3172986

East West Resources plc

Report and Financial Statements
Year Ended 31 December 2012

East West Resources plc

Report and financial statements for the year ended 31 December 2012

Contents

East West Resources plc

Officers and advisers

Directors

Charles Crick (*Non-executive Chairman*)
John Coles (*Finance Director*)
Robert Ashley (*Non-executive Director*)
Nicolas Rouveyre (*Non-executive Director*)

Registered Office

Old Change House, 128 Queen Victoria Street, London, EC4V 4BJ

Company Secretary

MSP Secretaries Limited, 27/28 Eastcastle Street, London, W1W 8DH

Company Registration Number

3172986

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Registrars

Capita Registrars Limited, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU

Nominated Adviser

Cenkos, 6-7-8 Tokenhouse Yard, London, EC2R 7AS

East West Resources plc

Chairman's statement

Introduction

2012 was another year of change for the Group but one in which we have laid the foundations for a new beginning for the Group

During the year, we formulated our strategy to focus on the Group's most profitable business and in the process sell or close our remaining legacy businesses and reduce our central costs I am pleased to report that we made significant progress in these aims

In March, we completed the sale of our investment banking and stockbroking business (with effect from 31 October 2011) and towards the end of the year we started negotiations for the disposal of our biofuels business – a transaction which we completed earlier this year but which was made with effect from 31 December 2012 We also disposed of our asset management business and closed our fossil fuel activities

As a result, we have entered 2013 with the single business of metals trading and a small residual investment portfolio

During the year we also had a number of changes at Board level, in the management of the Group and in our shareholder base, all of which are referred to below

Results

For the year ended 31 December 2012, Ambrian Metals Limited ("AML"), our metals trading business and now our principal operating activity, produced another solid performance AML net revenues for the year rose to £4 19 million, an increase of 12 per cent on the previous year (£3 75 million) and the company reported an operating profit before tax of £0 99 million for the year (2011 £1 65 million) The Group recorded a significantly lower post-tax loss on continuing operations of £1 23 million for the year ended 31 December 2012 compared with a post-tax loss of £3 32 million (restated) for the previous year The loss resulted principally from the continued drain on our resources from our central overheads and a small number of one-off costs but, overall, represented a major improvement on the loss reported for the previous year We made progress in the year to reduce our central costs and work continues on further reductions More detail on the results is contained in the Financial Review which follows this statement

Board changes

In July, Consolidated General Minerals PLC ("CGM") acquired a near 30 per cent interest in the Company's shares and in October we were pleased to welcome Nicolas Rouveyre to the Board as the representative of CGM Nicolas' background and experience in metals trading gained whilst at Glencore is proving invaluable to us in assisting with the business of AML and its development

In July, Julian McIntyre and Seng Huang Lee resigned from the Board and Peter Curry was appointed as a non-executive Director in Mr Lee's place I re-joined the Board in October having resigned in April following completion of the sale of our investment banking and stockbroking business and in December, I was elected as Chairman following the resignation of Nathan Steinberg when Peter Curry also resigned from the Board

Rob Ashley stood down as chief executive in October but remains on the Board as a non-executive director At the same time, we established an executive committee comprising Roger Clegg as the Group's Chief Operating Officer, Mark Homer (the Managing Director of AML) and John Coles, the Finance Director We preferred this structure with no chief executive because of our more focused business model Members of the executive committee meet on a regular basis and report to the Board which meets not less frequently than every two months

We thank all our staff for their loyalty, commitment and efforts during the year and we also thank the retiring Directors for their respective contributions to the Group during their tenure of office

Reporting currency

Now that the Group's principal operating business is AML which accounts in US Dollars, shareholders should note that with effect from the commencement of this financial year, the Group will in future report in that currency

Outlook

In February we announced that AML had made a good start to the year in improved market conditions Orders continue to be significantly ahead of the equivalent position last year and we continue to make progress in reducing the Group's central overhead More work remains to be done in managing our costs and developing our metals trading business but the groundwork has been done and we look forward to the future with confidence in our business model and our strategy for growth

Charles Crick
Chairman

East West Resources plc

Financial Review

Total Income and Pre-Tax Results

Total income from continuing operations was £4 05 million for the year ended 31 December 2012 compared with £2 89 million (restated) for the year ended 31 December 2011, a 40 per cent increase resulting principally from higher revenues in our metals trading business and reduced losses in our investment portfolio

Operating costs from continuing operations of £5 19 million were marginally higher than the operating costs for the same period last year of £5 04 million (restated)

The loss attributable to shareholders from continuing operations before tax was £1 14 million, a significant improvement on the loss of £2 15 million (restated) for the same period last year

As a result of the recent disposal of Ambrian Energy GmbH ("AEG") with effect from 31 December 2012 and the closure of our fossil fuels businesses during the year, we have treated the results of these operations as discontinued operations The Group incurred trading losses in AEG in the second half and small residual closure costs in the fossil fuel businesses, giving rise to an overall post-tax loss of £3 22 million for the year attributable to our investments in these operations The overall Group loss attributable to shareholders from all operations was £4 46 million after tax, compared with an after tax loss of £9 61 million (restated) for the year ended 31 December 2011

Dividend

The Board is not recommending payment of a dividend in respect of the year ended 31 December 2012 (2011 nil)

Continuing operations

Net revenue from Ambrian Metals Limited ("AML"), our metals trading business, was £4 19 million for the year ended 31 December 2012 (2011 £3 75 million), a 12 per cent improvement over the year Profits were reduced from the previous year due to a number of one-off costs including professional fees and retention bonuses

The 2012 year continued the pattern of 2011 with volatility in the market price of copper, though within a narrower range than during 2011 Having started the year at $7,661 per tonne, the price reached a high in early February of $8,765 per tonne falling to a low of $7,220 by mid-June but ended the year at $7,907

Global copper inventories increased steadily throughout the year – particularly in China where Shanghai Bonded warehouse stocks rose from circa 250,000 Mt at the start of 2012 reaching close to 900,000 Mt at the end of the year Free stocks on the LME also rose from circa 150,000 Mt to 270,000 Mt over the same period

These statistics evidence a sharp fall in Chinese demand over the year but, despite this, AML managed to increase its sales in China by some 10 per cent over the previous year – largely due to its continued expansion in direct Chinese consumer sales China continues to be the single largest market for AML, accounting for c 55 per cent of its sales in 2012

Following lacklustre demand in near and Middle East regions during 2011, there were expectations of an upturn in that area for 2012 However, after an encouraging first quarter, volumes and spot business soon returned to levels approximating to those experienced in the preceding year Nevertheless, AML's market share of available business increased slightly upon 2011 with new clientele emerging within the sales portfolio The Middle and near East regions represented around 34 per cent of AML's turnover in 2012

The balance of AML's sales was split between South Korea, Europe and the rest of SE Asia The majority of AML's supplies during the year were sourced from Russia, Africa, Latin America and India

Over the 12 months ended 31 December 2012, AML supplied a total tonnage of refined copper of 273,000 tonnes (compared with 240,000 tonnes supplied for the equivalent period in 2011)

AML continued to benefit from the strong support of its bankers in difficult economic global conditions and had uncommitted trade finance facilities as at 31 December 2012 totalling over US$295 million (31 December 2011 US$370 million)

During the year, AML received a subordinated loan of US$3 million from the Company's major shareholder, Consolidated General Minerals plc ("CGM") The loan is due to be repaid on 30 June 2013

Profit before tax for AML for the 12 months to 31 December 2012 was £0 99 million compared with £1 65 million for the same period in 2011 and net assets of AML at 31 December 2012 were £10 12 million (2011 £9 05 million)

Principal Investments

In the 12 months ended 31 December 2012, our investment portfolio recorded a pre-tax loss of £0 56 million compared with a pre-tax loss of £1 66 million in the 12 months ended 31 December 2011

Following the Board's decision last year to substantially reduce the Group's exposure to junior resource stocks, the total value of the Group's investment portfolio, including all net assets, held by Ambrian Principal Investments Limited ("APIL") at 31 December 2012 was £1 00 million compared with a principal investment portfolio, including net assets, valued at £2 08 million at 31 December 2011 The investment portfolio itself was valued at £0 46 million at 31 December 2012 compared to £1 73 million at 31 December 2011

At 31 December 2012, APIL had 5 holdings with the largest being RDX Minerals (£0 13 million) Three of the holdings are unquoted

The Company continues to hold an 11 4 per cent interest in CGM (which in turn holds a near 30 per cent interest in the Company) CGM is managed and part-owned by employees of Ambrian Resources AG ("ARAG") which was established in February 2010 in partnership with a team of three former executives of Glencore International AG, one of whom, Nicolas Rouveyre, is now a Director of the Company ARAG employees are charged to CGM CGM continues to focus on developing its clinker grinding mill and cement packaging plant in Beira, Mozambique

In March 2013, CGM announced that it was expecting plant construction to commence shortly At the same time, CGM reported shareholders' equity as at 31 December 2012 of US$16 million compared with US$18 8 million as at 31 December 2011 The Board considers its interest in CGM a core holding for the future development of the Group and the Company's investment in CGM has been valued at its fair value of £1 56 million

It is to be emphasized that there is a high degree of subjectivity (and therefore uncertainty) involved in the valuation of unquoted investments This applies to all of the Group's unquoted investments

Discontinued operations

Biofuels - Ambrian Energy GmbH ("AEG")

In February 2013, the Company completed the sale of the whole of the issued share capital of AEG Under the sale and purchase agreement, the change of control in AEG's business passed to the purchaser with effect from 31 December 2012 As a result, this activity has been treated as a discontinued operation in 2012

Total revenue in AEG for the 12 months ended 31 December 2012 was £0 17 million compared with £2 19 million in 2011

The loss arising from discontinued operations of AEG for the 12 months to 31 December 2012 was £2 68 million, compared with a profit of £0 96 million for the same period in 2011

Fossil fuels - Ambrian Energy Limited ("AEL") and Strategic Energy Bank Limited ("SEB")

Total revenue in AEL and SEB for the 12 months ended 31 December 2012 was £0 47 million (2011 £0 40 million) and these companies recorded an aggregate loss before tax for the 12 months to 31 December 2012 of £0 46 million (2011 loss £1 31 million) Following the decision by the Board last year to cease providing capital to AEL and curtail its activities in these businesses, these operations have been treated as discontinued operations and there is no longer any activity in these businesses

Further details of the discontinued operations are contained in note 29 of this annual report

Expenses

Administrative expenses attributable to the Group's continuing operations for the year ended 31 December 2012 were £5 19 million (2011 £5 04 million restated), which included provisions for year-end profit related bonuses and share-based payment charges Like for like expenses were broadly in line with those for last year but the expenses for 2012 included professional fees related to the disposal of certain activities and a number of one off costs

Remuneration expenses attributable to continuing operations were £2 55 million for the 12 months ended 31 December 2012 (2011 £2 65 million restated) Total headcount in our continuing operations at 31 December 2012 was 22 (31 December 2011 30)

Share-based payment charges were £0 02 million in the 12 months ended 31 December 2012 (2011 £0 16 million)

Balance Sheet

Total net assets of the Group at 31 December 2012 were £15 21 million, down from £19 86 million at 31 December 2011 The major factors impacting the Group's net assets were the losses attributable to our loss on disposal of AEG (£2 68 million), the losses on our investment portfolio (£0 56 million), the losses arising from our fossil fuels business (£0 46 million) and significant central costs

The Group's own cash resources totalled £17 36 million at 31 December 2012 compared with £15 38 million at 31 December 2011 The cash resources at the year-end included the US$3 million loan from CGM (£1 85 million)

Net tangible asset value per share at 31 December 2012 was 15 12p (compared with 19 83p as at 31 December 2011) Net tangible asset value is based on 100,602,104 ordinary shares outstanding at 31 December 2012 (excluding Treasury shares and shares held by the Ambrian Capital Employee Benefit Trust) (2011 100,136,584 shares)

J M Coles

John M Coles
Finance Director

East West Resources plc

Report of the Directors
for the year ended 31 December 2012

The Directors present their report and the audited financial statements of the Group for the year ended 31 December 2012

Principal Activities

The Group has two main operating businesses The business of the sourcing and marketing of physical metals is conducted through Ambrian Metals Limited, a company incorporated in Switzerland and managed from the UK The other operating business is the principal investments business, conducted through Ambrian Principal Investments Limited

The Group has treated the following businesses as discontinued operations in the year

