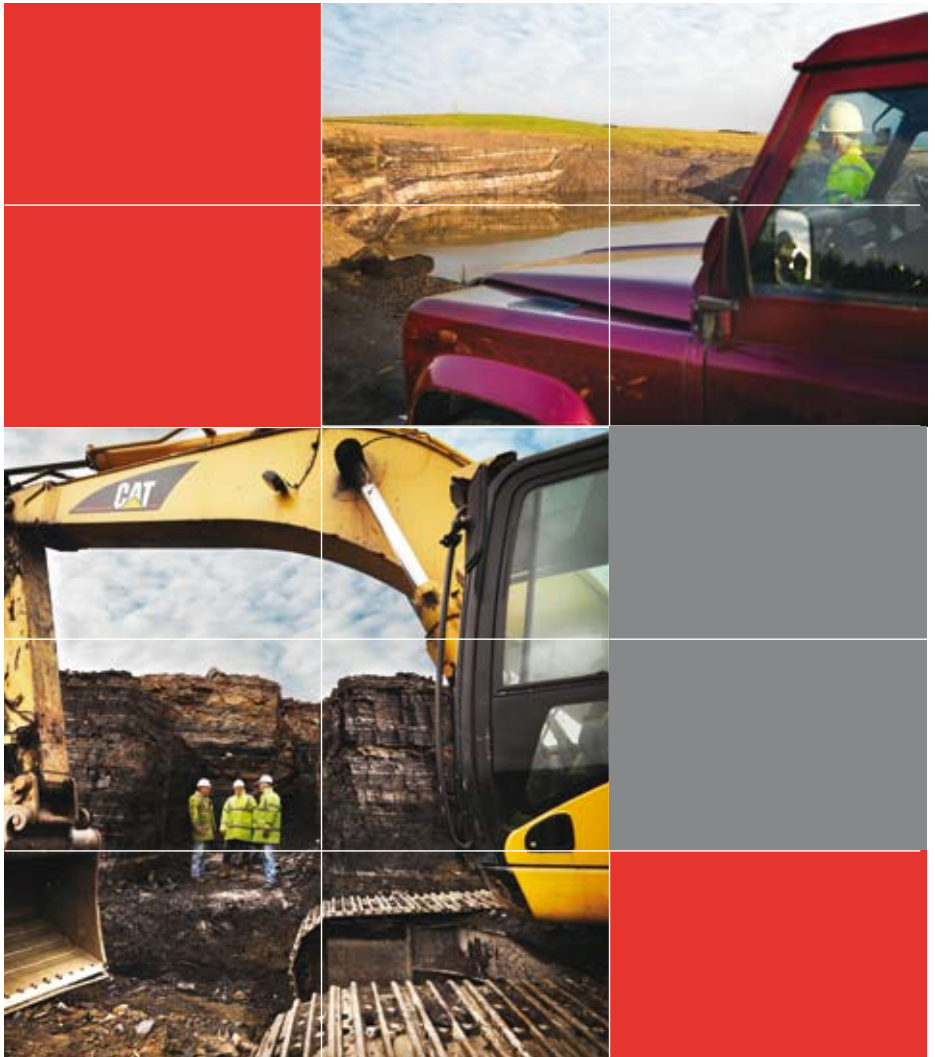




ATH Resources

2007 IFRS Restatement

15 April 2008



ATH Resources plc (“ATH”) operates surface coal mines and a coal recovery, land remediation and regeneration business. ATH is the third largest coal producer in the UK and supplies coal to the electricity supply, industrial and house coal markets.

Throughout the development, mining and reclamation process, ATH focuses on the restoration and rehabilitation of the sites and land is returned to various uses including agriculture, forestry, nature conservation and other forms of development.

ATH Resources plc became a public company in June 2004 when the Company was listed on AIM. The Company intends to grow organically and will pursue suitable complementary acquisitions which meet strict, pre determined criteria.

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1. INTRODUCTION

This document provides information to shareholders and other users of the Accounts of ATH Resources plc regarding the planned restatement of its financial statements following the adoption of International Financial Reporting Standards and International Accounting Standards ("IFRS").

