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Headline Interim Results for the six months ended 31 Dec 08

Released 09:40 27-Mar-09

Number 5976P09

RNS Number : 5976P  
Carlton Resources PLC  
27 March 2009

**27 March 2009**

**Carlton Resources Plc**  
("Carlton" or the "Company")

**Interim Results for the six months ended 31 December 2008**

Carlton Resources Plc (AIM: CLN), formerly named KimCor Diamonds Plc, announces its interim results for the six months ended 31 December 2008.

**Key points**

- Disposal of diamond and industrial operations after the period end
- Revised focus and cash preservation strategy
- Board and administrative changes

**Martyn Churchouse, Carlton's CEO, said:** "The dramatic decline in demand for rough diamonds in the latter half of 2008, coupled with difficulties in gaining access to new capital and declining equity values created by the global economic downturn resulted in the Company disposing of its diamond and industrial operations and seeking instead to focus on the acquisition of new projects in other commodity sectors of interest. The Board is considering numerous opportunities in this regard on an ongoing basis and, pending acquisition of a suitable project or projects, has put in place a cash preservation strategy to ensure that costs are minimised. We look forward to bringing positive news to shareholders shortly by way of update on the new direction of the Company."

**For further information:**

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Simon Raggett

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## **Carlton Resources Plc**

### **Chairman's and Chief Executive's Statement**

The six months to 31 December 2008 was a period of significant challenge for Carlton. The advent of the global "credit crunch" and associated economic downturn had wide-ranging consequences for publicly-listed companies of all sizes and in all industry sectors, leading to a re-rating of entity values as investor confidence declined dramatically and also making access to new capital on global equity markets a far more difficult proposition. As well as these general challenges, the Company was also affected by the severely negative effects that the economic crisis had on the market for rough diamonds, effectively decreasing demand for rough stones to nil. As an illustration, in the latter part of 2008, the development of the Company's South African diamond mining assets and increases in rough diamond output had resulted in an inventory of approximately 30,000 carats of rough diamonds being placed on open tender during November 2008. The tender ran for more than two weeks and during that time the Company did not receive a single offer to purchase from a buyer.

In this depressed environment and given pessimistic forecasts for the global diamond market in the short-to-medium term, the board of Carlton (the "Board"), in consultation with the Company's advisers, was forced to consider all available options to ensure the continuing survival of the Company. It was considered that the prospect of generating funds necessary to sustain the Company's diamond operations (whether as a result of diamond sales or new injections of equity capital) were extremely limited and that in the absence of a sale of those operations the Company would be unable to pay amounts due to South African creditors of the operating subsidiaries.

Accordingly, on 3 December 2008 the Company entered into an agreement ("Sale Agreement") to sell its South African and Tanzanian diamond and industrial projects and operations (being all of the Company's operations) to Belmont Mining Limited ("Belmont"), by way of a sale of all of the shares in certain Company subsidiaries to Belmont. Of the total cash sum deliverable, a balance of £24,000 remains outstanding. The Sale Agreement was conditional upon the approval of the Company's shareholders being obtained, which occurred at the Extraordinary General Meeting of the Company held on 8 January 2009 ("January EGM"). Pursuant to the Sale Agreement, Belmont assumed liability for, and control of, the diamond and industrial operations with effect from 3 December 2008.

As a result of that transaction, the Company became an "investing company" pursuant to Rule 15 of the AIM Rules. The Company's investing strategy, as approved by its shareholders at the January EGM, will be to acquire minority or controlling interests in a number of privately held or publicly-listed resource projects in Africa. It is proposed that the projects in which the Company invests will not be limited to any single resource.

At the January EGM the Company's shareholders also voted to change the name of the Company from KimCor Diamonds Plc to Carlton Resources Plc. That name change took effect in March 2009 and was announced by the Company on 20 March 2009. At the same time, the Company's AIM ticker was changed from "KIM" to "CLN", to reflect its new name.