Ambrian Energy GmbH, incorporated in and managed in Germany, a provider of biofuels predominantly into European markets The Group disposed of its interest in Ambrian Energy GmbH with effect from 31 December 2012

Ambrian Asset Management Limited regulated by the Financial Services Authority, a provider of asset management services The Group disposed of its interest in Ambrian Asset Management Limited during the year

Ambrian Energy Limited and Strategic Energy Bank Limited, advisers in and arrangers of fossil fuels These companies ceased activities during the year and were closed down

Business and Review of Future Prospects

A full review of the activity of the business, key performance indicators and future prospects is contained in the Chairman's Statement and the Financial Review on pages 4 to 8 which accompany these financial statements Key performance indicators include, but are not limited to, profit before tax, revenue by segment, own cash, tangible net asset value and tangible net asset value per share

Results and Dividends

The Group recorded a loss after tax of £4 46 million (2011 loss £9 61 million) Further information on the result for the period is included within the Chairman's Statement and the Financial Review on pages 4 to 8

The Board is not recommending the payment of a dividend (2011 nil)

Directors' Indemnity Arrangements

The Group has purchased and maintained throughout the year qualifying indemnity provisions through Directors' and Officers' liability insurance

Substantial Shareholders

The Directors are aware of the following that have interests of 3 per cent or more in the Company's shares as at 19 April 2013

	Number	*Percentage*
Consolidated General Minerals plc	31,941,354	29 89%
Charles Davies	12,076,599	11 30%
Kestrel Opportunities	10,105,895	9 46%
Ambrian Capital plc Employee Benefit Trust	6,259,046	5 86%
Fidelity Investments	4,491,423	4 20%
Church House Investments Limited	3,765,000	3 52%
Tom Gaffney	3,670,053	3 43%

Acquisition of Own Shares

At the Annual General Meeting of the Company held on 29 June 2012 the Company was given authority to purchase up to 16,029,172 ordinary 10p shares The authority will expire on the earlier of the conclusion of the Annual General Meeting of the Company in 2013 and 28 September 2013

The Company did not purchase any of its own ordinary 10p shares during the year (2011 nil) The number of shares held in treasury at the year-end remained unchanged at 4,500,058 (2011 4,500,058) shares At 31 December 2012 the Company had 111,361,208 (2011 111,361,208) shares in issue Therefore, at 31 December 2012, the total number of shares held in treasury represented 4 04 per cent of the issued share capital (2011 4 04 per cent) Shares held in treasury may in the future contribute to staff share schemes

Employee Benefit Trust

The Group has an Employee Benefit Trust ("EBT") for the benefit of its employees At 31 December 2012, the EBT held 6,259,046 ordinary 10p shares in the Company (2011 6,724,566 shares) Details of the share options granted to staff by the EBT are set out in note 19

Risk Management and Financial Risk

The Group attaches great importance to effective risk management The principal business unit (being Ambrian Metals Limited) operates through its own management committee which meets fortnightly and the Executive Committee which meets at regular intervals and is attended by the Group's senior management The Group's principal exposures are monitored daily and reviewed by the Group's senior management The Group also operates a Risk Committee which is responsible for recommending risk strategy to the Board and the Group's risk management framework

The key business risks to which the Group is exposed are as follows

Loss of key staff

Retaining key staff, including, in particular, significant current and future revenue generators, is essential to the long-term health and growth of the business The Group's policies on remuneration are devised to engender loyalty and promote performance by such staff These policies include payment of bonuses and share option awards where appropriate Succession management is also of importance to preserve key customer relationships The Group seeks to ensure that these relationships will be maintained notwithstanding the loss of key personnel

Legal risk

Legal risk is inherent in most transactions affecting our businesses This is managed by the use of external legal advisers where appropriate and the adoption of industry standard documentation

Information technology risk

All of our businesses depend upon robust, effective and efficient IT support We have in place appropriate back up procedures to safeguard the loss of information and records arising from IT failure We also seek to ensure that our own material data and service providers have appropriate back up and disaster recovery procedures in place to overcome or mitigate any damage to us resulting from their failure

Operational risk

The value of some of the Group's trades particularly in its physical businesses is significant The Group is accordingly exposed to the risk of material loss through operational errors in conducting those trades We manage this risk by a combination of well established procedures, an experienced and well-trained operations team, and sophisticated trade capture systems which are designed to minimise the risk of loss through such errors

Competition

The Group operates in a competitive environment with a limited customer base and is therefore vulnerable to losing business to third parties able and willing to offer more competitive terms We aim to mitigate this risk by maintaining close relationships with our customers, seeking to expand our customer base and providing differentiating services

Disintermediation

The Group operates largely as an intermediary The integration of services between suppliers and consumers of goods and materials could have an adverse effect upon the Group

Commodity concentration

The Group's principal business is focused on commodities which is a cyclical sector Any material change in demand for relevant commodities could have an adverse impact on the Group's performance

Premium Risk

The prime determinant of the profitability of the metals business is the premium margin made on the sale of the metal, which in turn is a function of supply and demand and availability for delivery Premiums also vary on a regional basis A significant reduction in the premium margin or a material change in market dynamics would be likely to have a materially adverse effect on the Group We manage this risk by seeking substantially to diversify our geographic sources of business with our delivery destinations

Financial instruments – risk management

There are a number of financial risks to which the Group is exposed The major such risks and the controls designed to manage and mitigate them are set out and explained in note 25

Internal Control

The Board is responsible for maintaining a sound system of internal controls to safeguard shareholders' investment and Group assets and for reviewing its effectiveness

The objective of the system is to safeguard Group assets, ensure proper accounting records are maintained and that the financial information used within the business and for publication is reliable Any such system of internal control can only provide reasonable, but not absolute, assurance against material mis-statement or loss

The Group's system of internal control has been actively managed throughout the year The Board has four committees with formal terms of reference (see corporate governance section below) and the Group has an executive committee which reports on a regular basis to the Board

As part of the review of the Group's business at each meeting of the Board, the results of each area of the Group's business are discussed and assessed in comparison to the prior year Market conditions are also considered and material issues affecting the Group's operations over the period under review are also discussed

Internal financial control procedures undertaken by the Board include

- Review of quarterly financial reports and monitoring performance
- Prior approval of all significant expenditure including all major investment decisions

The Board has reviewed the operation and effectiveness of the Group's system of internal control for the financial period and the period up to the date of approval of the financial statements

Policy for Payment of Creditors

It is the Group's policy to settle all agreed transactions within the terms established with suppliers, which is typically thirty days' credit granted to the Group The number of average days' purchases of the Group represented by trade creditors as at 31 December 2012 was 15 days (2011 15 days)

Directors and their interests

The present membership of the Board, together with details of the Directors who served during the year and their interests in the share capital of the Company are set out below

	Ordinary shares		*Share options*	
	At 31 December 2012 or on resignation if earlier	*At 1 January 2012 or on appointment if later*	*At 31 December 2012 or on resignation if earlier*	*At 1 January 2012 or on appointment if later*
J M Coles	200,000	200,000	1,374,444	1,374,444
C A Crick	400,000	400,000	225,000	225,000
R N Ashley	—	—	—	—
N F Rouveyre	—	—	—	—
N A Steinberg	400,000	400,000	225,000	225,000
P A Curry	—	—	500,000	500,000
Seng Huang Lee	—	—	500,000	500,000
J A McIntyre	—	—	—	—

Mr C A Crick retired from the Board on 2 April 2012 and was re-appointed to the Board on 17 October 2012

Mr J A McIntyre and Mr S H Lee retired from the Board on 18 July 2012 and, on the same date, Mr P A Curry was appointed as a non-executive Director

Mr R N Ashley retired as Chief Executive on 2 November 2012 and was appointed non-executive director on the same date

Mr N F Rouveyre was appointed to the Board on 24 September 2012 Mr N F Rouveyre has an interest in Consolidated General Minerals plc, a substantial shareholder of the Company

Mr N A Steinberg and Mr P A Curry retired from the Board on 14 December 2012 The interests referred to above attributed to Mr Lee and Mr Curry are to the options granted to Sun Hung Kai Strategic Capital Limited ("SHK") which is a group company of Sun Hung Kai & Co Limited in which company Mr Lee is interested and by which Mr Curry was employed SHK was a substantial shareholder in the Company

Mr J A McIntyre was associated with a company which had a substantial interest in the Company

Further details in respect of the share options are disclosed in note 19

Political and Charitable Donations

No political donations were made by the Group during 2012 (2011 £nil) No charitable donations were made by the Group during 2012 (2011 £200)

Corporate Governance

AIM companies are not required to comply with the UK Corporate Governance Code (principles of good governance and code of best practice) adopted by the London Stock Exchange but the Directors have chosen to make these disclosures to provide corporate governance information

The Board meets at least six times a year and at such other times when necessary in order to determine the strategy and policy of the Group, its trading performance, the risks to which the Group is exposed and any other matters of significance affecting the Group The Board has a schedule of matters specifically reserved to it for decision

The Remuneration Committee comprises all the non-executive Directors of the Company and is chaired by Mr C A Crick The Committee determines salary levels, discretionary bonuses and the terms and conditions of service of the executive Directors together with their share option awards It also reviews the remuneration recommendations (including the overall level of bonuses and individual share option awards) relating to other staff The Remuneration Committee is also responsible for exercising discretions in relation to the Group's share option scheme and for the development of the Group's strategy in relation to the use of equity related remuneration for the benefit of the Group's employees

The Audit Committee comprises Mr R N Ashley (Chairman) and Mr C A Crick, both of whom are non-executive Directors Mr J M Coles, although not a member of the Committee, regularly attends the meetings The Committee meets at least three times a year and is responsible for monitoring the effectiveness of the internal control environment, reviews external financial reporting and monitors the framework for compliance with relevant laws and regulations The Committee reports to the Board on the Group's full and half year results having considered the Group's accounting policies and relevant accounting principles applicable to the Group The Committee also monitors the relationship between the Group and its auditors

The Risk Committee comprises Mr N F Rouveyre (Chairman) and Mr R N Ashley The Committee is responsible for recommending to the Board the Group's strategy in respect of the key risks to which the Group is exposed and the Group's appetite for those risks The Committee is also responsible for approving the controls around those risks and monitors and reviews those controls

The Nomination Committee comprises Mr C A Crick (Chairman), Mr R N Ashley and Mr N F Rouveyre The Nomination Committee is responsible for making recommendations to the Board about the composition of the Board, including the appointment of new Directors

Table of meetings and attendees

	Board Meeting	*Audit Committee*	*Risk Committee*
Number of meetings held	13	3	2
J M Coles	13(13)	—	—
C A Crick	4(4)	2(2)	2(2)
R N Ashley	13(13)	1(1)	2(2)
N F Rouveyre	5(5)	—	1(1)
N A Steinberg	13(13)	2(2)	—
P A Curry	7(7)	1(1)	—
S H Lee	2(4)	—	—
J A McIntyre	4(4)	1(1)	—

In the above table the numbers in brackets indicate the number of meetings which the Director concerned was eligible to attend

There were no Remuneration Committee meetings during the year because all remuneration issues were dealt with by the Board The Nomination Committee was established in 2013

Off balance sheet arrangements

There were no off balance sheet arrangements in place during the year or at the year end

Disclosure of information to auditors

In so far as the Directors are aware

- there is no relevant audit information of which the Group's auditor is unaware, and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Going Concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future For this reason they continue to adopt the going concern basis in preparing the financial statements

Auditors

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting

Approved by the Board of Directors and signed on behalf of the Board 29 April 2013

J M Coles

J M Coles
Finance Director

East West Resources plc

Statement of Directors' responsibilities

The Directors are responsible for preparing the report of the Directors and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market

In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements,
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions The maintenance and integrity of the Company's website is the responsibility of the Directors The Directors' responsibility also extends to the on-going integrity of the financial statements contained therein

Independent Auditor's Report to the Members of East West Resources plc

We have audited the financial statements of East West Resources plc for the year ended 31 December 2012 which comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of financial position and company balance sheet, the consolidated statement of cash flows and the related notes The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www frc.org uk/auditscopeukprivate

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2012 and of the group's loss for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or

- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Daniel Taylor *(senior statutory auditor)*
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

29 April 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

East West Resources plc

Consolidated statement of comprehensive income for the year ended 31 December 2012