For all accounting periods up to and including the year ended 30 September 2007 ATH Resources plc and its subsidiaries ("the Group") has prepared its financial statements under UK Generally Accepted Accounting Principles ("UK GAAP"). For accounting periods from 1 October 2007, the Group is required to prepare its consolidated financial statements in accordance with IFRS as adopted by the European Union ("EU").

The Group's first results on this basis will be its Interim Results for the six months ended 30 March 2008. The Group's first audited annual consolidated financial statements under IFRS will be for the year ending 28 September 2008.

As comparative figures are required in the presentation of results under IFRS, the effective date for transition to IFRS is 1 October 2006. Accordingly the results presented in the interim report for the six months ended 1 April 2007, and the Annual Report for the year ended 30 September 2007 have been restated under IFRS and are presented in this document.

The adoption of IFRS and their impact on the primary statements for the periods ended 1 April 2007 and 30 September 2007 has been reviewed by the Group's auditors Baker Tilly UK Audit LLP. Their report on the adoption of IFRS is included in Section 7.

In order to provide an analysis of the effects of the change from UK GAAP to IFRS on the Group's financial results, this document provides:

- an overview of the impact of adopting IFRS;
- a description of the basis of preparation adopted;
- the Group's accounting policies under IFRS;
- the revised primary statements for the six months ended 1 April 2007 reconciled from UK GAAP to IFRS; and
- the revised primary statements for the year ended 30 September 2007 reconciled from UK GAAP to IFRS.

No adjustment to net assets arose on restating the opening balance sheet at 1 October 2006 and accordingly no revised balance sheet at that date is included within this document.

2. OVERVIEW OF THE IMPACT OF ADOPTING IFRS

Adopting IFRS increases the Group's net assets at 30 September 2007 by £0.7m to £32.1m and profit after tax for the year ended 30 September 2007 increases by £0.7m to £5.9m. The adjustment is largely driven by changes to the treatment of goodwill.

The Group has considered the potential impact of all IFRS in issue and applicable to the financial statements. Many have no impact on the results of the Group as previously presented, however those which result in significant changes to accounting policies and have an impact on the financial statements are as follows:

IFRS 3 'Business Combinations'

IFRS 3 requires that goodwill be capitalised at cost and is subject to an annual impairment review. Amortisation of goodwill is prohibited.

The Group has taken the option to apply IFRS 3 from the date of transition. Accordingly, the goodwill value at 1 October 2006 has been frozen, and the amortisation arising in the year ended 30 September 2007 has been reversed.

Impairment tests have been carried out by the Group against the goodwill held at each reporting date included in this financial information. No impairment charge arises in either period.

IAS 1 'Presentation of Financial Statements'

The Consolidated Income Statement (formerly referred to as the profit and loss account) and Consolidated Balance Sheet included in this restatement document are presented in accordance with IAS 1 under the new formats required by the standard.

Under IAS 1 there is a requirement that operating profit includes all items clearly related to operations. The options set out in UK GAAP which specify those items to be included below operating profit are not included in IFRS, and accordingly the profit or loss on disposal of fixed assets is now reflected in operating profit.

IAS 7 'Cash Flow Statements'

The adoption of IFRS has had no impact on the cash flows of the Group, however the IFRS presentation of cash flows differs from that arising under UK GAAP. IFRS requires that the cash flows of the Group are split into three categories being operating, investing and financing, rather than the greater number of categories under UK GAAP. The Consolidated Cash Flow Statements presented in this document reflect the new format.

IAS 12 'Income Taxes'

IAS 12 includes specific guidance on the treatment and calculation of deferred tax in respect of share option schemes. Accordingly the Group recalculated the amount arising on this revised basis and an additional deferred tax provision has arisen.

Summary

In summary the transition to IFRS has had limited impact:

- cash flows are left unaffected;
- banking arrangements continue unchanged;
- dividend policy and ability to pay dividends remain the same; and
- the Group's underlying financial and operating performance continues unaffected.

3. BASIS OF PREPARATION

This financial information has been prepared on the basis of the accounting policies that are expected to be followed when the Group produces its first IFRS compliant financial statements for the year ending 28 September 2008.