In February 2009, following the disposal of its operations and in view of the depressed global economic climate, the Board put in place a cash preservation strategy to minimize expenditure by

the Company, pending the acquisition of new operations. At the same time, the directors of the Company, all of whom have experience in operating and investing in resource projects in Africa, are currently in the process of considering and evaluating various opportunities with a view to identifying and pursuing new businesses with the potential to add value for shareholders. I look forward to bringing you positive news in this regard shortly and to continuing the process of rebuilding your Company into a significant junior resources company.

**Martyn Churchouse**  
Chief Executive Officer

27 March 2009

**Carlton Resources Plc**

**Unaudited condensed consolidated income statement**

**For the six months ended 31 December 2008**

	Six months to 31 December	Nine months to 31 December	Year ended 30 June
	2008	2007	2008
	£'000	£'000	£'000
Notes	Unaudited	Unaudited *	Audited *
<b>Continuing operations</b>			
Revenue	-	-	-
Cost of sales	-	-	-
<b>Gross loss</b>	-	-	-
Administrative expenses	(401)	(594)	(1070)
Other operating income	-	-	-
<b>Loss from operations</b>	(401)	(594)	(1070)
Finance income	1	36	53
Finance expenses	(1)	-	(4)
<b>Loss for the period before taxation</b>	(401)	(558)	(1021)
Taxation	-	-	-

Loss for the period from continuing operations		(401)	(558)	(1021)
<b>Discontinued operations</b>				
Loss for the period from discontinued operations	3	(1589)	(2592)	(8348)
<b>Loss for the period attributable to equity holders of the parent</b>		<b>(1990)</b>	<b>(3150)</b>	<b>(9369)</b>

Loss per share expressed in pence per share

*From continuing operations:*

Basic and Diluted	4	(0.15)p	(0.30)p	(0.43)p
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*From discontinued operations:*

Basic and Diluted	4	(0.59)p	(1.41)p	(3.50)p
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*From all operations:*

Basic and Diluted	4	(0.74)p	(1.71)p	(3.93)p
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\* In accordance with IFRS 5, prior periods have been re-presented so that disclosures are comparative

**Carlton Resources Plc**

**Unaudited condensed consolidated balance sheet**

**As at 31 December 2008**

	Notes	31 December 2008 £'000 Unaudited	31 December 2007 £'000 Unaudited and restated	30 June 2008 £'000 Audited
<b>Assets</b>				
<b>Non-current assets</b>				

Property, plant and equipment, including mining properties		-	8463	3403
Other non-current receivables		-	308	257
Total non-current assets		-	8771	3660
<b>Current assets</b>				
Inventories		-	177	454
Trade and other receivables		12	705	320
Cash and cash equivalents		28	2237	657
		40	3119	1431
Assets classified as held for sale	5	4455	-	-
Total current assets		4495	3119	1431
<b>Total assets</b>		4495	11890	5091
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Borrowings		-	1943	1602
Deferred tax liability		-	1093	23
Total non-current liabilities		-	3036	1625
<b>Current liabilities</b>				
Trade and other payables		178	728	1307
Accruals		78	54	88
Provisions		-	468	333
		256	1250	1728
Liabilities directly associated with assets classified as held for sale	5	4231	-	-
Total current liabilities		4487	1250	1728
<b>Total liabilities</b>		4487	4286	3353
<b>Total net assets</b>		8	7604	1738

## Carlton Resources Plc

Unaudited condensed consolidated balance sheet (continued)

**As at 31 December 2008**

	31 December 2008	31 December 2007	30 June 2008
	£'000	£'000	£'000
	Unaudited	Unaudited and restated	Audited
<b>Equity attributable to the equity holders of the parent</b>			
Share capital	1341	1341	1341
Share premium reserve	7585	7585	7585
Merger reserve	8063	8063	8063
Foreign exchange reserve	725	(923)	496
Warrant reserve	54	54	54
Reverse takeover reserve	(8647)	(8647)	(8647)
Other reserve	11822	11822	11822
Accumulated losses	(20935)	(11691)	(18976)
<b>Total equity</b>	<b>8</b>	<b>7604</b>	<b>1738</b>