	Notes	*Year to 31 December 2012* £	*Year to 31 December 2011 (Restated)* £
Turnover	3	1,129,067,594	1,549,455,324
Cost of Sales	3	(1,124,540,252)	(1,545,156,672)
Net Revenue	3	4,527,342	4,298,652
Investment portfolio (losses) and gains		(476,778)	(1,409,649)
Total income	3	4,050,564	2,889,003
Administrative expenses		(5,192,299)	(5,036,082)
(Loss) before tax from continuing operations	4	(1,141,735)	(2,147,079)
Taxation	6	(92,829)	(1,170,369)
(Loss) after tax from continuing operations		(1,234,564)	(3,317,448)
(Loss) on discontinued operations net of tax	29	(3,220,476)	(6,290,232)
(Loss) after tax from continuing and discontinued operations		(4,455,040)	(9,607,680)
Other comprehensive income			
Exchange (loss)/profit arising from translation of foreign operations		(216,527)	245,460
Total other comprehensive income		(216,527)	245,460
Total comprehensive (loss)		(4,671,567)	(9,362,220)
(Loss) for the period attributable to.			
Owners of the parent		(4,451,270)	(9,604,730)
Non-controlling interest		(3,770)	(2,950)
		(4,455,040)	(9,607,680)
Total comprehensive loss attributable to			
Owners of the parent		(4,667,797)	(9,359,270)
Non-controlling interest		(3,770)	(2,950)
		(4,671,567)	(9,362,220)
Earnings per share continuing and discontinued operations			
Basic EPS in pence	8	(4 45)	(9 88)
Continuing operations:			
Basic EPS in pence	8	(1 23)	(3 41)

The accounting policies and notes set out on pages 22 to 50 form an integral part of these consolidated financial statements

East West Resources plc

Consolidated statement of changes in equity for the year ended 31 December 2012

	Share capital £	*Share premium account* £	*Merger reserve* £	*Share-based payments reserve* £	*Employee benefit trust* £	*Treasury shares* £	*Retained earnings* £	*Exchange reserve* £	*Non-controlling interest* £	*Total Equity* £
Balance at 31 December 2010	**11 136,121**	**11 105 383**	**1,245 256**	**4 161 508**	**(5,445,444)**	**(1,128,716)**	**10 187 976**	**(1 075 932)**	**(39 314)**	**30,146 838**
Profit for the period	—	—	—	—	—	—	(9 604 730)	—	(2 950)	(9 607 680)
Elimination on disposal	—	—	(1 245 256)	—	—	—	924 392	—	—	(320 864)
Other comprehensive income	—	—	—	—	—	—	—	245 460	—	245 460
Share-based payment charge	—	—	—	164,000	—	—	—	—	—	164 000
Purchase of shares	—	—	—	—	(57,809)	—	—	—	—	(57,809)
Sale of shares	—	—	—	—	32,230	—	—	—	—	32 230
Dividends	—	—	—	—	—	—	(745 365)	—	—	(745 365)
Balance at 31 December 2011	**11 136 121**	**11,105,383**	**—**	**4,325,508**	**(5,471 023)**	**(1 128 716)**	**762 273**	**(830,472)**	**(42 264)**	**19,856 810**
(Loss) for the period	—	—	—	—	—	—	(4 451 270)	—	(3 770)	(4 455 040)
Elimination on disposal	—	—	—	—	—	—	(202 944)	202 944	—	—
Other comprehensive income	—	—	—	—	—	—	—	(216 527)	—	(216 527)
Share-based payment charge	—	—	—	24,764	—	—	—	—	—	24 764
Transfer	—	—	—	296 206	(296 206)	—	—	—	—	—
Balance at 31 December 2012	**11 136,121**	**11,105,383**	**—**	**4 646,478**	**(5,767,229)**	**(1,128,716)**	**(3,891,941)**	**(844,055)**	**(46,034)**	**15,210 007**

East West Resources plc

Consolidated statement of financial position at 31 December 2012

	Note	2012 £	2011 £
ASSETS			
Non-current assets			
Property, plant and equipment	9	53,777	177,747
Deferred tax asset	17	33,251	232,071
		87,028	409,818
Current Assets			
Financial assets at fair value through profit or loss	10	2,223,558	4,841,449
Inventory	11	222,960,314	179,154,816
Trade and other receivables	12	67,223,096	59,127,665
Cash and cash equivalents	13	17,361,477	15,378,657
		309,768,445	258,502,587
Total Assets		309,855,473	258,912,405
LIABILITIES			
Current liabilities			
Financial liabilities at fair value through profit or loss	14	(597,569)	(5,008,970)
Short term borrowings	15	(146,358,657)	(159,207,524)
Short term liabilities under sale & repurchase agreements		(108,028,112)	(45,057,643)
Trade and other payables	16	(39,648,821)	(29,459,659)
Current tax payable		(12,307)	(321,799)
Total liabilities		(294,645,466)	(239,055,595)
Total net assets		15,210,007	19,856,810
CAPITAL AND RESERVES			
Share capital	18	11,136,121	11,136,121
Share premium account		11,105,383	11,105,383
Treasury shares		(1,128,716)	(1,128,716)
Retained earnings		(3,891,941)	762,273
Share-based payment reserve		4,646,478	4,325,508
Employee benefit trust		(5,767,229)	(5,471,023)
Exchange reserve		(844,055)	(830,472)
Total equity attributable to the owner of the parent		15,256,041	19,899,074
Non-controlling interest	27	(46,034)	(42,264)
Total equity		15,210,007	19,856,810

The financial statements were approved by the Board of Directors and authorised for issue on 29 April 2013

C A Crick
Chairman

J M Coles
Finance Director

The accounting policies and notes set out on pages 22 to 50 form an integral part of these consolidated financial statements

East West Resources plc

Consolidated statement of cash flows
for the year ended 31 December 2012

	Year to 31 December 2012 £	*Year to 31 December 2011 £*
(Loss) for the year	(4,455,040)	(9,607,680)
Adjustments for		
Depreciation of property, plant and equipment	19,690	52,600
Amortisation of intangible assets	—	2,150,109
Foreign exchange losses	31,215	96,538
Taxation expense	92,829	1,836,807
Unrealised gains on financial assets designated at fair value	307,703	155,366
Realised losses on financial assets designated at fair value	(564,800)	2,213,170
Net cost on acquisition of financial assets designated at fair value	2,178,932	40,831
(Increase)/decrease in inventories	(45,134,639)	58,766,701
(Increase)/decrease in trade and other receivables	(6,477,737)	41,936,350
Unrealised (losses) on financial liabilities at fair value	(4,411,401)	(13,736,490)
Increase/(decrease) in trade and other payables	10,430,606	(43,447,274)
Share-based payment charge	24,764	164,000
Loss on disposal of subsidiaries	814,289	1,500,000
Cash used in operations	(47,143,589)	42,121,028
Taxation (paid)	(203,501)	(481,175)
Net cash flow used in operating activities	(47,347,090)	41,639,853
Investing activities		
Disposal of subsidiary undertakings	(571,394)	(868,139)
Purchase of property, plant and equipment	(2,417)	(83,405)
Disposal of property, plant and equipment	29,859	141,115
Net cash (used) in investing activities	(543,952)	(810,429)
Financing activities		
Purchase of shares by employee benefit trust	—	(25,579)
Increase/(decrease) in short term liabilities under sale and repurchase agreements	62,970,468	(37,305,963)
(Decrease) in short term borrowings	(12,848,867)	(18,644,186)
Dividends paid to owners of the parent	—	(745,365)
Net cash used in financing activities	50,121,601	(56,721,093)
Net increase/(decrease) in cash and cash equivalents	2,230,560	(15,891,669)
Cash and cash equivalents at the beginning of the year	15,378,657	31,121,434
Foreign exchange (losses)/gains on translation of foreign subsidiaries	(247,740)	148,892
Cash and cash equivalents at the end of the year	17,361,477	15,378,657

The accounting policies and notes set out on pages 22 to 50 form an integral part of these consolidated financial statements

East West Resources plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2012

1 Nature of operations

The Group is engaged in physical metals merchanting and principal investing A full review of the Group's activities is contained in the Chairman's Statement and Financial Review on pages 4 to 8

2 Accounting policies

2 1 *Basis of preparation*

The consolidated financial statements of the Group have been prepared in accordance with the Companies Act 2006 and International Financial Reporting Standards (IFRS) as developed and published by the International Accounting Standards Board (IASB) as adopted by the European Union (EU)

The consolidated financial statements have been prepared on the historical cost basis, as modified by the valuation of financial assets and liabilities, including derivative financial instruments, at fair value through profit or loss

The preparation of the financial statements in compliance with IFRS requires the use of certain critical accounting estimates It also requires Group management to exercise judgement in the appropriate application in applying the Group's accounting policies The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 26

The accounting policies that have been used in the preparation of these consolidated financial statements are described below The particular accounting policies adopted by the Directors are described below and are unchanged from the previous year unless otherwise stated

2 2 *Changes in accounting policies*

The following new standards, interpretations and amendments, applied for the first time from 1 January 2012, have been applied in these financial statements, but have not had an effect on the Group's financial statements

- Disclosures – Transfers of Financial Assets (Amendments to IFRS 7)
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)

New standards, interpretations and amendments not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2012, and have not been applied in preparing these consolidated financial statements

These are to be applied to financial statements with periods commencing on or after the following dates

Standards and Interpretations Effective date

- IFRS 10 Consolidated Financial Statements* – *Effective date 1 January 2013*
- IFRS 11 Joint Arrangements* – *Effective date 1 January 2013*
- IFRS 12 Disclosure of Interests in Other Entities* – *Effective date 1 January 2013*
- IFRS 13 Fair Value Measurement* – *Effective date 1 January 2013*
- Annual Improvements to IFRSs (2009–2011 Cycle) – *Effective date 1 January 2013*
- IAS 28 Investments in Associates and Joint Ventures – *Effective date 1 January 2013*
- Amendment to IFRS 7 – Offsetting Financial Assets and Financial Liabilities – *Effective date 1 January 2013*

- Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12) – *Effective date 1 January 2013*
- IFRS 9 Financial Instruments* – *Effective date 1 January 2015*
- Amendment to IAS 32 – Offsetting Financial Assets and Financial Liabilities – *Effective date 1 January 2014*
- Amendments to IFRS 7 Disclosures – Transfers of Financial Assets* – *Effective date 1 July 2011*
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) – *Effective date 1 January 2014*
- Amendments to IAS 27 Separate Financial Statements* – *Effective date 1 January 2013*
- Amendments to IAS 28 Investments in Associates and Joint Ventures* – *Effective date 1 January 2013*

* These standards and interpretations are not endorsed by the EU at present

Amendment to IAS 1 Presentation of Financial Statements

This amendment requires companies to group together items within Other Comprehensive Income (OCI) that may be reclassified to the profit or loss section of the income statement Items in the OCI should be presented as either a single statement or two consecutive primary statements

Amendments to IAS 27 Separate Financial Statements

The standard requires an entity preparing separate financial statements to account for those investments at cost or in accordance with the applicable financial instruments standard The definitions and wording have been updated to be in line with IFRS 10, IFRS 11, IFRS 12 and IAS 28

IFRS 9 Financial Instruments

IFRS 9 will eventually replace IAS 39 in its entirety However, the process has been divided into three main components Classification and measurement, impairment, and hedge accounting As each phase is completed, it will delete the relevant portions of IAS 39 and create new chapters in IFRS 9

To date IFRS 9 addresses only the classification and measurement and recognition/derecognition of financial instruments The requirements in respect of hedge accounting and impairment are still being deliberated and are expected to be published over the course of the next few months

The requirements for financial assets are that they should be

- Classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset,
- measured at amortised cost if it meets two conditions (a) the entity's business model is to hold the financial asset in order to collect the contractual cash flows, and, (b) the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and,
- subsequently measured at amortised cost or fair value depending on the business model of the entity and the terms of the instrument

Hybrid contracts with a host that is within the scope of IFRS 9 (i e a financial host) must be classified in its entirety in accordance with the classification approach stated above This eliminates the existing IAS 39 requirements to separately account for an embedded derivative and a host contract The embedded derivative requirements under IAS 39 continue to apply where the host contract is a non-financial asset and for financial liabilities

IFRS 9 includes an accounting policy choice allowing investments in equity instruments to be measured at fair value through other comprehensive income This is an irreversible election made, on an instrument by instrument basis, at the date of initial recognition Where this option is not taken, all equity instruments with the scope of IFRS 9 will be classified at fair value through profit or loss Irrespective of the policy choice made, dividends received on equity instruments will always be recognised in profit or loss