These accounting policies are in accordance with IFRS published by 14 April 2008 as endorsed by the EU, and applying to periods beginning on or after 1 October 2007.

A summary of the Group's accounting policies is detailed in Section 4.

At the date of publication of this statement, the most significant EU approved Standard or Interpretation which has not been implemented by the Group is IFRS 8 'Operating Segments'. This is a disclosure standard only and therefore would have no impact on the financial information presented in this document. Adoption of this standard is required in the financial statements for the year ending September 2010 but early adoption is permitted. The Directors will consider whether early adoption is appropriate.

Of those standards in issue but not endorsed by the EU only the Amendments to IAS 23 'Borrowing Costs' are considered at this time to be likely to impact on the Group's results. The Directors will consider the early adoption of changes to IAS 23 'Borrowing Costs' in future periods on endorsement of the changes noted.

Transitional arrangements

The guidance for the first time adoption of IFRS are set out in IFRS 1 'First-time Adoption of International Financial Reporting Standards'. In general a company is required to define its IFRS accounting policies and apply these retrospectively to determine its opening balance sheet under IFRS. The standard allows a number of exceptions to this general principle to assist companies in their transition to reporting under IFRS. Where the Group has taken advantage of these exemptions they are noted within the accounting policies section.

The most significant exemption utilised by the Group relates to goodwill arising on acquisitions before the date of transition. This has been retained at the previous UK GAAP value, and is subject to tests for impairment from that date.

As required by IFRS 1 no adjustments have been made for any changes in estimates made at the time of approval of the UK GAAP financial statements on which the preliminary IFRS financial statements are based.

Subject to no further changes from the International Accounting Standards Board or changes in the interpretation of those standards, this information is expected to form the basis for comparatives when reporting financial results for the interim period ending 30 March 2008 and year ending 28 September 2008, and for subsequent reporting periods.

4. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements have also been prepared in accordance with IFRS adopted by the European Union and therefore these financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments which are carried at fair value. The principal accounting policies adopted are set out below.

The Directors have prepared cash flow projections for the coming twelve months which show that the level of cash requirements are within the Group's existing borrowing facilities. On the basis of this cash flow information, the Directors consider that the Group will continue to operate within the facility currently and anticipated to be available to the Group. On this basis, the Directors consider it is appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from this not being the case.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of ATH Resources plc and entities controlled by the Company made up to the end of September each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Aardvark TMC Limited ("Aardvark") has 20,000 'B' Ordinary shares not owned by ATH Resources plc, subscribed at their nominal value of 1 pence each in addition to the ordinary shares wholly owned by ATH Resources plc.

The 'B' ordinary shares only carry the rights to receive a one off dividend in the event that Aardvark TFC Limited or SRMMC (Aardvark's subsidiary and sub-subsidiary) are awarded damages in respect of existing and future litigation against the French State. The 'B' ordinary shares carry no voting rights or rights to receive any other dividend. As a result, the 'B' ordinary shares are not accounted for as a minority interest as it is not material for the purposes of giving a true and fair view.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Revenue recognition

Revenue from the sale of coal is recognised when the risks and rewards of ownership have passed to the customer. This is usually when the coal is delivered to the location specified by the customer, generally on loading into transport where the customer is responsible for the transportation. Revenue is measured at the fair value of the consideration received or receivable and is shown net of discounts, VAT and other sales-related taxes.

Additional revenue earned from customer contributions in respect of land remediation work is recognised over the life of the coal tip washing operation. The amount of revenue included reflects the proportion of contracted work completed.

4. ACCOUNTING POLICIES

Retirement benefit costs

The Group only makes payments to defined contribution retirement benefit schemes which are charged as an expense as they fall due.

Borrowing costs

All borrowing costs are recognised in the Income Statement in the period in which they are incurred.

Dividends

Dividends are recorded in the Group's financial statements in the period in which they are declared and paid.

Taxation

Income tax on the profit or loss for the periods presented comprises both current and deferred tax. Income tax is recognised in the Consolidated Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in the Consolidated Statement of Recognised Income and Expense.

