



producing...  
reclaiming...  
powering...



From concept to project completion, ATH Resources develops and operates surface coal mines and land remediation projects.

One of the UK's largest coal producers, ATH builds success from strong development focus, modern surface mining equipment and a unique coal recovery process.

## HIGHLIGHTS

Turnover increased by over 27% to **£35.7 million** (2008: £28.1 million)  
on sales of **845,000 tonnes of coal** (2008: 787,000 tonnes)

Average selling price increased by **19%** to **£42 per tonne**

Profit before tax of **£0.1 million** (2008: £0.4 million)

Earnings per share of **0.15 pence** (2008: 0.8 pence)

Proposed interim dividend deferred until payment  
of final dividend (2008: 3.36 pence per share)

IFC  
CORPORATE STATEMENT

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## CHAIRMAN'S STATEMENT

Focussing on the strategic development of reserves will allow the Group to take advantage of the continuing demand for coal, which will in turn be supported by recent announcements on clean coal projects and policy.



Revenue: £35.7 million (2008: £28.1 million)

Cash from operations: £6.5 million  
(2008: £6.4 million)

PBT: £0.1 million (2008: £0.4 million)

EPS: 0.15 pence (2008: 0.8 pence)

Sales: 845,000 tonnes (2008: 787,000 tonnes)

### TRADING RESULTS

Revenue in the six months to 29 March 2009 was £35.7 million (2008: £28.1 million) on sales of 845,000 tonnes of coal (2008: 787,000 tonnes). Profit before tax was £0.1 million (2008: £0.4 million) and net cash generated from operations was £6.5 million (2008: £6.4 million). Earnings per share were 0.15 pence per share (2008: 0.8 pence per share).

Average selling prices increased by 19% reflecting the continuing strength of the coal market and the Group's marketing and contracting strategy. The Group entered into a long-term sales contract in January with a new customer, ScottishPower, to supply its power station at Longannet. Deliveries under this new contract commenced, as planned, in April 2009.

Production costs increased reflecting the mix and configuration of mines and higher levels of depreciation following the Group's major investment programme over the last two years together with the loss

of lower cost ATH Regeneration production and higher fuel prices. The price of gas oil represents a key production cost which is closely monitored and the Group hedges against price fluctuations, with half of the forecast remaining usage for the year fixed at around current market prices.

The results reflect a strong improvement in the performance of the Surface Mining business, with operating profit more than doubling to £3.5 million (2008: £1.2 million) and sales volumes increasing by 25% during the period. Compared to the prior period, production benefitted from a full period of operations at the Grievehill mine in Ayrshire and the Muir Dean mine in Fife. Operations continued successfully at the Group's three other mines in Ayrshire and Dumfries and Galloway. Production will come to an end, as planned, at the Laigh Glenmuir and Grievehill mines before the year end with production being replaced by extensions at Skares Road and Glenmuckloch.

As previously announced, production at the Muir Dean mine in Fife is currently being temporarily reduced by an unexpected increase in water levels at part of the mine. Following the implementation of a comprehensive water reduction plan, water levels in the mine are currently returning to previous expectations which will allow full scale production to recommence later in the summer.

Plans are in place to maximise production from other sites and, at this stage, the Directors do not expect that the temporary reduction in output should have a significant impact on the Group's ability to achieve its market expectations for the full year or have any adverse impact on banking facilities or associated covenants.

ATH Regeneration was affected by the closure of the Grimethorpe site last year and, with no operational sites, the business generated no income during the period. This resulted in an operating loss of £1.5 million (2008: operating profit £0.9 million) reflecting the overhead of the business and restructuring and other costs related to the ending of production at Grimethorpe. The future, ongoing cost base, has been reduced significantly consistent

with the expectation that no income will be generated by the business until 2010.

## RESERVES

Proven reserves in the Group increased by 9% to 4.9 million tonnes with additional planning consents received in the Surface Mining business of 1.8 million tonnes.

Proven and probable reserves at the period end were 7.1 million tonnes.

## DEVELOPMENT – SURFACE MINING

The business has been successful in developing Surface Mining coal reserves. Final planning consent at a new site at Rigg in Dumfries and Galloway added 1.1 million tonnes with extensions to the existing Glenmuckloch mine adding a further 0.7 million tonnes to Proven Reserves.

Approval for a 0.6 million tonne extension to the Group's existing site at Skares Road was received after the period end. In addition, an extension of 0.3 million tonnes has been identified at the Muir Dean mine adding to Probable Reserves and plans are in place for the submission for a planning consent later in the year for a new 2 to 3 million tonne site in Ayrshire.