**Carlton Resources Plc**

**Unaudited condensed consolidated statement of changes in equity**

**For the six months ended 31 December 2008**

	Share capital	Share premium	Merger reserve	Foreign exchange reserve	Warrant reserve	Reverse takeover reserve	Other reserve	Accumulated losses	Total equity attributable to shareholders of the parent
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance as at 1 July 2007 (restated)</b>	-	-	-	(169)	-	-	-	(9739)	(9908)
<b>Changes in equity for six months to 31 December 2007</b>									
Foreign exchange on translation of foreign operations	-	-	-	(754)	-	-	-	-	(754)
<b>Net loss recognised directly in equity</b>	-	-	-	(754)	-	-	-	-	(754)
Loss for the period	-	-	-	-	-	-	-	(1970)	(1970)

<b>Total recognised income and expense for the period</b>	-	-	-	<b>(754)</b>	-	-	-	<b>(1970)</b>	<b>(2724)</b>
Recognition of share-based payments	-	-	-	-	-	-	-	18	18
Issue of share capital less share issue costs	333	3777	-	-	-	-	-	-	4110
Issue of warrants less warrant issue costs	-	-	-	-	54	-	-	-	54
Reverse takeover	1008	3808	8063	-	-	(8647)	11822	-	16054
<b>Balance as at 31 December 2007 (restated)</b>	<b>1341</b>	<b>7585</b>	<b>8063</b>	<b>(923)</b>	<b>54</b>	<b>(8647)</b>	<b>11822</b>	<b>(11691)</b>	<b>7604</b>
<b>Changes in equity for six months to 30 June 2008</b>									
Foreign exchange on translation of foreign operations	-	-	-	1419	-	-	-	-	1419
<b>Net loss recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1419</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1419</b>
Loss for the period	-	-	-	-	-	-	-	(7398)	(7398)
<b>Total recognised income and expense for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1419</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7398)</b>	<b>(5979)</b>
Recognition of share-based payments	-	-	-	-	-	-	-	113	113
<b>Balance as at 30 June 2008</b>	<b>1341</b>	<b>7585</b>	<b>8063</b>	<b>496</b>	<b>54</b>	<b>(8647)</b>	<b>11822</b>	<b>(18976)</b>	<b>1738</b>

## Carlton Resources Plc

### Unaudited condensed consolidated statement of changes in equity *(continued)*

#### For the six months ended 31 December 2008

	Share capital	Share premium	Merger reserve	Foreign exchange reserve	Warrant reserve	Reverse takeover reserve	Other reserve	Accumulated losses of shareholders of the parent	Total equity attributable to
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance as at 30 June 2008</b>	<b>1341</b>	<b>7585</b>	<b>8063</b>	<b>496</b>	<b>54</b>	<b>(8647)</b>	<b>11822</b>	<b>(18976)</b>	<b>1738</b>
<b>Changes in equity for six months to 31 December 2008</b>									
Foreign exchange on translation of foreign operations	-	-	-	229	-	-	-	-	229

<b>Net loss recognised directly in equity</b>	-	-	-	<b>229</b>	-	-	-	-	<b>229</b>
Loss for the period	-	-	-	-	-	-	-	(1990)	(1990)
<b>Total recognised income and expense for the period</b>	-	-	-	<b>229</b>	-	-	-	<b>(1990)</b>	<b>(1761)</b>
Recognition of share-based payments	-	-	-	-	-	-	-	31	31
<b>Balance as at 31 December 2008</b>	<b>1341</b>	<b>7585</b>	<b>8063</b>	<b>725</b>	<b>54</b>	<b>(8647)</b>	<b>11822</b>	<b>(20935)</b>	<b>8</b>