Current tax is the expected tax payable on the taxable income for the year, using tax rates that have been enacted or substantively enacted by the balance sheet date and any adjustment to tax payable in respect of previous years.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The following temporary differences are not provided for in accordance with IFRS:

- goodwill not deductible for taxation purposes;
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and
- differences relating to investments in subsidiaries to the extent that these will probably not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised using tax rates enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

4. ACCOUNTING POLICIES

Government grants

Government grants relating to property, plant and equipment are released to profit or loss over the expected useful lives of the assets concerned. The grant received is deducted from the carrying amount of the asset, and the income is recognised by way of a reduced depreciation charge. The Consolidated Cash Flow Statement discloses the purchase of assets and the receipt of related grants as separate items.

Share-based payment

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. Fair value is measured by use of a Binomial model.

Goodwill and business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Negative goodwill arising on an acquisition is recognised immediately in the Consolidated Income Statement.

Goodwill, which is recognised as an asset, is reviewed for impairment at least annually. Any impairment is recognised immediately in the Income Statement and is not subsequently reversed. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

In accordance with the transitional arrangements of IFRS 1 'First Time Adoption of IFRS' goodwill arising on acquisitions before the date of transition has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

4. ACCOUNTING POLICIES

Property, plant and equipment

All property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation commences when the asset is brought into use or in the case of mine purchase and development costs on the commencement of full production.

Mine exploration and development costs are expensed until such time that the Group has the legal rights to explore the prospective site. Exploration and evaluation costs incurred after legal rights are obtained are capitalised and subsequently impaired if facts and circumstances indicate that the site is not commercially viable and will not therefore be worked.

Costs incurred in preparing and developing sites which are considered commercially viable and technically feasible are capitalised up to the start of production.

Depreciation is charged so as to write off the cost of assets less estimated residual value, over their estimated useful lives, in annual instalments, on the following bases:

Freehold land:	not depreciated
Freehold buildings:	4%
Mine purchase and development:	Tonnage basis over the estimated total recoverable reserve
Plant and machinery:	10–50%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Impairment of plant, property and equipment and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its plant, property and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

4. ACCOUNTING POLICIES

Leasing

The Group only acts as a lessee. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Inventories

Inventories include coal stocks, work in progress and spare parts and tyres stated at the lower of cost and net realisable value. Coal stocks are mined coal stocks on hand. Work in progress represents the costs incurred on mining operations where the related coal has not yet been extracted from the ground.

Cost comprises direct materials, plant costs, direct labour and relevant overheads that have been incurred in bringing the coal and work in progress to its present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument, and are only derecognised when the contractual provisions expire or have been discharged, or substantially all the risks and rewards of ownership have been transferred.

Financial assets

Financial assets are principally made up of items classified under IFRS as 'loans and receivables'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables constitute trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

These financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, its estimated future cash flows have been impacted.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance for bad debts. When a trade receivable is considered uncollectible, it is written off against the allowance for bad debts. Subsequent recoveries of amounts previously written off are credited against the allowance for bad debts. Changes in the carrying amount of the allowance account are recognised in profit or loss.

4. ACCOUNTING POLICIES

Financial instruments continued

Cash and cash equivalents

Cash and cash equivalents comprise cash at hand, cash on demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities at 'fair value through profit or loss' ("FVTPL") or 'other financial liabilities'.

Financial liabilities are classified as FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Final void provisions

Following the conclusion of coal extraction the final working void of a surface coal site must be back filled. The total cost of this operation is recognised as a provision on site commissioning when the obligation arises. The amount provided represents the present value of the expected costs. Costs are charged to the provision as incurred and the unwinding of the discount, being the difference between the present value and the total cost of the provision, is included in the interest charge for the period. An asset is created for an amount equivalent to the initial provision. This is charged to the income statement on a tonnage basis over the estimated life of the recoverable reserves.

