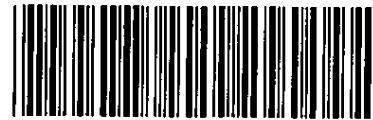


HORIZON MINING LIMITED

Report and Financial Statements

30 June 2006

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COMPANIES HOUSE

REPORT AND FINANCIAL STATEMENTS 2006

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G L Williams	(appointed 28 January 2005)
M W Sharpe	(appointed 8 September 2005)
J Anthony	(appointed 8 September 2005)
R H Rigg	(appointed 8 September 2005)

SECRETARY

S R Williams

REGISTERED OFFICE

Unit C, Kenfig Industrial Estate
Margam
Port Talbot
West Glamorgan
SA13 2PR

BANKERS

Barclays Bank Plc

SOLICITORS

Salans LLP

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Cardiff

DIRECTORS' REPORT

The directors present their first report and the audited financial statements for the year ended 30 June 2006

INCORPORATION

The company was incorporated on 28 January 2005 as Horizon Mining Limited

ACQUISITIONS AND MERGERS

On 10 June 2005, the company acquired the entire issued share capital of Unity Mine Limited ("Unity") (formerly Horizon Coal Seam Gasification Limited) in a share-for-share exchange

On 29 July 2005, the company acquired the entire issued share capital of Centreclear Limited ('Centreclear') for cash

The group has accounted for the acquisition of Unity using the merger method of accounting and the acquisition of Centreclear using the acquisition method of accounting in accordance with Financial Reporting Standard 6 (FRS) 'Acquisitions and Mergers'

Since merger accounting has been used for Unity, the group has presented results for the year ended 30 June 2005 and 30 June 2006 and balance sheets at 30 June 2005 and 30 June 2006

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company's principal activity is that of a holding company

The group operates the Unity Mine and the Cwmgwrach Rail terminal through subsidiary companies. The Unity mine is currently being refurbished and has an exploration programme planned, which includes the drilling of surface boreholes and seismic work, both to produce further coal reserves and to assist in mine design. The mine will produce coal for use locally and for export. The rail terminal currently derives income from loading coal produced by other local mines to rail for transport to Aberthaw power station. It is also negotiating a stone-handling contract with an international aggregate group.

The results of the company for the financial year are shown in the consolidated profit and loss account on page 6 and its financial position at the year-end in the consolidated balance sheet on page 7. The directors are satisfied with the performance of the company for the financial period.

As the group's activities are being developed, the Board has not yet determined appropriate key performance indicators.

PRINCIPAL RISKS AND UNCERTAINTIES

The group operates in a competitive market and is therefore exposed to the risk of pressure on selling prices.

POST BALANCE SHEET EVENTS

On 5 December 2006, the company's entire share capital was acquired by Chian Resources Plc via a share-for-share exchange. Chian Resources Plc was subsequently re-named Unity Power Plc.

On 8 June 2007, Unity Power Plc issued a further 7,407,404 shares of 1p each for 27p per share.

FUTURE PROSPECTS

Refurbishment of the mine is nearing completion and the directors anticipate commencing extraction operations by the fourth quarter of 2007.

DIVIDENDS

The directors do not recommend the payment of a dividend (2005 - £nil)

DIRECTORS' REPORT (continued)**DIRECTORS AND THEIR INTERESTS**

The directors of the company, with dates of appointment, are as shown on page 1 G L Williams was the first director of the company

The directors' interests in the £1 ordinary shares of the company at the beginning and the end of the financial year were as follows

	At 30 June 2006 No.	At 30 June 2005 No.	At incor- poration No.
G L Williams	500	500	10
J Anthony	250	-	-

None of the directors held any interests in the shares of any other UK group company at the beginning or the end of the financial year

AUDITORS

In the case of each of the persons who are directors of the company at the date when this report is approved

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Deloitte & Touche LLP were appointed as the company's first auditors during the financial year They have indicated their willingness to continue in office and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board



S R Williams
Secretary

Date

21/9/07

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

United Kingdom company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 proper accounting records that 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 Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HORIZON MINING LIMITED

We have audited the group and parent company financial statements (the 'financial statements') of Horizon Mining Limited for the year ended 30 June 2006 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 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 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

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the annual report as described in the contents section, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the annual report.

Basis of audit opinion

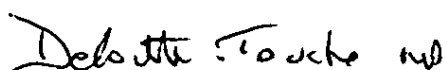
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 June 2006 and of the group's loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Cardiff, United Kingdom

Date 27 September 2007

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 30 June 2006

	Note	2006 £	2005 £
TURNOVER	2	50,126	-
Administrative expenses		(242,907)	(25,237)
Other operating income		1,896	-
OPERATING LOSS		<u>(190,885)</u>	<u>(25,237)</u>
Interest receivable		52,637	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(138,248)	(25,237)
Tax on loss on ordinary activities	7	-	-
LOSS FOR THE FINANCIAL YEAR	16	<u>(138,248)</u>	<u>(25,237)</u>