## DEVELOPMENT – ATH REGENERATION

As previously notified, the Directors were disappointed that planning for the proposed ATH Regeneration plant at Langton in Derbyshire was refused by Derbyshire County Council when approval had already been received from Nottinghamshire County Council. The Group has submitted an appeal against the decision with the result expected before the end of 2009 which, if successful, will allow production to commence in 2010.

The Group continues to pursue other opportunities in the UK with several potential developments identified for commencement in 2011 and beyond, and will update the market accordingly.

Progress continues on the acquisition of the first contract in Queensland, Australia with commercial negotiations to build, own and operate a plant nearing completion prior to final approval by the potential client. Discussions continue with other mining companies in Australia for the implementation of the unique coal washing technology at other sites.

## FUNDING

During the six month period to March 2009, bank loans and hire purchase liabilities reduced by £7.3 million to £39.2 million (September 2008: £46.5 million). In November 2008, a new working capital facility was put in

place with amounts drawn during the six month period of £5.6 million resulting in total debt at the period end of £44.8 million (September 2008: £46.5 million). Cash balances were £0.2 million (September 2008: £1.2 million). A major investment programme in plant and equipment and mine development has recently been completed and, with the rate of investment set to fall significantly in the UK, the Group is targeting to accelerate debt reduction over the next two to three years.

## DIVIDENDS

The unexpected inflow of water encountered recently at Muir Dean is currently temporarily reducing production from part of the site and consequently, as a precautionary and prudent measure, the Directors propose that the interim dividend is deferred and incorporated into the final dividend expected to be paid in January 2010.

## DIRECTORS

During the period, Mrs Ivana Ridler resigned as a Non-executive Director of the Group and the Board would like to thank Ivana for her contribution to the business over the last eight years, five of them as a Non-executive Director. Following the period end, Mr Tim Stokeld was appointed to the Board as a Non-executive Director.

## OUTLOOK

Prices for coal remain strong, despite the recent economic downturn, with future market indices indicating that market prices will increase well ahead of inflation over the next two to three years. Focussing on the strategic development of reserves will allow the Group to take advantage of the continuing demand for coal, which will in turn be supported by recent announcements on clean coal projects and policy.



## DAVID PORT

NON-EXECUTIVE CHAIRMAN

9 JUNE 2009

\* The information in this report relating to exploration results, mineral resources or mineral reserves is based on information compiled by Mr Peter Morgan, a full-time employee of the company, who is a fellow of the Institute of Materials, Minerals and Mining. Mr Morgan has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration. He has reviewed and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. A glossary of terms is available on our website – [www.ath.co.uk](http://www.ath.co.uk).

## CONDENSED CONSOLIDATED INCOME STATEMENT

### FOR THE SIX MONTHS ENDED 29 MARCH 2009

	Unaudited six months ended 29 March 2009 £000	Unaudited six months ended 30 March 2008 £000	Audited year ended 28 September 2008 £000
<b>Revenue</b>	<b>35,672</b>	28,062	76,851
Cost of sales	(28,810)	(21,886)	(55,429)
<b>Gross profit</b>	<b>6,862</b>	6,176	21,422
Other operating income	97	125	353
Administrative expenses	(5,320)	(4,658)	(9,872)
<b>Operating profit</b>	<b>1,639</b>	1,643	11,903
Finance costs	(1,549)	(1,199)	(2,895)
<b>Profit before taxation</b>	<b>90</b>	444	9,008
Taxation	(28)	(122)	(2,878)
<b>Profit for the period</b>	<b>62</b>	322	6,130
<b>Basic earnings per share</b>	<b>0.15p</b>	0.80p	15.30p
<b>Diluted earnings per share</b>	<b>0.15p</b>	0.78p	14.90p

There are no recognised gains and losses other than as stated in the income statement.

# CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 29 MARCH 2009

	Unaudited 29 March 2009 £000	Audited 28 September 2008 £000	Unaudited 30 March 2008 £000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	7,657	7,657	7,169
Property, plant and equipment	79,820	83,458	68,689
	<b>87,477</b>	91,115	75,858
<b>Current assets</b>			
Inventories	20,088	14,967	11,346
Trade and other receivables	8,877	11,133	6,995
Cash and cash equivalents	162	1,207	—
	<b>29,127</b>	27,307	18,341
<b>Total assets</b>	<b>116,604</b>	118,422	94,199
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	(16,006)	(14,899)	(8,470)
Tax liabilities	(1,470)	(1,443)	(193)
Financial liabilities – borrowings	(19,111)	(14,649)	(13,519)
Final void provision	(2,224)	(1,811)	—
	<b>(38,811)</b>	(32,802)	(22,182)
<b>Non-current liabilities</b>			
Trade and other payables	—	—	(50)
Financial liabilities – borrowings	(25,657)	(31,810)	(25,707)
Final void provision	(14,413)	(15,018)	(13,046)
Deferred tax liabilities	(4,208)	(4,208)	(3,603)
Other provisions	(338)	(338)	—
	<b>(44,616)</b>	(51,374)	(42,406)
<b>Total liabilities</b>	<b>(83,427)</b>	(84,176)	(64,588)
<b>Net assets</b>	<b>33,177</b>	34,246	29,611
<b>EQUITY</b>			
Share capital	200	200	200
Share premium	27,855	27,855	27,855
Share-based payment reserve	1,609	1,682	1,508
Retained earnings	3,513	4,509	48
<b>Total equity</b>	<b>33,177</b>	34,246	29,611

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 29 MARCH 2009**

	Called up share capital £000	Share premium account £000	Share-based payment reserve £000	Retained earnings £000	Total equity shareholders' funds £000
At 30 September 2007	199	27,563	1,313	3,028	32,103
Issue of ordinary shares	1	292	—	—	293
Profit for the year	—	—	—	6,130	6,130
Dividends paid	—	—	—	(4,649)	(4,649)
Addition to share-based payment reserve	—	—	369	—	369
At 28 September 2008	200	27,855	1,682	4,509	34,246
At 30 September 2007	199	27,563	1,313	3,028	32,103
Issue of ordinary shares	1	292	—	—	293
Profit for the period	—	—	—	322	322
Dividends paid	—	—	—	(3,302)	(3,302)
Addition to share-based payment reserve	—	—	195	—	195
At 30 March 2008	200	27,855	1,508	48	29,611
At 28 September 2008	200	27,855	1,682	4,509	34,246
Profit for the period	—	—	—	62	62
Dividends paid	—	—	—	(1,058)	(1,058)
Reduction in share-based payment reserve	—	—	(73)	—	(73)
<b>At 29 March 2009</b>	<b>200</b>	<b>27,855</b>	<b>1,609</b>	<b>3,513</b>	<b>33,177</b>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE SIX MONTHS ENDED 29 MARCH 2009**

	Notes	Unaudited six months ended 29 March 2009 £000	Unaudited six months ended 30 March 2008 £000	Audited year ended 28 September 2008 £000
<b>Cash flows from operating activities</b>				
Cash generated from operations	6	6,540	6,436	22,588
Interest paid		(1,234)	(1,414)	(2,558)
Tax paid		—	(642)	(1,542)
<b>Net cash from operating activities</b>		<b>5,306</b>	<b>4,380</b>	<b>18,488</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant and equipment		30	3	197
Interest received		3	55	64
Government grant received		—	—	204
Purchases of property, plant and equipment		(3,407)	(5,415)	(13,624)
Acquisition of subsidiary		—	—	(150)
<b>Net cash used in investing activities</b>		<b>(3,374)</b>	<b>(5,357)</b>	<b>(13,309)</b>
<b>Cash flows from financing activities</b>				
Dividends paid		(1,058)	(3,302)	(4,649)
Repayment of borrowings		(2,669)	(3,664)	(6,323)
Payment of hire purchase liabilities		(5,436)	(4,048)	(7,899)
Proceeds from the issue of share capital		—	293	293
New bank loans raised		596	18,282	22,700
<b>Net cash (used in)/from financing activities</b>		<b>(8,567)</b>	<b>7,561</b>	<b>4,122</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(6,635)</b>	<b>6,584</b>	<b>9,301</b>
Cash and cash equivalents at beginning of period		1,207	(8,094)	(8,094)
<b>Cash and cash equivalents at end of period</b>		<b>(5,428)</b>	<b>(1,510)</b>	<b>1,207</b>

# NOTES TO THE INTERIM REPORT

## FOR THE SIX MONTHS ENDED 29 MARCH 2009

### 1 BASIS OF PREPARATION

The Group has drawn up its interim report for the 26 week period ended 29 March 2009 (2008: 26 weeks to 30 March 2008). The interim report is unaudited and does not constitute statutory financial statements within the meaning of Section 240 of the Companies Act 1985.