Subsequent reclassification of financial assets between the amortised cost and fair value categories is permitted only when an entity changes its business model for managing its financial assets

The held to maturity and available for sale classifications have been eliminated

The requirements for classifying and measuring financial liabilities are mostly unchanged from those set out in IAS 39 However, the requirements related to the fair value option for financial liabilities have been amended to address the issue of "own credit risk" in response to consistent feedback from users of financial statements and others that the effects of changes in a liability's credit risk ought not to affect profit or loss unless the liability is held for trading

IFRS 9 requires that changes in the fair value of financial liabilities designated as at fair value through profit or loss which relate to changes in own credit risk should generally be recognised directly in other comprehensive income (OCI) Where recognising the own credit amount directly in OCI would create an accounting mismatch, however, the entity may make an irrevocable decision on initial recognition to recognise the entire fair value change (including the own credit amount) in profit or loss rather than in OCI

IFRS 9 also requires all derivatives that are liabilities to be measured at fair value through profit or loss, including those that are physically settled by the delivery of an unquoted equity instrument

The recognition and derecognition requirements of IFRS 9 are unchanged from the equivalent requirements in IAS 39

Originally intended to be effective for periods beginning on or after 1 January 2013, in December 2011, the standard was amended to incorporate a 1 January 2015 mandatory effective date

IFRS 10 Consolidated Financial Statements

IFRS 10 Consolidated Financial Statements will eventually replace IAS 27 in its entirety This standard establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities This standard also includes accounting requirements and consolidation procedures, which are carried over unchanged from IAS 27

IFRS 12 Disclosure of Interests in Other Entities

The standard requires a reporting entity to disclose information that helps users to assess the nature and financial effects of the reporting entity's relationship with other entities

IFRS 13 Fair Value Measurement

This standard defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements The standard applies, except in some specified cases when other IFRSs require or permit fair value measurements

2 3 ***Basis of consolidation***

Where the company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity Intercompany transactions and balances between Group companies are therefore eliminated in full

24 *Financial Instruments*

Financial Assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired The Group has not classified any of its financial assets as held to maturity or available for sale

The Group's accounting policy for each category is as follows

Fair value through profit or loss

These are financial assets held-for-trading and financial assets designated upon initial recognition at fair value through profit or loss Financial assets are classified as held-for-trading if they are acquired for the purpose of selling in the near term Derivative assets, including separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments Financial assets at fair value through profit and loss are carried in the consolidated balance sheet at fair value with gains or losses recognised in the consolidated statement of income

Fair value of securities listed in active markets are determined by current bid prices, where independent prices are not available, fair values have been determined with reference to financial information available at the time of the original investment updated to reflect all relevant changes to that information at the reporting date Prepayments and accrued income and accruals and deferred income principally represent open sales and purchase contracts which are initially recognised at fair value when the company becomes a party to the contractual provision of the instrument and are subsequently measured to fair value at the end of each reporting period with reference to recognised commodity prices At the reporting date, ownership of the metals had not transferred to the purchasing counterparty The effect of measurement of these is presented net in either prepayments and accrued income or accruals and deferred income depending on whether the outcome of measuring these results in gains or losses at the end of each reporting period

Loans and receivables

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment

Impairment provisions are recognised when there is objective evidence that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows – bank overdrafts Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position

Financial Liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired

The Group's accounting policy for each category is as follows

Fair value through profit or loss

This category comprises out-of-the-money derivatives and accrued and deferred income They are carried in the consolidated statement of financial position at fair value, with changes in fair value recognised in the comprehensive statement of consolidated income Accruals and deferred income and prepayments and accrued income principally represent open purchase and sales contracts which are initially recognised at fair value when the company becomes a party to the contractual provision of the instrument and are subsequently measured at fair value, being the LME value at 17 00 GMT, the end of each reporting period with reference to recognised commodity exchange prices If at the reporting date, ownership of the metals had not transferred to the company, the effect of measurement of these is presented net in either accruals and deferred income or prepayments and accrued income depending on whether the outcome of measuring results in gains or losses at the end of each reporting period

Financial liabilities measured at amortised cost

All other financial liabilities include the following items

- Short term borrowings,
- Short term liabilities under sale and repurchase agreements, and
- Other payables

All of the above are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method

Fair value measurement hierarchy

IFRS 7 requires certain disclosures which require a classification of financial assets and liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement The fair value hierarchy has the following levels

- level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i e as prices) or indirectly (i e derived from prices)
- level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The level in the fair value hierarchy within which the financial asset or liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measured Financial assets and liabilities are classified in their entirety into only one of the three levels

2 5 ***Turnover and Cost of Sales***

Turnover is the gross revenues generated from all business activities except for the investment portfolio Turnover represents the gross sales invoices and principally the activities of the physical metals division

Cost of sales are the direct costs associated with sales of the physicals metals division and include such purchases of metals, freight and other costs directly related to sales

2 6 ***Total Income***

Revenue is recognised when it is probable that the economic benefits will flow to the entity and these benefits can be measured reliably

Revenue recognition in the physical metals business

- Revenue is recognised on an accruals basis It is recognised when the seller has transferred to the buyer the necessary legal documents that indicate that significant risks and rewards of ownership have transferred In most instances this is evidenced by a bill of lading, legal documents or holding certificate

- In certain instances there are contracts where the sales price is determined on a provisional basis at the date of sale, as the final selling price is subject to movements in market prices up to the date of final pricing Revenue on provisionally priced sales is recognised based on the total expected value of the sales contract This is determined by assessing the fair value of sales contracts The change in the value of the sales contract is offset in the revenue line by the hedging gain/(loss) that arises from the hedge associated with the provisional pricing of the sales contract

Revenue from the biofuels and fossil fuels businesses is recognised following performance of the services or delivery of the goods or products in question once the risk has passed to the customer

Total income is revenue defined as above and investment portfolio gains and losses

2 7 ***Foreign Currencies***

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are similarly recognised immediately in the consolidated statement of comprehensive income, within other comprehensive income

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss shall be recognised in other comprehensive income Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss shall be recognised in profit or loss

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised directly in other comprehensive income and maintained in a separate component of equity

Exchange differences recognised in the consolidated statement of comprehensive income of Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are recognised in the exchange reserve

2 8 ***Taxation***

Tax on the profit or loss for the year comprises current and deferred tax Tax is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs to its tax base, except for differences arising on

- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered) Deferred tax balances are not discounted

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either

- the same taxable Group Company, or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered

2 9 ***Property, plant and equipment***

Property, plant and equipment are stated at cost less accumulated depreciation and impairment

Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment by the reducing balance method over their estimated useful economic lives The rates generally applicable are

Office equipment – 25 per cent

Residual value estimates are updated as required, but at least annually, whether or not the asset is revalued

2 10 ***Impairment of non-financial assets***

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may be impaired If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss

Impairment charges are included in the administrative expenses line in the consolidated statement of comprehensive income

2 11 ***Pensions***

The Group contributes to the private pension scheme of one Director The assets of the scheme are held separately from that of the Group Contributions are charged in the consolidated statement of comprehensive income as incurred

2 12 ***Share-based payment – equity settled***

All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 January 2006 are recognised in the financial statements

The fair values of employees' services rewarded using share-based payments are determined indirectly by reference to the fair value of the instrument granted to the employee This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions

All equity-settled share-based payments are recognised as an expense in the consolidated statement of comprehensive income with a corresponding credit to share-based payment reserve

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates Any cumulative adjustment prior to vesting is recognised in the current period No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital and where appropriate share premium

2 13 ***Inventory***

Inventory relates to commodity contracts where delivery has been taken of the underlying commodity with the intention of resale within a short period after delivery

Inventory is held at fair value less costs to sell Any changes in fair value less costs to sell are recognised in the consolidated statement of comprehensive income in the period of the change

2 14 ***Sale and repurchase agreements***

Inventory may be sold subject to a commitment to repurchase them (a repo) Such inventory is retained on the balance sheet when substantially all the risks and rewards of ownership remain with the Group The transactions are treated as collateralised borrowing and the counterparty liability is presented separately on the balance sheet as short term liabilities under sale and repurchase agreements

2 15 ***Equity***

Called up share capital is determined using the nominal value of shares that have been issued

Share premium account includes any premium received on the initial issuing of the share capital Any transaction costs associated with the issuing of shares are deducted from share premium account, net of any related income tax benefits

Merger reserve arises from merger relief taken under section 131 of the Companies Act 1985 in respect of the premium paid on the issue of shares to finance the acquisition of a subsidiary undertaking prior to the Group's IFRS transition date

Equity-settled share-based employee remuneration is credited to the share-based payment reserve until related stock options are exercised

The cost of own shares purchased under the Employee Benefit Trust is debited to the reserve for Employee Benefit Trust and the proceeds of any sales of such shares are credited to this reserve

The cost of Treasury shares purchased is debited to the reserve for Treasury shares

Retained earnings include all current and prior period results as disclosed in the consolidated statement of comprehensive income

2 16 ***Employee benefit trust***

The assets and liabilities of the Employee Benefit Trust (EBT) have been included in the Group accounts Any assets held by the EBT cease to be recognised on the consolidated statement of financial position when the assets vest unconditionally in identified beneficiaries The costs of purchasing own shares held by the EBT are shown as a deduction against equity The proceeds from the sale of own shares held increase equity Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the Group consolidated statement of comprehensive income

2 17 ***Treasury shares***

The costs of purchasing treasury shares are shown as a deduction against equity The proceeds from the sale of own shares held increase equity Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the consolidated statement of comprehensive income

2 18 ***Operating leases***

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (operating lease) the rentals payable are charged to the consolidated statement of comprehensive income on a straight line basis over the lease term The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis

2 19 ***Segment reporting***

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker which is the Executive Committee and the management team for the relevant business segment The Executive Committee comprises the managing director of Ambrian Metals Limited, the finance director and the chief operating officer

2 20 ***Disposal of assets***

The gain or loss on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the consolidated statement of comprehensive income The gain or loss arising from the sale of fixed assets is included in "administrative expenses" in the consolidated statement of comprehensive income

2 21 ***Discontinued operations***

Operations that are disposed of during the year are separately disclosed on the Consolidated Statement of Comprehensive Income and relevant related notes to this statement Such disclosures relate to the period during the financial year prior to the disposal of the operation

Comparative figures in the Consolidated Statement of Comprehensive Income and related notes have been restated to disclose equivalent figures for 2011 Refer to note 3

3 Segmental analysis

The Group has two reportable segments attributable to its continuing operations and unallocated central revenues and costs

- Physical metals – comprises Ambrian Metals Limited, a physical metals merchant
- Investment portfolio – comprises the Group's principal investment portfolio held in Ambrian Principal Investments Limited
- Unallocated central revenues principally represent recharges of costs from Ambrian Resources AG ("ARAG") Unallocated central costs relate to overheads incurred in connection with operating the public limited company and include the share-based payment charges in relation to the staff share option schemes, the remuneration of the Directors of East West Resources plc and the costs of ARAG

During the year the Group disposed of its Asset Management business and entered into heads of terms to dispose of its Biofuels business During the year, the Group closed down its fossil fuels activities As a result of these disposals and closures, the three divisions have been treated as discontinued activities of the Group

During 2011, the Group disposed of its LME futures broking business and its Corporate finance & equities division (which was completed after the year-end) The two divisions were treated as discontinued activities of the Group in 2011

The measurement of the segmental revenue, profit before tax, capital expenditure, depreciation, total assets, total liabilities and net assets have been prepared using consistent accounting policies across the segments These policies are disclosed in note 2

East West Resources plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2012 *(Continued)*

Total income

	Physical Metals 2012 £	*Investment Portfolio 2012 £*	*Unallocated Central 2012 £*	*Total 2012 £*
Continuing operations				
Turnover	1,128,734,216	—	333,378	1,129,067,594
Cost of Sales	(1,124,540,252)	—	—	(1,124,540,252)
Revenue	—	(476,778)	—	(476,778)
	4,193,964	(476,778)	333,378	4,050,564

	Physical Metals 2011 £	*Investment Portfolio 2011 £*	*Unallocated Central 2011 £*	*Total 2011 £*
Turnover	1,548,908,551	—	546,773	1,549,455,324
Cost of Sales	(1,545,156,672)	—	—	(1,545,156,672)
Revenue	—	(1,409,649)	—	(1,409,649)
	3,751,879	(1,409,649)	546,773	2,889,003