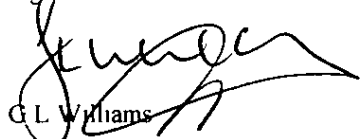
All activities derive from continuing operations

There have been no recognised gains and losses for the current or the prior financial year other than as stated in the profit and loss account and, accordingly, no separate statement of total recognised gains and losses is presented

CONSOLIDATED BALANCE SHEET
30 June 2006

	Note	2006 £	2005 £
FIXED ASSETS			
Intangible assets	8	291,802	2,000
Tangible assets	9	1,880,263	20,000
Investments	10	68,509	66,113
		<u>2,240,574</u>	<u>88,113</u>
CURRENT ASSETS			
Debtors	11	87,985	-
Current asset investments		1,152,637	-
Cash at bank and in hand		129,539	3,493,338
		<u>1,370,161</u>	<u>3,493,338</u>
CREDITORS amounts falling due within one year	12	<u>(161,620)</u>	<u>(14,751)</u>
NET CURRENT ASSETS		<u>1,208,541</u>	<u>3,478,587</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,449,115</u>	<u>3,566,700</u>
CREDITORS amounts falling due after more than one year	13	(49,213)	(3,531,190)
PROVISIONS FOR LIABILITIES	14	<u>(78,739)</u>	<u>(76,343)</u>
NET ASSETS/(LIABILITIES)		<u><u>3,321,163</u></u>	<u><u>(40,833)</u></u>
CAPITAL AND RESERVES			
Called up share capital	15	1,000	500
Share premium account	16	3,499,744	-
Merger reserve	16	(489)	(489)
Profit and loss account	16	(179,092)	(40,844)
TOTAL SHAREHOLDERS' FUNDS/(DEFICIT)	16	<u><u>3,321,163</u></u>	<u><u>(40,833)</u></u>

These financial statements were approved by the Board of Directors on
Signed on behalf of the Board of Directors

 21st Sept 07

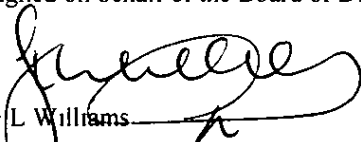
G L Williams

Director

COMPANY BALANCE SHEET
30 June 2006

	Note	2006 £	2005 £
FIXED ASSETS			
Investments	10	<u>491</u>	<u>491</u>
CURRENT ASSETS			
Debtors	11	3,500,244	3,499,994
CREDITORS: amounts falling due within one year	12	<u>(20,626)</u>	<u>(197)</u>
NET CURRENT ASSETS		<u>3,479,618</u>	<u>3,499,797</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,480,109	3,500,288
CREDITORS: amounts falling due after more than one year	13	<u>-</u>	<u>(3,499,994)</u>
NET ASSETS		<u>3,480,109</u>	<u>294</u>
CAPITAL AND RESERVES			
Called up share capital	15	1,000	500
Share premium account	16	3,499,744	-
Profit and loss account	16	<u>(20,635)</u>	<u>(206)</u>
TOTAL SHAREHOLDERS' FUNDS	16	<u>3,480,109</u>	<u>294</u>

These financial statements were approved by the Board of Directors on
Signed on behalf of the Board of Directors


G.L. Williams
Director

CONSOLIDATED CASH FLOW STATEMENT
Year ended 30 June 2006

	Note	£	2006 £	£	2005 £
Net cash (outflow)/inflow from operating activities	18		(40,956)		21,576
Returns on investments and servicing of finance					
Interest received		52,637		-	
Net cash inflow from returns on investments and servicing of finance			52,637		-
Taxation					
UK corporation tax paid			-		-
Capital expenditure					
Payments for fixed asset investments		(2,396)		-	
Payments to acquire tangible fixed assets		(70,462)		(28,367)	
Net cash outflow from capital expenditure			(72,858)		(28,367)
Acquisitions and disposals					
Payments to acquire subsidiary undertakings	3	(2,150,000)		-	
Net cash acquired	3	15		-	
Net cash outflow from acquisitions and disposals			(2,149,985)		-
Net cash outflow before financing			(2,211,162)		(6,791)
Financing					
New loans		-		3,499,994	
Issue of ordinary share capital		-		10	
Net cash inflow from financing			-		3,500,004
(Decrease)/increase in cash in the year	19,20		(2,211,162)		3,493,213

NOTES TO THE FINANCIAL STATEMENTS**Year ended 30 June 2006****1 ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the financial period, are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries.

On 10 June 2005, the company acquired the entire issued share capital of Unity Mine Limited ('Unity') (formerly Horizon Coal Seam Gasification Limited) in a share for share exchange.

On 29 July 2005, the company acquired the entire issued share capital of Centreclear Limited (Centreclear) for cash.

The group has accounted for the acquisition of Unity using the merger method of accounting and the acquisition of Centreclear using the acquisition method of accounting in accordance with Financial Reporting Standard 6 (FRS) 'Acquisitions and Mergers'.