## Carlton Resources plc

### Unaudited condensed consolidated cash flow statement

#### For the six months ended 31 December 2008

	Six months to 31 December 2008	Nine months to 31 December 2007	Year ended 30 June 2008
	£'000	£'000	£'000
	Unaudited	Unaudited and restated	Audited
<b>Cash flow from operating activities</b>			
Loss before tax	(2013)	(3154)	(10053)
Adjustments for:			
Finance expense	92	162	202
Finance income	(27)	(43)	(81)
Depreciation, amortisation and impairment	648	1108	5394
Equity settled share-based payment expense	31	18	131
Provision for rehabilitation	-	11	-
Foreign exchange differences	154	(287)	536
<b>Cash flow from operating activities before changes in working capital</b>	<b>(1115)</b>	<b>(2185)</b>	<b>(3871)</b>
Increase / (decrease) in trade and other payables	175	(821)	126
(Increase) / decrease in trade and other receivables	142	914	(121)
(Increase) / decrease in inventories	170	(132)	(260)
Increase / (decrease) in provisions	46	-	29
Taxation	-	-	684
<b>Net cash flow from operating activities</b>	<b>(582)</b>	<b>(2224)</b>	<b>(3413)</b>

<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment	(391)	(360)	(675)
Interest received	27	43	81
Cash held in subsidiary at date of acquisition	-	85	85
<b>Net cash flow from investing activities</b>	<b>(364)</b>	<b>(232)</b>	<b>(509)</b>
<b>Cash flow from financing activities</b>			
Proceeds from the issue of ordinary shares	-	4111	4111
Proceeds from loans raised	1131	648	531
Repayment of loans	(194)	(66)	(41)
Interest paid	(92)	(122)	(186)
<b>Net cash flow from financing activities</b>	<b>845</b>	<b>4571</b>	<b>4415</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(101)</b>	<b>2115</b>	<b>493</b>
Cash and cash equivalents at the beginning of the period	657	122	181
Exchange gains / (losses) on cash and cash equivalents	75	-	(17)
<b>Cash and cash equivalents at the end of the period</b>	<b>631</b>	<b>2237</b>	<b>657</b>
<b>Classified as:</b>			
Continuing operations	28	1923	102
Discontinued operations	603	314	555
	631	2237	657

## Carlton Resources Plc

### Notes to the unaudited condensed interim consolidated financial statements

#### For the half year ended 31 December 2008

##### 1. Basis of preparation

The financial information set out above is based on the consolidated financial statements of Carlton Resources Plc (formerly KimCor Diamonds Plc) and its subsidiary companies (together referred to as the 'Group'). The accounts of the Group for the six months ended 31 December 2008, which are unaudited, were approved by the Board on 27 March 2009. In accordance with s240(s) of the Companies Act 1985, such unaudited results do not constitute statutory accounts of the Company or Group.

These accounts have been prepared in accordance with the accounting policies set out in the Report and Financial Statements of KimCor Diamonds Plc for the year ended 30 June 2008. The statutory accounts for the year ended 30 June 2008 have been filed with the registrar of

Companies. The auditors' report on those accounts was unqualified with an emphasis of matter relating to the going concern of the Group. These accounts have not been audited by the Company's auditors.

The Group's Report and Financial Statements for the year ended 30 June 2008 reflected the acquisition of 100% of the issued share capital of Dwyka Diamonds Holdings Limited ("DDH"). As a result of this transaction, described as a reverse takeover, shareholders of DDH acquired control of the Company. Accordingly, this transaction was accounted for as an acquisition of the Company by DDH.

This unaudited consolidated interim financial information for the six months ended 31 December 2008 therefore represents a continuation of the financial statements of DDH, the legal subsidiary acquired. This interim financial information reflects the results of the operations and cash flows of DDH for all periods presented and includes that of the Company subsequent to the date of the reverse takeover on 21 September 2007.

The consolidated balance sheet at 31 December 2007 and 30 June 2008, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the nine months ended 31 December 2007 and the year ended 30 June 2008 are that of DDH.

