITORS:		
	Amounts falling due within one year		
	Trade creditors	238,178	104,186
	Secured Loans	1,161,444	-
	Unsecured loans	16,455	15,929
	Subsidiary company	855	855
	Social security and taxation	63,295	14,099
	Directors current accounts	155	437
	Accruals and deferred income	159,596	218,650
		-----	-----
		<u>£ 1,639,978</u>	<u>£ 354,156</u>

		<u>2007</u>	<u>2006</u>
		£	£
(10)	CREDITORS:		
	Amounts falling due after more than one year		
	Secured loans	3,792,294	3,239,880
	Long term loans	2,307,116	2,123,826
		-----	-----
		<u>£ 6,099,410</u>	<u>£ 5,363,706</u>

The secured loans are secured specifically on Land & Buildings and by a Debenture over the Company's property and assets.

Debt maturity analysis, amounts repayable:

In more than one but less than 2 years	19,490	-
In more than two years but not more than five years	5,786,531	5,195,668
In more than five years	293,389	168,038
	-----	-----
	<u>£ 6,099,410</u>	<u>£ 5,363,706</u>

BASERESULT HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	<u>2007</u>	<u>2006</u>
	£	£
(11) SHARE CAPITAL		
Authorised:		
5,000 (2005: 5,000) Ordinary Shares of £1 each	£ 5,000	£ 5,000
	<u> </u>	<u> </u>
Issued and fully paid:		
5,000 (2005: 5,000) Ordinary Shares of £1 each	£ 5,000	£ 5,000
	<u> </u>	<u> </u>
(12) SHARE PREMIUM		
On shares issued during the year ended 31.07.02		606,000

At 2 November 2007		£ 606,000
		<u> </u>
(13) RESERVES		Profit and loss account
1 August 2006		(4,078,813)
Profit for the period		1,362,143

2 November 2007		£ (2,716,670)
		<u> </u>
(14) RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS		
	<u>2007</u>	<u>2006</u>
	£	£
Profit/(loss) for the financial period	1,362,143	(1,397,936)
Opening shareholders' funds	(3,467,813)	(2,069,877)
	<u> </u>	<u> </u>
Closing shareholders' funds	£ (2,105,670)	£ (3,467,813)
	<u> </u>	<u> </u>
(15) CONTROL		

The company's immediate and ultimate parent company is Stone Cladding Consultants Limited, a company incorporated in Bermuda.

BASERESULT HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

(16) RELATED PARTY TRANSACTIONS

During the period the company maintained a working capital loan from Stone Cladding Consultants Limited, the controlling party. The balance at the period end was £3,792,294 (2006: £3,239,880). Interest of £552,415 (2006: £369,785) was charged during the period.

The company received a working capital loan from Nostea Limited (formerly called Easton Masonry Company), a company with common directors and which is under the control of Stone Cladding Consultants Limited. The balance at the period end was £110,056 (2006: £96,500) and interest charged during the period of £13,556 (2006: £10,845).

The company received a working capital loan from D Stone Esq, a director. The balance at the year end was £70,333 (2006: £46,538). Interest of £3,795 (2006: £2,310) was charged during the period.

The company received a working capital loan from G Smith Esq, a director of the controlling party Stone Cladding Consultants Ltd. The balance at the year end was £1,754,218 (2006: £1,330,675). Interest of £242,543 (2006: £148,100) was charged during the period.

The company is owed £29,102 (2006: £32,829) by Crofty Heritage Limited, £1,516 (2006: £1,609) by Tincroft Mining Services Limited and £270,840 by Western United Mines Limited in respect of expenses incurred on their behalf. The Company and both Crofty Heritage Limited and Tincroft Mining Services Limited have certain directors and shareholders in common.

During the period, the company gave a loan advance for fees relating to proposed surface development of South Crofty site to Crofty Developments Limited, a company with certain directors and shareholders in common. At the period end Crofty Developments Limited owed £149,525.