There has been a change in the presentation of the Revenue during the 2012 financial year given the change in the Group's primary business operations This has lead to the Revenue line being disclosed as a combination of Turnover (gross revenues generated predominantly from physical sales and a small amount of unallocated central revenue), Cost of Sales (direct costs associated with the sales of physical metals trading) and Revenue (the investment portfolio gains/(losses))

There is no change to the net profit of the Group due to the change in the presentation, however the presentation better reflects the operations Further there is no effect on the presentation of the earnings per share, nor the diluted earnings per share

	2012 £	*Restated 2011 £*
Discontinued operations		
Biofuels	166,644	2,194,656
Fossil Fuels	466,425	401,285
Asset Management	30,324	90,000
Corporate finance & equities*	—	4,119,339
LME futures broking*	—	513,891
	663,393	7,319,171
	663,393	7,319,171

	2012 £	*2011 £*
Investment portfolio income represents·		
Unrealised gains/(losses) on financial assets designated at fair value	278,865	(1,260,821)
Realised (losses) on financial assets designated at fair value	(779,036)	(155,366)
Dividends, distributions and other	23,393	6,538
	(476,778)	(1,409,649)

* These operations were discontinued during the 2011 financial year

East West Resources plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2012 *(Continued)*

	2012 £	*2011* £
Profit/(loss) before tax		
Continuing operations		
Physical metals	987,287	1,653,681
Investment portfolio	(555,977)	(1,660,189)
Unallocated central	(1,573,045)	(2,140,571)
	(1,141,735)	(2,147,079)

	2012 £	*Restated 2011* £
Discontinued operations (after tax)		
Biofuels	(2,680,185)	689,422
Fossil Fuels	(455,096)	(1,307,346)
Asset Management	(85,195)	(159,674)
Corporate finance & equities*	—	(5,458,997)
LME futures broking*	—	(53,637)
	(3,220,476)	(6,290,232)
	(4,362,211)	(8,437,311)

	2012 £	*2011* £
Capital expenditure		
Biofuels	—	11,252
Unallocated central	—	72,153
	—	83,405

	2012 £	*2011* £
Depreciation		
Biofuels	7,214	22,714
Unallocated central	19,690	29,886
	26,904	52,600

* These operations were discontinued during the 2011 financial year

The majority of the Group's non-current assets are located in the UK

	2012 £	*2011* £
Total assets		
Physical metals	303,767,119	239,251,286
Investment portfolio	1,109,262	2,084,079
Unallocated central	4,954,244	6,565,542
Biofuels	—	10,556,315
Fossil fuels	24,848	455,183
	309,855,473	258,912,405
Total liabilities		
Physical metals	293,641,980	230,203,388
Investment portfolio	109,716	35,613
Unallocated central	869,166	1,547,696
Biofuels	—	6,514,782
Fossil fuels	24,604	754,116
	294,645,466	239,055,595

4 Loss before tax and Auditors' remuneration

	2012 £	2011 £
Relating to continued operations		
Loss before tax, all of which arises from the Group's principal activities, is stated after charging/(crediting)		
Fees receivable by the company's auditor or an associate of the company's auditor for the auditing of these accounts		
-audit related assurance services	118,929	130,867
-taxation compliance services	—	22,000
-other assurance services	16,000	—
-non-audit assurance services	125,000	—
Depreciation of property, plant and equipment	19,690	29,886
Operating lease rentals – land and buildings	253,182	253,182
Staff costs	2,551,577	2,654,391
Exchange losses	31,215	96,538
Interest income (included in Net Revenue)	(27,530)	(26,618)
Relating to discontinued operations.		
Staff costs	866,751	4,995,221

Included in the auditors fees above are £16,798 (31 December 2011 £29,867) paid to associate firms of BDO LLP

Included in the non-audit assurance services from the Group's auditors, are fees that include the provision of consultancy services

5 Information regarding Directors and Employees

Number of Employees	2012	2011
The average monthly number of employees (including Directors) during the year was	32	67

Employment costs	£	£
Salaries and bonuses	2,984,580	6,352,117
Social security costs associated with salaries and bonuses	393,209	851,807
Defined contribution pension costs	15,775	281,688
Share-based payment charge	24,764	164,000
	3,418,328	7,649,612

Directors' emoluments	*Salary/Fees* £	*Bonus* £	*Pension* £	*2012 Total* £
J M Coles*	140,000	—	7,000	147,000
R N Ashley	112,083	—	—	112,083
C A Crick	38,333	—	—	38,333
N F Rouveyre	6,920	—	—	6,920
Share-based payment charge**	11,693	—	—	11,693
	309,029	—	7,000	316,029

	Salary/Fees	*Bonus*	*Pension*	*2011 Total*
	£	£	£	£
T B Gaffney	277,289	—	117,101	394,390
R N Ashley	100,000	—	—	100,000
J M Coles	140,000	—	7,000	147,000
W L Banks	50,000	—	—	50,000
C A Crick	91,906	—	—	91,906
Share-based payment charge**	—	—	—	20,231
	659,195	—	124,101	803,527

* Denotes highest paid Director

** The share-based payment charge is a cost related to the Directors' emoluments but it is not apportioned individually to Directors

Mr N A Steinberg, non-executive Chairman who resigned on 14 December 2012, is a partner in Munslows LLP, a firm of Chartered Certified Accountants That firm charged fees of £100,000 (2011 £120,000) excluding VAT to the Group in respect of professional services, including tax advisory in the period on an arm's-length basis Of the fees charged, no fees were outstanding at the year-end

Mr C A Crick's remuneration includes the salary paid to him whilst acting head of corporate finance in the Group's corporate finance and equities division (which was reimbursed by the purchaser of that division) In addition he received consultancy fees of £32,580 paid to him prior to re-joining the Board

6 Taxation

The tax provision for the period is lower than the standard rate of corporation tax in the UK of 24 5 per cent (2011 26 5 per cent) The deferred tax charge resulting from the origination and reversal of temporary differences on losses brought forward includes adjustments reflecting the reduction in the rate of corporation tax The differences are explained as follows

	2012	*Restated 2011*
	£	£
(Loss) before tax	(4,362,211)	(8,437,311)
UK corporation tax on profit for the year at 24 5% (2011 26 5%)	(1,068,742)	(2,059,282)
Expenses not deductible for tax purposes	833,304	1,729,940
Other adjustments	(165,486)	803,081
Adjustments in respect of prior years	(109,795)	(11,481)
Deferred tax on losses not recoverable	603,548	974,679
	92,829	1,436,937
Comprising		
Current tax expense	—	301,008
Prior year tax (over) provision	(109,795)	(349,564)
Deferred tax resulting from the origination and reversal of temporary differences		
-On losses brought forward	222,218	782,592
-On unrealised gains on financial assets	(56,529)	56,530
-On reserve for share-based payments	36,935	646,371
	92,829	1,436,937

The comparative figures for 2011 stated above exclude the tax on discontinued operations The tax on discontinued operations is disclosed in note 29

East West Resources plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2012 *(Continued)*

7 Dividends

	2012 £	2011 £
Final dividend for the year ended 31 December 2010 0 75p per share	—	745,365
	—	745,365

8 Earnings per Ordinary Share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year, excluding shares held in the Employee Benefit Trust and Treasury shares

The calculation of diluted earnings per share is based on the basic earnings per share adjusted to allow for the issue of shares through the share option schemes (note 19) on the assumed conversion of all dilutive options

Options exercisable in 2012 and 2011 have been excluded from the diluted earnings per share calculation because they are antidilutive

Reconciliations of the earnings and weighted average number of shares in the calculations are set out below

	2012			2011		
	(Loss) Attributable to Owners of the Company £	*Weighted average number of sharess*	*Per share amount (pence)*	*(Loss) Attributable to Owners of the Company £*	*Weighted average number of shares*	*Per share amount (pence)*
Continuing and discontinued operations						
Basic earnings per share	(4,451,270)	100,007,699	(4 45)	(9,604,730)	97,260,778	(9 88)
Dilutive effect of share options		—			—	
Diluted earnings per share	(4,451,270)	100,007,699	(4 45)	(9,604,730)	97,260,778	(9 88)
Continuing operations						
Basic earnings per share	(1,230,794)	100,007,699	(1 23)	(3,314,498)	97,260,778	(3 41)
Dilutive effect of share options		—			—	
Diluted earnings per share	(1,230,794)	100,007,699	(1 23)	(3,314,498)	97,260,778	(3 41)

The loss attributable to the owners of the company for continuing and discontinued operations used in the above calculation is that presented in the consolidated statement of comprehensive income

The loss attributable to owners of the company for discontinued operations is derived from the loss from continuing operations of £1,234,564 (2011 restated loss £3,317,448) adjusted for the loss for the period attributable to the non-controlling interest of £3,770 (2011 loss £2,950)

9 Property, plant and equipment

Office equipment	*2012* £	*2011* £
Cost		
At 1 January	224,570	883,774
Additions	2,417	83,405
Disposals	(125,447)	(742,609)
Balance at 31 December	101,540	224,570
Depreciation		
At 1 January	46,823	595,020
Charge for the year	19,690	52,599
Released on disposal	(18,750)	(600,796)
Balance at 31 December	47,763	46,823
Net book value		
At 31 December	53,777	177,747
At 1 January	177,747	288,754

10 Financial Assets at Fair Value through Profit or Loss

	2012 £	*2011* £
Listed.		
Investment portfolio	273,733	1,284,402
Commodity futures	—	1,344,397
Unlisted		
Investment portfolio	1,949,825	2,212,650
	2,223,558	4,841,449

All amounts presented in respect of listed securities have been determined directly by reference to published price quotations on the Australian, US and Canadian Stock Exchanges

All amounts presented in respect of unlisted securities have been determined with reference to financial information available at the time of the original investment updated to reflect all relevant changes to that information at the reporting date This determination requires significant judgement in determining changes to fair value since the last valuation date In making this judgement the Board evaluates, among other factors, changes in the business outlook affecting a particular investment, performance of the underlying business against original projections and valuations of similar quoted companies and the most recent fund raise achieved by the investee company

11 Inventory

	2012 £	*2011* £
Physical Metals	222,960,314	173,412,516
Biofuels	—	5,742,300
	222,960,314	179,154,816

Inventory represents a combination of physical metals in storage, warehouses and in transit

Metals inventory includes stock held under sale and repurchase agreements amounting to £108,028,112 (2011 £45,057,643)

12 Trade and other receivables

	2012 £	2011 £
Amounts falling due within one year		
Trade receivables	63,756,507	58,801,176
Other receivables	2,170,584	39,676
Prepayments and accrued income	1,115,512	172,944
Other taxes & social security	180,493	113,869
	67,223,096	59,127,665

The carrying value of trade receivables which is considered a reasonable approximation of fair value, includes amounts greater than three months but not more than one year past due of £nil (2011 £nil) All amounts past due included in the carrying value are considered recoverable Accordingly, no provision is made for impairment of these trade receivables

Prepayments and accrued income principally represent open sales and purchase contracts that had been contracted but not paid for at the reporting date At the reporting date, ownership of the metals had not transferred to the purchasing counterparty The effect of measurement of these is presented net in prepayments and accrued income

13 Cash and cash equivalents

Within cash and cash equivalents where the amounts are held as deposits on trading positions, there is a restriction in the use of £1,385,208 (2011 £213,950) cash to the extent that contracts for the future physical delivery of metals move to a liability position due to adverse market price movements Where the bank has a potential exposure in connection with that liability it has the right to withhold repayment of these cash deposits This relates to the business of Ambrian Metals Limited

14 Financial liabilities at fair value through profit or loss

	2012 £	2011 £
Financial liabilities at fair value through profit or loss	597,569	5,008,970

All financial liabilities at fair value through profit or loss represent commodity futures These are used to hedge inventory of metals and purchases and sales of metals Hedges take into account the contango and backwardation market conditions and are marked to market at the year-end 17 00 GMT LME closing price

15 Short term financial liabilities

	2012 £	2011 £
Short term borrowings	146,358,657	159,207,524

Short term borrowings are secured upon inventory of £114,932,202 (2011 £135,240,431) and trade and other receivables of £31,426,425 (2011 £58,853,979)

Short term borrowings include an amount of $3,000,000, which has been borrowed from the Group's largest shareholder, Consolidated General Minerals plc The loan was advanced to Ambrian Metals Limited ("AML") on 30 November 2012 and is repayable on or before 30 June 2013 Interest is payable on a 90 day basis and at 31 December 2012 no interest had been paid The interest payable on the loan is calculated on the basis of the US dollar six month libor rate plus 8 5 per cent and has been accrued to 31 December 2012 in these financial statements The loan is subordinated to AML's bankers