The Company changed its year end date from 31 March to 30 June to align the accounting reference dates of KimCor and the South African subsidiary companies acquired from Dwyka Resources Limited in September 2007. Therefore the comparatives were prepared for a longer accounting period of the nine months ended 31 December 2007 and are not entirely comparable.

The Directors have restated comparatives on the consolidated balance sheet, consolidated statement of changes in equity and consolidated cash flow statement to show all of the reserves that existed at 31 December 2007 in line with the presentation reported at 30 June 2008.

The Group financial statements are prepared in Great British Pounds, and all values are rounded to the nearest thousand Pounds (£'000) except when otherwise indicated.

Based upon forecasts and agreements reached with its creditors, the Directors believe that Carlton has sufficient cash to pay existing creditors. As stated in the announcement on 17 March 2009 and in the Chairman's and Chief Executive's Statement above, the Company continues to look for new opportunities with the potential to add value to shareholders. However, it is recognised that in order to do this there is a need to raise finance in the form of equity or debt. The Directors remain optimistic at this point in time of being able to raise the required finance, providing a suitable opportunity can be sourced and therefore these financial statements have been prepared on a going concern basis.

## **2. Changes in accounting policies**

There were no changes in accounting policies during the six months ended 31 December 2008.  
**Carlton Resources Plc**

### **Notes to the unaudited condensed interim consolidated financial statements**

**For the half year ended 31 December 2008**

## **3. Discontinued operations**

On 3 December 2008, the company entered into an agreement ("Sale Agreement") to sell its South African and Tanzanian diamond and industrial projects and operations (being all of the company's operations) to Belmont Mining Limited ("Belmont"), by way of a sale of all the shares in certain company subsidiaries to Belmont. The Sale Agreement was conditional upon the approval of the company's shareholders being obtained, which occurred at the Extraordinary General Meeting of the Company held on 8 January 2009.

The results of the discontinued operations included in the income statement and the cash flows from discontinued operations included in the statement of cash flows are set out below. The comparative profit and cash flows from discontinued operations have been restated to include those operations classified as discontinued in the current period.

### Loss from discontinued operations

	Six months to 31 December 2008 £'000 Unaudited	Nine months to 31 December 2007 £'000 Unaudited	Year ended 30 June 2008 £'000 Audited
<b>Continuing operations</b>			
Revenue	1363	2602	3386
Cost of sales	(1794)	(3420)	(4199)
<b>Gross loss</b>	<b>(431)</b>	<b>(818)</b>	<b>(813)</b>
Administrative expenses	(519)	(2236)	(8139)
Other operating income	52	613	89
<b>Loss from operations</b>	<b>(898)</b>	<b>(2441)</b>	<b>(8863)</b>
Finance income	26	7	27
Finance expenses	(91)	(162)	(198)
<b>Loss for the period before taxation</b>	<b>(963)</b>	<b>(2596)</b>	<b>(9034)</b>
Taxation	22	4	686
Loss on measurement to fair value of discontinued operations	(648)	-	-
<b>Loss for the period from discontinued operations</b>	<b>(1589)</b>	<b>(2592)</b>	<b>(8348)</b>

### Cash flows from discontinued operations

Cash flows from operating activities	(371)	(1505)	(2473)
Cash flows from investing activities	(364)	(263)	(562)
Cash flows from financing activities	708	460	308
	<u>(27)</u>	<u>(1308)</u>	<u>(2727)</u>

## Carlton Resources Plc

### Notes to the unaudited condensed interim consolidated financial statements

#### For the half year ended 31 December 2008

#### 4. Loss per share

Basic loss per share is calculated by dividing the loss attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

For diluted loss per share, the weighted average number of shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

Reconciliations of the loss and weighted average number of shares used in the calculations are set out below:

Six months to 31 December	Nine months to 31 December	Year ended 30 June
2008	2007	2008
£'000	£'000	£'000
Unaudited	Unaudited	Audited