5. RECONCILIATION OF THE PRIMARY STATEMENTS FOR THE SIX MONTHS ENDED 1 APRIL 2007

Consolidated income statement

Continuing operations	UK GAAP in IFRS format £000	Adjustment 1 £000	Adjustment 2 £000	Adjustment 3 £000	Restated under IFRS £000
Revenue	31,231	—	—	—	31,231
Cost of sales	(23,442)	—	—	—	(23,442)
Gross profit	7,789	—	—	—	7,789
Other operating income	22	—	—	—	22
Administrative expenses	(4,582)	396	11	—	(4,175)
Operating profit	3,229	396	11	—	3,636
Profit on disposal of fixed assets	11	—	(11)	—	—
Finance costs	(979)	—	—	—	(979)
Profit before taxation	2,261	396	—	—	2,657
Tax	(723)	—	—	(127)	(850)
Profit for the period	1,538	396	—	(127)	1,807
Basic earnings per share	3.87p	1.00p	—	(0.32)p	4.55p
Diluted earnings per share	3.82p	0.98p	—	(0.31)p	4.49p

5. RECONCILIATION OF THE PRIMARY STATEMENTS FOR THE SIX MONTHS ENDED 1 APRIL 2007

Consolidated balance sheet

	UK GAAP in IFRS format £000	Adjustment 1 £000	Adjustment 3 £000	Restated under IFRS £000
ASSETS				
Non-current assets				
Goodwill	6,970	396	—	7,366
Property, plant and equipment	69,171	—	—	69,171
Investments	1	—	—	1
	76,142	396	—	76,538
Current assets				
Inventories	7,621	—	—	7,621
Trade and other receivables	9,331	—	—	9,331
	16,952	—	—	16,952
Total assets	93,094	396	—	93,490
LIABILITIES				
Current liabilities				
Trade and other payables	(9,480)	—	—	(9,480)
Tax liabilities	(1,681)	—	—	(1,681)
Bank overdraft	(10,147)	—	—	(10,147)
Bank loans	(4,284)	—	—	(4,284)
Obligations under finance leases	(7,602)	—	—	(7,602)
	(33,194)	—	—	(33,194)
Non-current liabilities				
Bank loans	(1,277)	—	—	(1,277)
Obligations under finance leases	(16,389)	—	—	(16,389)
Final void provision	(11,984)	—	—	(11,984)
Deferred tax liabilities	(1,607)	—	(127)	(1,734)
	(31,257)	—	(127)	(31,384)
Total liabilities	(64,451)	—	(127)	(64,578)
NET ASSETS	28,643	396	(127)	28,912
EQUITY				
Share capital	198	—	—	198
Share premium	27,341	—	—	27,341
Share-based payment reserve	1,068	—	—	1,068
Retained earnings	36	396	(127)	305
TOTAL EQUITY	28,643	396	(127)	28,912

5. RECONCILIATION OF THE PRIMARY STATEMENTS FOR THE SIX MONTHS ENDED 1 APRIL 2007

Consolidated statement of changes in equity

	Called up share capital £000	Share premium account £000	Share-based payment reserve £000	Retained earnings £000	Total equity shareholders' funds £000
At 1 October 2006					
- UK GAAP and IFRS	198	27,341	853	1,630	30,022
Addition to share-based payment reserve	—	—	215	—	215
Profit for the period	—	—	—	1,807	1,807
Dividends paid	—	—	—	(3,132)	(3,132)
At 1 April 2007	198	27,341	1,068	305	28,912

5. RECONCILIATION OF THE PRIMARY STATEMENTS FOR THE SIX MONTHS ENDED 1 APRIL 2007

Consolidated cash flow statement

UK GAAP
in IFRS
format
£000

Cash flows from operating activities

Cash generated from operations	10,059
Interest paid	(994)
Tax paid	(4,226)

Net cash from operating activities **4,839**

Cash flows from investing activities

Proceeds from sale of property, plant and equipment	350
Interest received	15
Government grant received	1,847
Purchases of property, plant and equipment	(6,831)
Acquisition of subsidiary	(708)

Net cash used in investing activities **(5,327)**

Cash flows from financing activities

Dividends paid	(3,132)
Repayment of borrowings	(724)
Payment of finance lease liabilities	(4,568)
New bank loans raised	1,602

Net cash used in financing activities **(6,822)**

Net decrease in cash and cash equivalents

Cash and cash equivalents at beginning of period	(2,837)
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Cash and cash equivalents at end of period **(10,147)**