	2012	*2011*
	£	*£*
Short term liabilities under sale & repurchase agreements	108,028,112	45,057,643

16 Trade and other payables

Accruals and deferred income principally represent open purchases of metals that have been contracted for but not paid for at the reporting date These are not classified as trade payables as the final price of the physical metals may not have been determined and ownership has not transferred to the Company Included in accruals and deferred income is the interest due to Consolidated General Minerals plc amounting to $34,027 on the loan advanced from that company as described in note 15

	2012	*2011*
	£	*£*
Amounts falling due within one year		
Trade payables	9,691,338	8,797,460
Other payables	304,150	366,108
Other taxation and social security	115,669	115,372
Accruals and deferred income	29,537,664	20,180,719
	39,648,821	29,459,659

17 Deferred taxation

Deferred tax assets represent temporary differences on

	2012	*2011*
	£	*£*
Losses carried forward	29,086	247,499
Unrealised gains/(losses) on financial assets	—	(56,529)
Reserve for share-based payments	4,165	41,101
	33,251	232,071
Movement in the year		
Balance at 1 January	232,071	2,038,275
Origination and reversal of temporary differences		
– On losses carried forward	(222,218)	(744,464)
– On unrealised gains on financial assets	56,529	(56,529)
– On reserve for share-based payments	(36,936)	(646,371)
– On disposal of subsidiaries	—	(320,712)
– On change in corporation tax rate	3,805	(38,128)
Balance at 31 December	33,251	232,071

18 Called Up Share Capital

	2012 Number	2011 Number	2012 £	2011 £
Authorised				
Ordinary shares of 10p each	250,000,000	250,000,000	25,000,000	25,000,000
Called up, allotted and fully paid				
Ordinary shares of 10p each	111,361,208	111,361,208	11,136,121	11,136,121

19 Share Options

The Company has an unapproved share option scheme under which options to subscribe for the Company's shares have been granted to certain Directors and other persons The vesting condition is the number of years' service The share options currently in existence were granted and are exercisable as follows

Date Granted	*Exercise Price*	*Number of shares*	*Period exercisable*
2 January 2008	10p	264,444	Between 2 January 2008 and 3 January 2014
16 May 2008	10p	660,000	Between 2 January 2009 and 3 January 2015
6 April 2009	25p	1,075,000	Between 6 October 2009 and 5 April 2016
2 June 2009	30p	800,000	Between 2 December 2009 and 1 June 2016
		2,799,444	

At the year-end the market value of the Company's shares was 11 00p (2011 16 25p) per share The highest price during the year was 16 25p (2011 31 125p) and the lowest price was 8 375p (2011 14 625p)

The number and weighted average exercise prices of share options are as follows

	Weighted average exercise price in pence 2012	*Number of options 2012*	*Weighted average exercise price in pence 2011*	*Number of options 2011*
Outstanding at 1 January	—	3,149,444	—	10,866,944
Forfeited during the year	25 00	(350,000)	25 00	(7,717,500)
Outstanding at 31 December	21 48	2,799,444	21 90	3,149,444
Exercisable at 31 December	21 48	2,799,444	21 90	3,149,444

The options outstanding at 31 December 2012 have an exercise price in the range of 10p to 30p and a contractual life of 7 years

The Company also has an Employee Benefit Trust unapproved share option scheme under which options to subscribe for the Company's shares have been granted to staff Directors of East West Resources plc are not eligible for awards under this scheme Options are generally granted at 10p per ordinary share and the vesting condition is the number of years of service The share options currently in existence were granted and are exercisable as follows

Date Granted	*Exercise Price*	*Number of shares*	*Period exercisable*
29 May 2006	10p	100,000	Between 12 January 2007 and 12 January 2013
31 May 2006	10p	13,333	Between 29 June 2007 and 29 June 2016
31 January 2007	10p	44,444	Between 31 January 2008 and 31 January 2017
23 May 2007	10p	100,000	Between 23 May 2008 and 23 May 2017
18 January 2008	10p	62,500	Between 18 January 2009 and 18 January 2018
7 April 2008	10p	600,000	Between 2 January 2010 and 7 April 2015
1 July 2009	10p	250,000	Between 1 July 2010 and 1 July 2016
		1,170,277	

	Exercise price in pence 2012	*Number of options 2012*	*Exercise price in pence 2011*	*Number of options 2011*
Outstanding at 1 January	10 00	3,471,043	10 00	7,121,537
Exercised during the year	10 00	(462,280)	10 00	(1,898,835)
Forfeited during the year	10 00	(1,838,486)	10 00	(2,051,659)
Granted during the year	10 00	—	10 00	300,000
Outstanding at 31 December	10 00	1,170,277	10 00	3,471,043
Exercisable at 31 December	10 00	1,170,277	10 00	2,837,709

The share-based payment charge relating to the share options granted to the EBT amounted to £24,764 (2011 £164,000)

20 Share-based payment reserve

The fair values of employees' services rewarded using share-based payments are determined indirectly by reference to the fair value of the instrument granted to the employee This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions

All equity settled share-based payments are recognised as an expense in the consolidated statement of comprehensive income with a corresponding credit to share-based payment reserve

21 Lease Commitments

At 31 December 2012 the total of future minimum commitments is due as follows

	Land and buildings 2012 £	*Land and buildings 2011* £
Not later than one year	253,182	253,182
Later than one year and not later than five years	452,110	632,954
	705,292	886,136

Lease commitments relate to office premises

22 Capital Commitments

There were no capital commitments as at 31 December 2012 or at 31 December 2011

23 Contingent Liabilities

There were no contingent liabilities as at 31 December 2012 or at 31 December 2011

24 Transactions with Related Parties

Details of transactions with the Group's key management personnel, who comprise the Directors, are given in note 5 Intra-Group transactions and balances are eliminated on consolidation Details in relation to the loan from shareholder are disclosed in note 15

A subsidiary of the company, Ambrian Resources AG, received fees of £358,920 from Consolidated General Minerals plc for the year ended 2012 The only related party outstanding balance at year end was between Consolidated General Minerals and Ambrian Resources AG totalling £40,316 Consolidated General Minerals was not a related party during 2011

25 Financial instruments – Risk management

Principal financial instruments

A summary of the financial instruments held by category is provided below

	Loans and Receivables at amortised cost 2012 £	*At fair value through profit or loss 2012* £	*Total 2012* £
Financial assets			
Cash and cash equivalents	17,361,477	—	17,361,477
Trade receivables – current	63,756,507	—	63,756,507
Other receivables – current	2,170,584	—	2,170,584
Financial assets at fair value through profit or loss – equities	—	2,223,558	2,223,558
Total	83,288,568	2,223,558	85,512,126

	Loans and Receivables at amortised cost 2011 £	At fair value through profit or loss 2011 £	Total 2011 £
Financial assets			
Cash and cash equivalents	15,378,657	—	15,378,657
Trade receivables – current	58,801,176	—	58,801,176
Other receivables – current	39,676	—	39,676
Financial assets at fair value through profit or loss			
– equities	—	3,497,052	3,497,052
– derivatives	—	1,344,397	1,344,397
Total	74,219,509	4,841,449	79,060,958

A certain amount of the cash and cash equivalents is held as collateral by third party banks as disclosed in note 13 Trade receivables, current of £65,323,668 (2011 £55,567,851) were pledged as collateral against short term borrowings as disclosed in note 15

	Trade and other payables at amortised cost 2012 £	At fair value through profit or loss 2012 £	Total 2012 £
Financial liabilities			
Trade payables	9,691,338	—	9,691,338
Other payables – current	304,150	—	304,150
Short term borrowings	146,358,657	—	146,358,657
Accruals and deferred income	—	29,537,664	29,537,664
Short term liabilities under sale and repurchase agreements	108,028,112	—	108,028,112
Financial liabilities at fair value through profit or loss			
– derivatives	—	597,569	597,569
Total	264,382,257	30,135,233	294,517,490

	2011 £	2011 £	2011 £
Financial liabilities			
Trade payables	8,797,460	—	8,797,460
Other payables – current	366,108	—	366,108
Short term borrowings	159,207,524	—	159,207,524
Accruals and deferred income	—	20,180,719	20,180,719
Short term liabilities under sale and repurchase agreements	45,057,643	—	45,057,643
Financial liabilities at fair value through profit or loss			
– derivatives	—	5,008,970	5,008,970
Total	213,428,735	25,189,689	238,618,424

Financial instruments are measured at fair value as follows

	Fair value measurements at 31 December 2012			
	Level 1	*Level 2*	*Level 3*	*Total*
	£	£	£	£
Financial assets				
Equity investments	273,733	—	1,949,825	2,223,558
Financial assets at fair value through profit or loss – derivatives	—	—	—	—
Total	273,733	—	1,949,825	2,223,558
	£	£	£	£
Financial liabilities				
Accruals and deferred income	29,537,664	—	—	29,537,664
Financial assets at fair value through profit or loss – derivatives	—	597,569	—	597,569
Total	29,537,664	597,569	—	30,135,233

	Fair value measurements at 31 December 2011			
	Level 1	*Level 2*	*Level 3*	*Total*
	£	£	£	£
Financial assets				
Equity investments	1,933,737	—	1,563,315	3,497,052
Financial assets at fair value through profit or loss – derivatives	—	1,344,397	—	1,344,397
Total	1,933,737	1,344,397	1,563,315	4,841,449
	£	£	£	£
Financial liabilities				
Accruals and deferred income	20,180,719	—	—	20,180,719
Financial assets at fair value through profit or loss – derivatives	—	5,008,970	—	5,008,970
Total	20,180,719	5,008,970	—	25,189,689

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from the previous periods unless otherwise stated in this note

Market Risk

Effective risk management is a fundamental aspect of the Group's business operations In the ordinary course of the Group's business it is exposed to a number of financial risks market risk, credit risk and liquidity risk The principal risks and the policies for managing them are summarised below

The principal market risks the Group is exposed to are interest rate, foreign currency, commodity and equity risk

Interest rate risk

The Group is exposed to interest rate risk on cash it holds and trade finance credit facilities

Interest rate risk is derived from interest bearing deposits in which the Group invests cash Due to the Group's liquidity requirements, cash is generally deposited at interest rates set on a daily basis Interest income included within revenue in the year was £27,530 (2011 £26,618) The Group's interest bearing assets are held as cash or cash equivalents at floating interest rates as follows

	2012 £	*2011* £
Sterling	1,078,379	2,603,225
Canadian Dollars	1,352	1,379
US Dollars	15,729,095	12,246,408
Euros	97,825	237,709
Swiss Francs	21,213	286,985
Other denominations	433,613	2,951
Cash or cash equivalents	17,361,477	15,378,657

The Group is also exposed to interest rate risk in respect of the interest rate charged by trade finance providers for its physical metals activities Interest rates charged by the banks are typically set at a margin over US$ LIBOR calculated on the total US dollar value of a shipment at the time of shipping The Group has a policy of estimating its per tonne profit margin using interest rates that are above the prevailing interest rate

The Group typically enters into arrangements to purchase and sell specific tonnages of metal up to 12 months in advance of shipment and estimates its profit margin per tonne of metal sold after all costs, including an estimate for the expected rate of interest As the actual interest rate is not known until the time of shipping there is the risk if interest rates rise that the actual interest charge would adversely affect the profitability of the transaction

In the previous financial year, we considered a proposal to mitigate our interest rate risk with the use of interest rate instruments designed to cap the interest rate at a particular level up to one year in advance However after examining the proposal further, we concluded that the potential cost of providing the protection was uneconomic

A change of 100 basis points upwards or downwards in interest rates at the year end would have (decreased)/increased pre-tax profit from continuing operations and net assets by £659,004/£(659,004) (2011 £1,592,075/£(1,592,075)) This analysis assumes that all other variables, in particular foreign currency rates, remain constant

Foreign currency risk

The Group is exposed to currency risks from its operating and investing activities The Group publishes its consolidated financial statements in pounds sterling The revenue generated by Ambrian Metals Limited is for the most part denominated in US dollars while the vast majority of their operating expenses are denominated in pounds sterling Thus the impact arising from foreign currency risk on the Group's trading activities is potentially material

The Group mitigates the risk of a loss as a result of transactions that occur in US dollars by the purchase of forward foreign exchange contracts to sell a proportion of US dollar income forward or through the purchase of options to sell US dollars