The interim report has been prepared using policies that are consistent with International Financial Reporting Standards ("IFRS") as adopted by the European Union. As permitted, this report has not been prepared in accordance with IAS 34 'Interim Financial Reporting'.

The financial information relating to the year ended 28 September 2008 is an extract from the latest published financial statements on which the auditors gave an unqualified report that did not contain statements under Section 237 (2) or (3) of the Companies Act 1985 and which have been filed with the Registrar of Companies.

The interim report was approved by the Board of Directors on 8 June 2009.

### 2 EARNINGS PER SHARE

Basic earnings per share is calculated by reference to the weighted average number of ordinary shares in issue during the period of 40,075,158 (30 March 2008: 40,049,557; 28 September 2008: 40,062,310) and the profit for the period. The diluted earnings per share takes account of share options outstanding to employees as set out below:

	Unaudited six months ended 29 March 2009	Unaudited six months ended 30 March 2008	Audited year ended 28 September 2008
Weighted average number of shares in issue	40,075,158	40,049,557	40,062,310
Weighted average number of dilutive share options	—	1,269,671	1,087,910
Total number of shares for calculating diluted earnings per share	40,075,158	41,319,228	41,150,220

### 3 TAXATION

Taxation for the six months ended 29 March 2009 has been provided at the effective rate estimated to be applicable for the full year.

## 4 SEGMENTAL REPORTING

	Unaudited six months ended 29 March 2009			Unaudited six months ended 30 March 2008			Audited year ended 28 September 2008		
	Surface mining £000	ATH Regeneration £000	Consolidated £000	Surface mining £000	ATH Regeneration £000	Consolidated £000	Surface mining £000	ATH Regeneration £000	Consolidated £000
<b>Income statement</b>									
<b>Revenue</b>									
Total revenue	35,672	—	35,672	23,637	4,425	28,062	65,673	11,178	76,851
<b>Result</b>									
Segment result	3,479	(1,520)	1,959	1,242	928	2,170	9,843	3,214	13,057
Unallocated corporate expenses			(320)			(527)			(1,154)
Operating profit			1,639			1,643			11,903
<b>Balance sheet</b>									
<b>Assets</b>									
Segment assets	100,726	14,223	114,949	78,385	14,515	92,900	102,535	13,497	116,032
Unallocated corporate assets			1,655			1,299			2,390
Consolidated total assets			116,604			94,199			118,422
<b>Liabilities</b>									
Segment liabilities	(68,436)	(3,184)	(71,620)	(46,983)	(4,219)	(51,202)	(66,565)	(4,495)	(71,060)
Unallocated segment liabilities			(11,807)			(13,386)			(13,116)
Consolidated total liabilities			(83,427)			(64,588)			(84,176)
<b>Other information</b>									
Capital additions	2,916	719	3,635	9,078	976	10,054	26,574	1,369	27,943
Depreciation	7,135	120	7,255	5,522	197	5,719	13,075	391	13,466

**NOTES TO THE INTERIM REPORT** CONTINUED  
**FOR THE SIX MONTHS ENDED 29 MARCH 2009**

**5 DIVIDENDS**

	Unaudited six months ended 29 March 2009 £000	Unaudited six months ended 30 March 2008 £000	Audited year ended 28 September 2008 £000
<b>Declared and paid during the financial period</b>			
Final dividend for the year ended 1 October 2007: 8.24 pence per share	—	3,302	3,302
Interim dividend for the year ended 28 September 2008: 3.36 pence per share	—	—	1,347
Final dividend for the year ended 28 September 2008: 2.64 pence per share	<b>1,058</b>	—	—
	<b>1,058</b>	3,302	4,649
<b>Proposed after the balance sheet date and not recognised as a liability</b>			
Final dividend for the year ended 28 September 2008: 2.64 pence per share	—	—	1,058
Interim dividend for the year ended 28 September 2008: 3.36 pence per share	—	1,347	—
	—	1,347	1,058

**6 RECONCILIATION OF OPERATING PROFIT TO NET CASH GENERATED FROM OPERATIONS**

	Unaudited six months ended 29 March 2009 £000	Unaudited six months ended 30 March 2008 £000	Audited year ended 28 September 2008 £000
Operating profit	<b>1,639</b>	1,643	11,903
Depreciation of property, plant and equipment	<b>7,255</b>	5,719	13,466
(Profit)/loss on disposal of fixed assets	<b>(12)</b>	1	(24)
Loss on disposal of investments	—	—	1
Share-based payment (credit)/expense	<b>(73)</b>	195	369
Increase in inventories	<b>(5,121)</b>	(3,553)	(7,174)
Decrease in receivables	<b>2,255</b>	4,234	96
Increase/(decrease) in payables and provisions	<b>597</b>	(1,803)	3,951
<b>Net cash generated from operations</b>	<b>6,540</b>	6,436	22,588