Adjustments

- IFRS 3 prohibits the amortisation of goodwill which has therefore been removed from the 2007 financial statements. Instead, all goodwill is subject to annual impairment tests. Impairment tests have been carried out by the Group against the goodwill held at 1 October 2006 and 1 April 2007 without impairment charges arising.
- IAS 1 requires that operating profit includes all items clearly related to operations. The options set out in UK GAAP which specify those items to be included below operating profit are not included in IFRS.
- On review of the specific guidance given in IAS 12 the Group has considered its treatment and calculation of deferred tax in respect of share option schemes and recalculated the amount arising. The adjustment arising increases the deferred tax charge and associated provision by £127,000 at 1 April 2007. No adjustment arises in the opening balance sheet at 1 October 2006.

6. RECONCILIATION OF THE PRIMARY STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2007

Consolidated income statement

Continuing operations	UK GAAP in IFRS format £000	Adjustment 4 £000	Adjustment 5 £000	Adjustment 6 £000	Restated under IFRS £000
Revenue	70,508	—	—	—	70,508
Cost of sales	(50,856)	—	—	—	(50,856)
Gross profit	19,652	—	—	—	19,652
Other operating income	129	—	—	—	129
Administrative expenses	(9,460)	793	(58)	—	(8,725)
Operating profit	10,321	793	(58)	—	11,056
Loss on disposal of fixed assets	(58)	—	58	—	—
Finance costs	(2,425)	—	—	—	(2,425)
Profit before taxation	7,838	793	—	—	8,631
Tax	(2,640)	—	—	(127)	(2,767)
Profit for the period	5,198	793	—	(127)	5,864
Basic earnings per share	13.08p	2.00p	—	(0.32)p	14.76p
Diluted earnings per share	12.88p	1.96p	—	(0.31)p	14.53p

6. RECONCILIATION OF THE PRIMARY STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2007

Consolidated balance sheet

	UK GAAP in IFRS format £000	Adjustment 4 £000	Adjustment 6 £000	Restated under IFRS £000
ASSETS				
Non-current assets				
Goodwill	6,376	793	—	7,169
Property, plant and equipment	64,356	—	—	64,356
Investments	1	—	—	1
	70,733	793	—	71,526
Current assets				
Inventories	7,793	—	—	7,793
Trade and other receivables	11,229	—	—	11,229
Cash and cash equivalents	64	—	—	64
	19,086	—	—	19,086
Total assets	89,819	793	—	90,612
LIABILITIES				
Current liabilities				
Trade and other payables	(10,181)	—	—	(10,181)
Tax liabilities	(712)	—	—	(712)
Bank overdraft	(8,158)	—	—	(8,158)
Bank loans	(2,747)	—	—	(2,747)
Obligations under finance leases	(7,418)	—	—	(7,418)
	(29,216)	—	—	(29,216)
Non-current liabilities				
Trade and other payables	(175)	—	—	(175)
Bank loans	(753)	—	—	(753)
Obligations under finance leases	(12,539)	—	—	(12,539)
Final void provision	(12,223)	—	—	(12,223)
Deferred tax liabilities	(3,476)	—	(127)	(3,603)
	(29,166)	—	(127)	(29,293)
Total liabilities	(58,382)	—	(127)	(58,509)
NET ASSETS	31,437	793	(127)	32,103
EQUITY				
Share capital	199	—	—	199
Share premium	27,563	—	—	27,563
Share-based payment reserve	1,313	—	—	1,313
Retained earnings	2,362	793	(127)	3,028
TOTAL EQUITY	31,437	793	(127)	32,103

6. RECONCILIATION OF THE PRIMARY STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2007

Consolidated statement of changes in equity

	Called up share capital £000	Share premium account £000	Share-based payment reserve £000	Retained earnings £000	Total equity shareholders' funds £000
At 1 October 2006					
- UK GAAP and IFRS	198	27,341	853	1,630	30,022
Issue of ordinary shares	1	222	—	—	223
Addition to share-based payment reserve	—	—	460	—	460
Profit for the year	—	—	—	5,864	5,864
Dividends paid	—	—	—	(4,466)	(4,466)
At 30 September 2007	199	27,563	1,313	3,028	32,103