A 10 per cent strengthening or weakening in the exchange rate between the pound sterling and the US dollar at 31 December 2012 would have (decreased)/increased pre-tax profit from continuing operations and net assets by £466,010/£(381,280) (2011 £308,947/£(308,306)), assuming that all other variables, in particular interest rates, remain constant

A summary of the financial instruments held by currency is provided below

	Sterling 2012 £	*US Dollars 2012 £*	*Euros 2012 £*	*Other 2012 £*	*Total £*
Financial Assets					
Cash at bank	1,078,379	15,729,095	97,825	456,178	17,361,477
Trade and other receivables	12,912	61,296,705	2,446,342	548	63,756,507
Other receivables – current	35,254	2,135,330	—	—	2,170,584
Financial assets at fair value through profit or loss					
– equities	1,734,402	50,372	162,395	276,389	2,223,558
Total	2,860,947	79,211,502	2,706,562	733,115	85,512,126

	2011 £	*2011 £*	*2011 £*	*2011 £*	*Total £*
Financial Assets					
Cash at bank	2,603,225	12,246,408	237,709	291,315	15,378,657
Trade and other receivables	990,037	57,811,139	—	—	58,801,176
Other receivables – current	—	39,676	—	—	39,676
Financial assets at fair value through profit or loss					
– equities	2,457,597	—	83,473	955,982	3,497,052
– derivatives	—	1,344,397	—	—	1,344,397
Total	6,050,859	71,441,620	321,182	1,247,297	79,060,958

	2012 £	*2012 £*	*2012 £*	*2012 £*	*Total £*
Financial liabilities					
Trade and other payables	396,423	9,446,287	4,795	147,983	9,995,488
Short-term borrowings	—	146,275,504	82,472	681	146,358,657
Short term liabilities under sale and repurchase agreements	—	108,028,112	—	—	108,028,112
Financial liabilities at fair value through profit or loss					
– derivatives	—	597,569	—	—	597,569
Accruals and deferred income	588,377	28,866,577	—	82,710	29,537,664
Total	984,800	293,214,049	87,267	231,374	294,517,490

	2011 £	*2011 £*	*2011 £*	*2011 £*	*Total £*
Financial liabilities					
Trade and other payables	859,872	8,303,695	—	—	9,163,567
Short-term borrowings	—	159,207,524	—	—	159,207,524
Short term liabilities under sale and repurchase agreements	—	45,057,643	—	—	45,057,643
Financial liabilities at fair value through profit or loss					
– derivatives	—	5,008,970	—	—	5,008,970
Accruals and deferred income	1,367,992	18,812,727	—	—	20,180,719
Total	2,227,864	236,390,559	—	—	238,618,423

Commodity risk

Commodity risk is the risk of financial loss resulting from movements in the price of commodities

The Group is exposed to commodity risk arising from physical sales of base metals, primarily refined copper

This risk is principally managed through contractual arrangements with customers and the use of futures contracts Any adverse price movement on physical positions will be offset by a positive movement on futures positions

The Group is also exposed to commodity risk in the event that commodity prices rise and the US dollar value of total tonnages of commodities that it has contracted to purchase exceeds the total US dollar amount of trade finance facilities available to the Group

The Group mitigates this risk by entering into purchase contracts assuming commodity prices above prevailing levels The Group also has the potential to finance metal purchases with trade finance providers by entering into sale and re-purchase agreements for the commodity

Equity risk

Equity risk arises from changes in the prices of the Group's equity investments arising through the normal course of its investing activities An adverse movement in the fair value of the equity investments has a negative impact on the capital resources of the Group

Equity risk exposures are primarily managed through the use of the individual stock position and overall portfolio limits

A 10 per cent increase or decrease in the underlying share price of listed financial assets of the Group at the year-end would have increased/(decreased) pre-tax profit and net assets by £9,912/£(9,912) (2011 £128,440/£(128,440))

Credit and non-performance Risk

The Group is exposed to credit risk from its operating activities

The Group's cash and cash equivalents are placed with major financial institutions

Counterparty credit risk arises from our normal business operations including purchases and sales transactions, and thus receivables, as well as transactions which may involve a performance risk, for example associated with prepayments and accrued income These risks are addressed by individual counterparty analysis and the creation of risk limits which are monitored on an ongoing basis Given the global nature of our business operations, which involves a diverse counterparty base, the impact of individual risk exposure is reduced Concentration risk is regularly monitored and assesses counterparty exposure, industry sector exposure and country exposure

Trade receivables payment risk associated with the physical metals business is reduced as almost all of our trade receivables are either backed by a letter of credit from a major financial institution or we have obtained credit insurance for substantially all of the credit exposure or we are otherwise protected through title retention arrangements

The maximum exposure to credit risk before the consideration of collateral or other credit enhancements is represented by the carrying amounts of the financial assets that are shown on the consolidated statement of financial position, including derivatives with positive market value

The Group is exposed to the potential risk of a supplier defaulting on delivery of a contracted shipment of metal We mitigate this risk in our physical metals business, by keeping a quantity of stock in storage and, by the use of performance bonds or similar instruments Further, as the physical metals business deals almost exclusively in readily convertible commodities, we expect to be able to source metals from alternative counterparties although this may impact the profitability of the transaction

As at 31 December 2012, the analysis of trade receivables outstanding was as follows

	Total	*< 30 days*	*31-60 days*	*61-90 days*	*91-120 days*	*>120 days*
	£	*£*	*£*	*£*	*£*	*£*
2012	63,756,507	63,756,507	—	—	—	—
2011	58,801,176	58,801,176	—	—	—	—

At 31 December 2012 and at 31 December 2011 there were no trade receivables that were considered to be impaired

Liquidity Risk

The Group defines liquidity risk as the failure to have sufficient financial resources to meet its day to day capital and cashflow requirements

The Group's liquidity risk management strategy includes (a) projecting cashflows from operations, (b) maintaining sufficient cash and (c) accessing a diverse number of uncommitted bi-lateral trade finance facilities

The Group's liquidity is monitored daily within agreed procedures designed to ensure that the Group has sufficient liquidity to fully meet its obligations, including physical metal purchases and margin requirements at LME clearers and at third party brokers

Excess liquidity is invested in cash deposits with financial institutions, typically, on an overnight basis

As at 31 December 2012, the Group had cash and cash equivalents of £17,361,477 (2011 £15,378,657)

Ambrian Metals Limited had as at 31 December 2012, bi-lateral bank facilities with seven (2011 eight) banks totalling US$295,000,000 (2011 US$370,000,000) under which the Group had access to cash borrowings and trade finance facilities At 31 December 2012, US$234,876,724 (£144,512,843) of these facilities were drawn down (2011 US$247,090,077) (2011 £159,023,090) The Group's policy is to maintain strong relationships with a number of alternative major providers of trade finance The Group's metals trading business is dependent upon the continued availability of these bank facilities The withdrawal or a material reduction of these facilities would have a materially adverse effect on the Group The future growth of the metals trading business depends upon the availability of appropriate bank facilities and trade finance to fund them

The table below summarises the maturity profile of the Group's financial liabilities and derivatives at 31 December based on contractual undiscounted payments

Up to 6 Months

	2012	*2011*
	£	*£*
Trade and other payables	9,995,488	9,163,568
Accruals and deferred income	29,537,664	20,180,719
Short term trade finance	146,358,657	159,207,524
Short term liabilities under sale & repurchase agreements	108,028,112	45,057,643
Financial liabilities at fair value through profit or loss	597,569	5,008,970
	294,517,490	238,618,424

Capital Management

The primary objective of the Group's capital management is to ensure that it has sufficient capital to support its businesses and maximise shareholder value

For the purpose of capital management, capital is defined as share capital, share premium account, treasury shares and retained earnings

To maintain or adjust the Group capital structure, the Group may return capital to shareholders or issue new shares

26 Accounting estimates and judgements

The Group makes estimates and assumptions regarding the future Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances In the future, actual experience may differ from these estimates and assumptions The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are considered below

Useful lives of property, plant and equipment

Property, plant and equipment are amortised or depreciated over their useful lives Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated statement of comprehensive income in specific periods Details of property, plant and equipment are provided in note 9

Fair value of financial instruments

The Group determines the fair value of financial instruments that are not quoted, based on estimates using present values or other valuation techniques Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows Where market prices are not readily available, fair value is either based on estimates obtained from independent experts or quoted market prices of comparable instruments In that regard, the derived fair value estimates cannot be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately Details of financial assets held at fair value through profit or loss are provided in note 10

All amounts presented in respect of unlisted securities have been determined with reference to financial information available at the time of the original investment updated to reflect all relevant changes to that information at the reporting date This determination requires significant judgement in determining changes to fair value since the last valuation date In making this judgement the Board evaluates, among other factors, changes in the business outlook affecting a particular investment, performance of the underlying business against original projections and valuations of similar quoted companies

Share based payments

Employee services received, and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments at the date of grant, excluding the impact of any non-market vesting conditions The fair value of share options is estimated by using the binomial lattice valuation method, on the date of grant based on certain assumptions Those assumptions are described in note 19 and include, among others, the dividend growth rate, expected volatility and expected life of the options

Deferred tax asset

The Group determines the recoverability of deferred tax assets based on an assessment of the future financial performance of the business and the ability to offset or recover this under the tax legislation of the jurisdictions that the Group operates in The extent to which estimates about future performance of the business or tax legislation are different from current assessments may impact the ultimate realisation of this asset

Legal proceedings

At the reporting date there were no known legal proceedings outstanding against any of the Group companies

27 Non-controlling interest

The non-controlling interest disclosed in the statement of comprehensive income and statement of financial position represents a 20 per cent minority interest in Ambrian Resources AG held by shareholders other than East West Resources plc

28 Post Balance Sheet events

There were no post balance sheet events

29 Discontinued operations

On 18 July 2012, the Group entered into an agreement to dispose of its entire interest in Ambrian Asset Management Limited ("AAM") which was completed on 7 December 2012 and on 11 December 2012, the Group entered into heads of terms to sell its entire interest in Ambrian Energy GmbH ("AEG") The sale of AEG was completed on 18 February 2013 but with the change of control passing with effect from 31 December 2012 As a result of these disposals, the operations of AAM and AEG during the year ended 31 December 2012 have been treated as discontinued operations

During the year the businesses carried out by Ambrian Energy Limited ("AEL") and Strategic Energy Bank Limited ("SEB"), as advisers and arrangers of fossil fuel transactions, ceased trading and have been treated as discontinued operations

Trade and other receivables contain a sum of £1,630,468 representing the sale proceeds from the disposal of AEG This amount had been received before the date of signing these financial statements

The assets attributable to the discontinued operations as at their respective effective disposal dates are set out below

	At disposal 2012	*2011*	*2011**
	£	*£*	*£*
Property, plant and equipment	76,838	105,439	697
Trade and other receivables	12,774	828,133	3,247,998
Inventory	1,329,141	5,742,300	—
Cash	1,338,196	1,592,681	5,338,335
Trade and other payables	(266,048)	(3,493,803)	(1,716,834)
Net asset position	2,490,901	4,774,750	6,870,196

* *These figures are the 2011 figures for the operations that were discontinued during the 2011 financial year and are disclosed for comparative reasons only*

The post-tax loss on disposal of discontinued operations was determined as follows

Result of discontinued operations

	2012	*2011*	*2011**
	£	*£*	*£*
Revenue	4,545,521	2,686,404	4,633,230
Administrative expenses	(6,951,709)	(3,197,434)	(8,245,994)
Loss on operating activities	(2,406,188)	(511,030)	(3,612,764)
Loss from selling discontinued operations	(814,288)	—	(1,500,000)
	(3,220,476)	(511,030)	(5,112,764)
Taxation (expense)	—	(266,568)	(399,870)
(Loss)/profit for the year	(3,220,476)	(777,598)	(5,512,634)
(Loss)/earnings per share on discontinued operations			
Basic in pence	(3 22)		(5.67)

* *These figures are the 2011 figures for the operations that were discontinued during the 2011 financial year and are disclosed for comparative reasons only*

The total proceeds of sale from Ambrian Asset Management Limited were £63,196 and the total proceeds of sale from Ambrian Energy GmbH were £1,630,468

Statement of cash flows from discontinued operations

	2012	*2011*	*2011**
	£	*£*	*£*
Operating activities	(673,247)	(55,362)	(13,483,920)
Investing activities	(571,394)	—	(868,139)
Net cash from discontinued operations	(1,244,641)	(55,362)	(14,352,059)