#### From continuing operations

Earnings:

Loss attributable to equity holders of the parent	<u>(401)</u>	<u>(558)</u>	<u>(1021)</u>
<b>Basic Loss per Share</b>	<b>(401)</b>	<b>(558)</b>	<b>(1021)</b>
Effect of dilutive securities	-	-	-
<b>Diluted Loss per share</b>	<b>(401)</b>	<b>(558)</b>	<b>(1021)</b>

#### From discontinued operations

Earnings:

Loss attributable to equity holders of the parent	<u>(1589)</u>	<u>(2592)</u>	<u>(8348)</u>
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<b>Basic Loss per Share</b>	<b>(1589)</b>	<b>(2592)</b>	<b>(8348)</b>
Effect of dilutive securities	-	-	-
<b>Diluted Loss per share</b>	<b>(1589)</b>	<b>(2592)</b>	<b>(8348)</b>

**Total operations**

Earnings:

Loss attributable to equity holders of the parent	<b>(1990)</b>	<b>(3150)</b>	<b>(9369)</b>
<b>Basic Loss per Share</b>	<b>(1990)</b>	<b>(3150)</b>	<b>(9369)</b>
Effect of dilutive securities	-	-	-
<b>Diluted Loss per share</b>	<b>(1990)</b>	<b>(3150)</b>	<b>(9369)</b>

**Carlton Resources Plc**

**Notes to the unaudited condensed interim consolidated financial statements**

**For the half year ended 31 December 2008**

**4. Loss per share (continued)**

<b>Six months to 31 December 2008 Unaudited</b>	<b>Nine months to 31 December 2007 Unaudited</b>	<b>Year ended 30 June 2008 Audited</b>
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**Weighted average number of shares**

<b>Basic Loss per Share</b>	<b>268265577</b>	<b>184041717</b>	<b>238188109</b>
Effect of dilutive securities	-	-	-
<b>Diluted Loss per share</b>	<b>268265577</b>	<b>184041717</b>	<b>238188109</b>

**Basic and diluted Loss per Share - pence**

From continuing operations	<b>(0.15)</b>	<b>(0.30)</b>	<b>(0.43)</b>
From discontinued operations	<b>(0.59)</b>	<b>(1.41)</b>	<b>(3.50)</b>
From all operations	<b>(0.74)</b>	<b>(1.71)</b>	<b>(3.93)</b>

The following potential issues of Ordinary Shares, which may be dilutive in future periods, have been excluded from the calculation of diluted loss per share for the period as these potential issues are anti-dilutive:

	No. of potential shares
Share options granted to Westhouse Securities LLP on 27 February 2006	634800
Warrants issued to Strand Partners Securities and Montagu Stockbrokers Pty Limited on 21 September 2007	2682656
Long term incentive options granted under the KimCor share option scheme	8050000

### **Carlton Resources Plc**

#### **Notes to the unaudited condensed interim consolidated financial statements**

#### **For the half year ended 31 December 2008**

#### **5. Discontinued operations**

As described in note 3, the Group disposed of its diamond and industrial operations, following shareholder approval on 8 January 2009. The major classes of assets and liabilities comprising the assets classified as held for sale at the balance sheet date are:

	<b>31 December 2008 £'000 Unaudited</b>	31 December 2007 £'000 Unaudited	30 June 2008 £'000 Audited
<b>Assets classified as held for sale</b>			
Property, plant and equipment, including mining properties	3146	-	-
Receivables	423	-	-
Inventories	283	-	-
Cash and cash equivalents	603	-	-
Assets classified as held for sale	<u>4455</u>	-	-
<b>Liabilities directly associated with assets classified as held for sale</b>			
Borrowings	3069	-	-

Trade and other payables	1162	-	-
Liabilities directly associated with assets classified as held for sale	4231	-	-
<b>Net assets classified as held for sale</b>	<b>224</b>	-	-

In accordance with the relevant accounting standards, prior year balance sheets have not been restated.

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