6. RECONCILIATION OF THE PRIMARY STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2007

Consolidated cash flow statement

UK GAAP
in IFRS
format
£000

Cash flows from operating activities

Cash generated from operations	23,580
Interest paid	(2,184)
Tax paid	(5,234)

Net cash from operating activities **16,162**

Cash flows from investing activities

Proceeds from sale of property, plant and equipment	352
Interest received	23
Government grant received	1,847
Purchases of property, plant and equipment	(8,967)
Acquisition of subsidiary	(1,000)

Net cash used in investing activities **(7,745)**

Cash flows from financing activities

Dividends paid	(4,466)
Repayment of borrowings	(2,784)
Payment of finance lease liabilities	(8,248)
Proceeds from the issue of share capital	223
New bank loans raised	1,602

Net cash used in financing activities **(13,673)**

Net decrease in cash and cash equivalents **(5,256)**

Cash and cash equivalents at beginning of period **(2,838)**

Cash and cash equivalents at end of period **(8,094)**

Adjustments

- IFRS 3 prohibits the amortisation of goodwill which has therefore been removed from the 2007 financial statements. Instead, all goodwill is subject to annual impairment tests. Impairment tests have been carried out by the Group against the goodwill held at 1 October 2006 and 30 September 2007 without impairment charges arising.
- IAS 1 requires that operating profit includes all items clearly related to operations. The options set out in UK GAAP which specify those items to be included below operating profit are not included in IFRS.
- On review of the specific guidance given in IAS 12 the Group has considered its treatment and calculation of deferred tax in respect of share option schemes and recalculated the amount arising. The adjustment arising increases the deferred tax charge and associated provision by £127,000 at 30 September 2007. No adjustment arises in the opening balance sheet at 1 October 2006.

7. INDEPENDENT AUDITORS' REPORT ON THE FULL YEAR COMPARATIVE FINANCIAL INFORMATION

Independent auditors' report to the Board of Directors of ATH Resources plc on the full year comparative IFRS financial information

We have audited the full year comparative IFRS consolidated financial information of ATH Resources plc which comprises the Consolidated Balance Sheet as at 30 September 2007 on page 15, the Consolidated Income Statement on page 14, the Consolidated Cash Flow Statement on page 17, and the Consolidated Statement of Changes in Equity for the year ended 30 September 2007 on page 16, and the Accounting policies set out on pages 4 to 9.

This report is made solely to the Company in accordance with our engagement letter dated 20 February 2008. Our audit work has been undertaken so that we might state to the Company 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 or liability to anyone other than the Company for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

This full year comparative IFRS financial information is the responsibility of the Company's Directors and has been prepared as part of the Company's conversion to IFRS. This information has been prepared in accordance with the basis set out in Sections 3 and 4 which describe how IFRS have been applied under IFRS 1, including the assumptions management has made about the standards and interpretations expected to be effective, and the policies expected to be adopted, when management prepares its first complete set of IFRS financial statements as at 28 September 2008.

Our responsibility is to express an independent opinion on the full year comparative IFRS financial information based on our audit. We read the other information accompanying the full year comparative IFRS financial information and consider whether it is consistent with the full year comparative IFRS financial information. This other information comprises the overview of the impact of adopting IFRS on page 2. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within the full year comparative IFRS financial information. Our responsibilities do not extend to any other information.

Basis of audit 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 full year comparative IFRS financial information. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the full year comparative IFRS financial information, 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 full year comparative IFRS financial information is 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 full year comparative IFRS financial information.

Opinion

In our opinion, the full year comparative IFRS financial information has been prepared, in all material respects, in accordance with the basis set out in the Statement of Significant Accounting Policies on pages 4 to 9, which describes how IFRS have been applied under IFRS 1, and the policies expected to be adopted, when management prepares its first complete set of IFRS financial statements as at 28 September 2008.

Emphasis of matter

Without qualifying our opinion, we draw attention to the fact that, under IFRS only a complete set of financial statements with comparative financial information and explanatory notes can provide a fair presentation of the Company's financial position, results of operations and cash flows in accordance with IFRS.

Baker Tilly UK Audit LLP

2 Whitehall Quay

Leeds LS1 4HG

14 April 2008

SHAREHOLDER INFORMATION

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