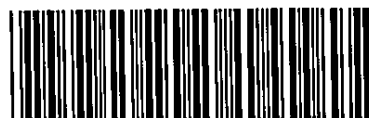


REGISTERED NUMBER: 02165120 (England and Wales)

ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2007
FOR
GWAREX HOLDINGS LIMITED

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GWAREX HOLDINGS LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2007**

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GWAREX HOLDINGS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2007**

DIRECTORS: D C Smerald
K Thomas
S G Williams

SECRETARY: K Thomas

REGISTERED OFFICE: 8/9 Willowbrook Estate
Llandogo Road
St Mellons
CARDIFF
CF3 0EF

REGISTERED NUMBER: 02165120 (England and Wales)

AUDITORS: Watts Gregory LLP
Chartered Accountants & Registered Auditors
Elfed House
Oak Tree Court, Mulberry Drive
Cardiff Gate Business Park
CARDIFF
CF23 8RS

LEGAL ADVISORS: Capital Law
1 Caspian Point
Caspian Way
Cardiff
CF10 4DQ

**REPORT OF THE INDEPENDENT AUDITORS TO
GWAREX HOLDINGS LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts set out on pages three to six, together with the financial statements of Gwarex Holdings Limited for the year ended 31 December 2007 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' 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, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 "The Special Auditor's Report on Abbreviated Accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with those provisions.



Watts Gregory LLP
Chartered Accountants & Registered Auditors
Elfed House
Oak Tree Court, Mulberry Drive
Cardiff Gate Business Park
CARDIFF
CF23 8RS

Date: 13.1.09

GWAREX HOLDINGS LIMITED

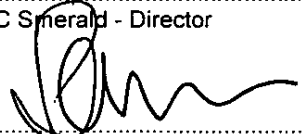
**ABBREVIATED BALANCE SHEET
31 DECEMBER 2007**

	Notes	2007 £'000	£'000	2006 £'000	£'000
FIXED ASSETS					
Investments	2		399		575
CURRENT ASSETS					
Debtors		82		2	
Cash at bank		11		183	
		93		185	
CREDITORS					
Amounts falling due within one year		151		113	
NET CURRENT (LIABILITIES)/ASSETS			(58)		72
TOTAL ASSETS LESS CURRENT LIABILITIES			341		647
CAPITAL AND RESERVES					
Called up share capital	3		3		3
Profit and loss account			338		644
SHAREHOLDERS' FUNDS			341		647

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

The financial statements were approved by the Board of Directors on 18th DECEMBER 2008 and were signed on its behalf by:


D C Smerald - Director


S G Williams - Director

The notes form part of these abbreviated accounts

GWAREX HOLDINGS LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2007****1. ACCOUNTING POLICIES****Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

Exemption from preparing consolidated financial statements

The financial statements contain information about Gwarex Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 248 of the Companies Act 1985 from the requirements to prepare consolidated financial statements.

Turnover

Turnover represents net invoiced sales of services, excluding value added tax.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Investments

Investments held as fixed assets are carried at cost less any provision for impairment.

2. FIXED ASSET INVESTMENTS

	Investments other than loans £'000
COST	
At 1 January 2007	454
Additions	168
Reclassification/transfer	121
At 31 December 2007	743
AMORTISATION	
Charge for year	344
At 31 December 2007	344
NET BOOK VALUE	
At 31 December 2007	399
At 31 December 2006	454

Investments (neither listed nor unlisted) were as follows:

	2007 £'000	2006 £'000
Other investments	-	121

GWAREX HOLDINGS LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2007**

2. FIXED ASSET INVESTMENTS - continued

The company's investments at the balance sheet date in the share capital of companies include the following:

Gwarex Polska Sp.z o.o.

Country of incorporation: Poland

Nature of business: Extraction and sale of coal & other materials

Class of shares:	% holding
Ordinary shares of PLN 500	100.00

	2007 £'000	2006 £'000
Aggregate capital and reserves	189	825
(Loss)/Profit for the year	(604)	576

The accounts of Gwarex Polska Sp. z o.o. are prepared in Polish Zlotys. The exchange rates prevailing at the year end have been used to convert the figures per the financial statements to Sterling.

The company disposed of its interest in Gwarex Polska Sp z o.o. on 29 August 2008. A provision for diminution in value of this investment has been made in light of future sale proceeds.

Six Bells Coal Company Limited

Nature of business: Non trading company

Class of shares:	% holding
Ordinary shares of £1	100.00

	31/1/08 £'000	31/1/07 £'000
Aggregate capital and reserves	(49)	(49)
Loss for the year	-	(2)

The company acquired 100% of the ordinary share capital of Six Bells Coal Company Limited on 21 June 2007.

3. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal value:	2007 £'000	2006 £'000
5,000	A Ordinary	US\$1	-	-
100	B Ordinary	£1	-	-
			-	-

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2007 £'000	2006 £'000
3,125	A Ordinary	US\$1	3	3
(2006 - 5,000)				
100	B Ordinary	£1	-	-
			3	3

The 'B' shares have no voting rights and no rights to dividends.

The 5,000 A Ordinary US \$ shares in issue have been translated at £3,125 which is consistent with the previous year.

4. TRANSACTIONS WITH DIRECTORS

During the year Mr K J Thomas invoiced the company £40,307 (2006 - £32,523) in respect of administration and financial services provided to the company.

GWAREX HOLDINGS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2007

5. CONTROL

The controlling party is Coal Recovery Investments Limited, the parent company.