## 7 ANALYSIS OF NET DEBT

	Unaudited six months ended 29 March 2009 £000	Unaudited six months ended 30 March 2008 £000	Audited year ended 28 September 2008 £000
Debt due within one year	(5,733)	(4,409)	(5,317)
Debt due beyond one year	(12,056)	(13,709)	(14,560)
Hire purchase contracts	(21,389)	(19,598)	(26,582)
	(39,178)	(37,716)	(46,459)
Cash and cash equivalents and bank overdraft	(5,428)	(1,510)	1,207
	(44,606)	(39,226)	(45,252)

## 8 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Unaudited six months ended 29 March 2009 £000	Unaudited six months ended 30 March 2008 £000	Audited year ended 28 September 2008 £000
<b>(Decrease)/increase in cash in the period</b>	<b>(6,635)</b>	6,584	9,301
Cash outflow from reduction in debt and hire purchase financing	8,105	7,712	14,222
<b>Change in net debt resulting from cash flow</b>	<b>1,470</b>	14,296	23,523
New hire purchase contracts	(228)	(3,689)	(14,524)
New loans	(596)	(18,282)	(22,700)
<b>Movement in net debt in the period</b>	<b>646</b>	(7,675)	(13,701)
Net debt brought forward	(45,252)	(31,551)	(31,551)
<b>Net debt carried forward</b>	<b>(44,606)</b>	(39,226)	(45,252)

## 9 COPIES OF THE INTERIM REPORT

Copies of the interim report will be posted to shareholders in due course and are available from the Company's Head Office at: Aardvark House, Sidings Court, Doncaster DN4 5NU or by visiting the Company's website [www.ath.co.uk](http://www.ath.co.uk).

## CORPORATE INFORMATION

**DAVID PORT**  
NON-EXECUTIVE CHAIRMAN

**TOM ALLCHURCH**  
CHIEF EXECUTIVE

**STEVEN BEAUMONT**  
FINANCE DIRECTOR AND  
COMPANY SECRETARY

**ALISTAIR BLACK**  
OPERATIONS DIRECTOR

**VAUGHAN WILLIAMS**  
NON-EXECUTIVE DIRECTOR

**TIM STOKELD**  
NON-EXECUTIVE DIRECTOR

### REGISTERED OFFICE

Aardvark House  
Sidings Court  
Doncaster DN4 5NU

### COMPANY NUMBER

4928463

### BANKERS

Royal Bank of Scotland  
2 Whitehall Quay  
Leeds LS1 4HR

### SOLICITORS

Eversheds LLP  
Bridgewater Place  
Water Lane  
Leeds LS11 5DR

### AUDITORS

Baker Tilly UK Audit LLP  
2 Whitehall Quay  
Leeds LS1 4HG

### NOMINATED ADVISER AND JOINT BROKER

Evolution Securities Limited  
Kings House  
1 King Street  
Leeds LS1 2HH

### JOINT BROKER

Seymour Pierce Limited  
20 Old Bailey  
London EC4M 7EN

### FINANCIAL PR ADVISERS

Abchurch Communications Limited  
100 Cannon Street  
London EC4N 6EU

### REGISTRAR

Capita Registrars Limited  
Northern House  
Woodsome Park  
Fenay Bridge  
Huddersfield HD8 0GA

## COMPANY DIARY 2009

Half year end	29 March 2009
Interim results declared	9 June 2009
Financial year end	27 September 2009
Preliminary results and dividend declared	2 December 2009
Ordinary shares go ex-dividend	16 December 2009
Annual General Meeting	19 January 2010

**ATH Resources plc**  
Aardvark House  
Sidings Court  
Doncaster  
DN4 5NU  
Tel: +44 (0) 1302 760462  
Fax: +44 (0) 1302 760463  
Web: www.ath.co.uk



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ATH Resources' commitment to environmental issues is reflected in this interim report which has been printed on Satimatt Green. This document was printed by Beacon Press using *pureprint*, their environmental print technology which minimises the impact of printing on the environment. All energy used comes from renewable sources, vegetable based inks have been used and 94% of all dry waste associated with this production has been recycled. Beacon Press is a CarbonNeutral® printer.