* *These figures are the 2011 figures for the operations that were discontinued during the 2011 financial year and are disclosed for comparative reasons only*

In the above tables, the comparative information for 2011 has been restated to present comparatives for the activities discontinued in 2012, rather than the results actually arising from the activities discontinued in 2011

East West Resources plc

Company Balance Sheet

	Note	2012 £	2012 £	2011 £	2011 £
Company number 03172986					
Fixed Assets					
Property, plant and equipment	3		51,360		71,050
Investments	4		12,123,965		17,742,680
			12,175,325		17,813,730
Current Assets					
Investments	5	1,714,367		1,714,367	
Debtors amounts due within one year	6	1,864,955		1,387,298	
Cash at bank and in hand		843,376		3,243,987	
		4,422,698		6,345,652	
Current liabilities					
Creditors amounts due within one year	7	(3,486,851)		(5,808,085)	
Net Current Assets			935,847		537,567
Total assets less current liabilities			13,111,172		18,351,297
CAPITAL AND RESERVES					
Called up share capital	8		11,136,121		11,136,121
Share premium account	9		11,105,383		11,105,383
Treasury shares	9		(1,128,716)		(1,128,716)
Retained earnings	9		(6,880,865)		(1,615,976)
Share-based payment reserve	9		4,350,272		4,325,508
Employee benefit trust	9		(5,471,023)		(5,471,023)
Shareholders' funds			13,111,172		18,351,297

These financial statements were approved and authorized by the Board of Directors on 29 April 2013

C A Crick
Chairman

J M Coles
Finance Director

The accounting policies and notes set out on pages 52 to 57 form an integral part of these parent Company financial statements

1 Accounting policies

The parent company financial statements of East West Resources plc have been prepared in accordance with applicable UK accounting standards (UK GAAP) The Company has taken advantage of the exemption under Section 408 of the Companies Act 2006 not to present its individual profit and loss account and related notes The accounting policies that have been used in the preparation of these financial statements are described below

The Company has elected not to adopt the provisions of Financial Reporting Standard 26 "Financial Instruments Recognition and Measurement"

1 1 ***Accounting convention***

The financial statements are prepared under the historical cost convention

1 2 ***Foreign currencies***

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date All other exchange differences are dealt with through the profit and loss account

1 3 *Taxation*

Tax on the profit or loss for the year comprises current and deferred tax Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity

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

Deferred tax is recognised on all timing differences when the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date Deferred tax is measured using rates of tax that have been enacted or substantially enacted by the balance sheet date

1 4 ***Pensions***

The Company contributes to the private pension scheme of one Director The assets of the scheme are held separately from that of the Company Contributions are charged in the accounts as incurred

1 5 ***Share-based payment***

All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 January 2006 are recognised in the financial statements

The fair values of employees' services rewarded using share-based payments are determined indirectly by reference to the fair value of the instrument granted to the employee This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions

All equity-settled share-based payments are recognised as an expense in the profit and loss account with a corresponding credit to share-based payment reserves

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates Any cumulative adjustment prior to vesting is recognised in the current period No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting

1 6 ***Employee benefit trust***

The assets and liabilities of the Employee Benefit Trust (EBT) have been included in the Company's accounts Any assets held by the EBT cease to be recognised on the consolidated statement of financial position when the assets vest unconditionally in identified beneficiaries The costs of purchasing own shares held by the EBT are shown as a deduction against shareholders' funds The proceeds from the sale of own shares held increase shareholders' funds Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the profit and loss account

1 7 ***Treasury shares***

The costs of purchasing treasury shares are shown as a deduction against shareholders' funds The proceeds from the sale of own shares held increase shareholders' funds Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the profit and loss account

1 8 ***Investments***

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value

Current asset investments are stated at the lower of cost and net realisable value

1 9 ***Capital contributions***

Where the Company makes a loan to a subsidiary company on a subordinated basis, this is treated as equity in the subsidiary and as a fixed asset investment in the company

2 Company profit

The Company has taken advantage of exemption allowed under Section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements The Company's loss after tax was £5,264,889 (2011 loss £10,418,637)

3 Property, plant and equipment

	2012 £	*2011* £
Office equipment		
Cost		
At 1 January	99,908	27,755
Additions	—	72,153
Balance at 31 December	99,908	99,908
Depreciation		
At 1 January	28,858	—
Charge for the year	19,690	28,858
Balance at 31 December	48,548	28,858
Net book value		
At 31 December	51,360	71,050

East West Resources plc

Notes forming part of the Company financial statements for the year ended 31 December 2012 *(Continued)*

4 Investments held as fixed assets

The capital contributions relate to subordinated amounts due from Ambrian Metals Limited

	Shares in subsidiary Undertakings	*Capital contributions*	*Total*
	£	*£*	*£*
Cost			
At 1 January	11,242,680	6,500,000	17,742,680
Additions	—	—	—
Disposals	(2,640,360)	(3,000,000)	(5,640,360)
Conversion to Share Capital	3,521,645	(3,500,000)	21,645
At 31 December	12,123,965	—	12,123,965
Net book value			
At 31 December 2012	12,123,965	—	12,123,965
At 31 December 2011	11,242,680	6,500,000	17,742,680

Details of the investments in subsidiary undertakings held by the Company at the year-end are as follows

Name of Company	*Country of operation*	*Country of incorporation*	*Holding*	*Proportion of shares and voting rights held*	*Nature of business*
Ambrian Nominees Limited	UK	UK	Ordinary shares	100%	Nominee
Ambrian Principal Investments Limited	Jersey	Jersey	Ordinary shares	100%	Managed fund
Ambrian Metals Limited	UK	Switzerland	Ordinary shares	100%	Physical metals merchant
Ambrian Energy Limited	UK	Switzerland	Ordinary shares	100%	Oil & oil derivatives intermediary
Strategic Energy Bank	UK	UK	Ordinary shares	100%	Oil & oil derivatives intermediary
Ambrian Resources AG	Switzerland	Switzerland	Ordinary shares	80%	Private equity

All the other holdings have been held throughout the year and the proportion of shares and voting rights held is unchanged

During the year the Group sold its entire shareholding in Ambrian Asset Management Limited

In December 2012, the Group entered into heads of terms to dispose of Ambrian Energy GmbH, and the sale was subsequently completed on 18 February 2013 As the control was transferred to the purchaser from 31 December 2012, it has been treated as a discontinued operation at the year end

5 Investments held as current assets

	2012	*2011*
	£	*£*
Listed	151,052	151,052
Unlisted	1,563,315	1,563,315
	1,714,367	1,714,367

The market value of the listed investment, which is listed on the Canadian Stock Exchange, was £151,052 at 31 December 2012 (2011 £151,052)

6 Debtors

	2012 £	2011 £
Amounts falling due within one year		
Trade and other debtors	1,700,901	917,984
Amounts owed by subsidiary undertakings	—	165,542
Deferred Tax Asset	41,139	41,101
Other taxes and social security	57,660	113,786
Prepayments and accrued income	65,255	148,885
	1,864,955	1,387,298

Amounts owed by subsidiary undertakings are shown after provisions of £782,175 (2011 £1,329,704)

7 Creditors – amounts due within one year

	2012 £	2011 £
Other creditors	343,137	444,713
Other taxation and social security creditors	—	22,197
Accruals and deferred income	475,968	653,547
Corporation tax	9,570	35,532
Amounts owed to subsidiary undertaking	2,658,176	4,652,096
	3,486,851	5,808,085

8 Called up share capital

	2012 Number	2011 Number	2012 £	2011 £
Authorised				
Ordinary shares of 10p each	250,000,000	250,000,000	25,000,000	25,000,000
Called up, allotted and fully paid				
Ordinary shares of 10p each	111,361,208	111,361,208	11,136,121	11,136,121

9 Statement of movement on reserves

	Share Premium account £	Profit and loss account £	Other Reserves £
At 1 January 2012	11,105,383	(1,615,976)	(2,274,231)
(Loss) for the financial year	—	(5,264,889)	—
Share-based payment charge	—	—	24,764
Balance at 31 December 2012	11,105,383	(6,880,865)	(2,249,467)

Analysis of Other Reserves

	Share Based Payments reserve £	*Employee benefit trust* £	*Treasury shares* £	*Total* £
At 1 January 2012	4,325,508	(5,471,023)	(1,128,716)	(2,274,231)
Share-based payment charge	24,764	—	—	24,764
Balance at 31 December 2012	4,350,272	(5,471,023)	(1,128,716)	(2,249,467)

During the year the Company loaned £nil (2011 £132,075) to the Employee Benefit Trust set up by the Group The Employee Benefit Trust used the loan, together with exercise proceeds, in the year ended 31 December 2011 to purchase 239,502 shares in the Company

4,500,058 shares (2011 4,500,058) are held in Treasury and 6,259,046 shares (2011 6,724,566) are held by the Employee Benefit Trust

10 Reconciliation of movements in shareholders' funds

	2012 £	*2011* £
(Loss) for the financial year	(5,264,889)	(10,418,637)
Dividends paid	—	(745,365)
FRS 20 share option charge	24,764	164,000
Purchase of shares	—	(57,809)
Sales of shares	—	32,230
Net (reduction) to shareholders' funds	(5,240,125)	(11,025,581)
Opening shareholders' funds	18,351,297	29,376,878
Closing shareholders' funds	13,111,172	18,351,297

11 Share Options

The Company has a share option scheme under which options to subscribe for the Company's shares have been granted to the Directors and other persons Full details of the share options currently in existence are set out in note 19 to the consolidated financial statements

12 Capital Commitments

There were no capital commitments as at 31 December 2012 or at 31 December 2011

13 Contingent Liabilities

There were no contingent liabilities as at 31 December 2012 or at 31 December 2011

14 Guarantees and Other Financial Commitments

The Company has granted a $10,000,000 guarantee (2011 $10,000,000) to a consortium of banks that provide trade finance facilities to Ambrian Metals Limited.

15 Transactions with Related Parties

Details of transactions with Directors and Directors' remuneration are given in note 5 to the consolidated financial statements

Details of a loan granted to a subsidiary company by a significant shareholder are disclosed in note 15 to the consolidated financial statements

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with its wholly owned subsidiaries

There were no other related party transactions

EAST WEST RESOURCES PLC

Charles A Crick

Non-executive Chairman

Charles is a solicitor and was most recently a director of the Company and its subsidiary, Ambrian Partners Limited Charles trained and spent the early part of his career at Allen & Overy After a number of years in private practice specialising in corporate finance and banking law, he joined Numis Securities in 1996 Until his retirement at the end of 2004 he was head of corporate finance and a main board director of Numis Corporation plc

John M Coles

Finance Director

John has over 25 years' experience in investment banking and asset management After qualifying as a chartered accountant, he worked with Robert Fleming & Co Limited in private equity, investment banking and stockbroking Prior to joining the Group , John was Deputy Managing Director of JP Morgan Fleming Asset Management in France John holds an honours degree in business and economics from Trinity College, Dublin, and is a member of the Institute of Chartered Accountants in England and Wales

Robert N Ashley

Non-executive Director

Robert became a non-executive director of East West Resources plc on 2 November 2012 following a twenty month period as an executive director and Chief Executive Officer of the Company He spent fifteen years as a senior Director in the NM Rothschilds Group (NMR), latterly as Managing Director responsible for NMR's global treasury activities Robert is also non-executive chairman of Galena Asset Management Limited, part of the Trafigura group

Nicolas F Rouveyre

Non-executive Director

Nicolas Rouveyre is a French citizen and has worked in the minerals industry all of his professional life, starting his career with Transamine in Bolivia and Peru Thereafter, he spent over 20 years with the Marc Rich Group and then with the Glencore International Group ("Glencore"), where he was a senior partner and responsible for the zinc, lead, silver and gold trading department He has substantial experience in managing and developing large businesses and was instrumental in acquiring a significant portfolio of integrated zinc and lead operations worldwide which assisted Glencore to become the largest global player in these markets

Ambrian Metals Limited
Directors
Nicolas Rouveyre (non-executive Chairman)
Mark Homer – Managing Director
Robert Ashley
Owen Bennison
John Coles
Raymond Félix

Ambrian Principal Investments Limited
Directors
Robert Ashley
John Coles

Ambrian Energy SA Limited
Director
Dominique Lecocq

Strategic Energy Bank Limited
Director
John Coles