Tangible fixed assets

Once extraction activities have commenced, tangible fixed assets will be depreciated to write off their cost or valuation, less their estimated residual value, by equal instalments over their estimated useful economic lives as follows:

Land	-	nil
Buildings	-	20 years
Plant and equipment	-	10 years

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

Turnover and revenue recognition

Turnover comprises the amounts (excluding value added tax) derived from the provision of goods and services to customers. Revenue in respect of the use of the railhead is recognised when the service is provided. Revenue in respect of coal supplies will be recognised on despatch.

Acquisitions and goodwill

Purchased goodwill represents the excess of the fair value of consideration payable over the fair value of the identifiable assets and liabilities acquired.

Goodwill in respect of acquisitions made is shown as an asset and, in accordance with FRS10 "Intangible assets and goodwill", each acquisition is assessed to determine the useful economic life of the business and goodwill. Where it is considered that the value of the business or goodwill has a measurable economic life, any related goodwill would be amortised through the profit and loss account by equal instalments over such life. In this context, the useful economic life of the businesses and goodwill are reviewed annually and revised where appropriate. In the event that the useful economic life does not exceed 20 years, goodwill would be subject to an impairment review at the end of the year of acquisition and at any other time when the directors believe that impairment may have occurred.

FRS10 permits goodwill to be assigned an indefinite life and consequently not be amortised, provided that the durability of the related businesses can be demonstrated to justify such a life. The Board believes the businesses acquired to date meet the durability criteria set out in the standard.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2006

1. ACCOUNTING POLICIES (continued)

Acquisitions and goodwill (continued)

The durability of the businesses that have been acquired is characterised by factors such as the stability of the sector, low technology, long lifespan of services and products, high sustainable demand and high barriers to entry

The nature of the acquired businesses, the markets in which they operate and the synergy benefits that occur from adding the acquired businesses mean that the consolidated goodwill should have an economic life significantly in excess of 20 years providing that the businesses continue to be run effectively

In these special circumstances, it is the economic consequences of acquisition that drive value rather than individually what has been acquired. As a result, there is no individual aspect of the acquisition that will diminish over time. Therefore, arbitrarily amortising goodwill would not reflect the economics of the business

Where the goodwill is assigned a useful economic life that is in excess of 20 years or is indefinite, the value of the relevant businesses and goodwill are assessed for impairment against carrying values on an annual basis in accordance with FRS11 'Impairment of fixed assets and goodwill'. Any impairment is charged to the profit and loss account in the period in which it arises

This treatment represents a departure from the requirements of the Companies Act 1985, which does not permit an indefinite useful economic life. The departure is, however, in the opinion of the directors, necessary for the financial statements to give a true and fair view in accordance with applicable accounting standards since the directors believe that the useful economic life significantly exceeds 20 years. If the goodwill were amortised over a 20-year period, the profit before tax for the period ended 31 June 2006 would be reduced by £13,283

Restoration expenses

Provision will be made over the working life of coal production sites to cover the costs of committed progressive and terminal site restoration

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax. All turnover derives from the United Kingdom

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2006

3 ACQUISITIONS

On 29 July 2005, the group acquired 100% of the issued share capital of Centreclear Limited for a consideration of £2,150,000

The table below sets out the book values of the identifiable assets and liabilities acquired. The Board considers that the provisional fair value of the assets and liabilities to the group is not materially different from the book values

	Book value and fair value to the group £
Fixed assets	
Tangible	1,789,801
Current assets	
Debtors	70,833
Cash	15
Total assets	<u>1,860,649</u>
Creditors	
Other creditors	<u>(451)</u>
Total liabilities	<u>(451)</u>
Net assets	1,860,198
Goodwill	<u>289,802</u>
	<u>2,150,000</u>
Satisfied by	
Cash	<u>2,150,000</u>

Centreclear Limited incurred a loss after taxation of £289,576 in the ten months ended 29 July 2005. The summarised profit and loss account for the period from 1 October 2004 to 29 July 2005 shown on the basis of the accounting policies of Centreclear Limited prior to the acquisition is as follows

Profit and loss account	£
Turnover	-
Profit on ordinary activities before taxation	(289,576)
Tax on profit on ordinary activities	-
Profit for the financial year	<u>(289,576)</u>

There were no material recognised gains and losses in the period to 29 July 2005 other than the profit for the financial year

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2006

4. INTEREST RECEIVABLE

	2006 £	2005 £
Bank interest received	52,637	-

5. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Group and Company	2006 £	2005 £
This is stated after charging		
Auditors' remuneration - for audit services	20,000	-

The auditors' remuneration is included within the financial statements of the parent company only

6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors' emoluments

None of the directors received remuneration during the current or the prior financial year for their services to the group or the company

	2006 No.	2005 No.
Group		
The average number of persons employed during the financial year, analysed by category, was as follows		
Engineering and production	1	-
	£	£
The aggregate payroll costs of this person were as follows		
Wages and salaries	1,023	-
Social security costs	133	-
	1,156	-

Company

No persons were employed during the current or the prior financial year

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2006

7. TAX ON LOSS ON ORDINARY ACTIVITIES

	2006 £	2005 £
Current taxation		
United Kingdom corporation tax		
Current tax on income for the year at 30% (2005 – 30%)	-	-

The difference between the current taxation shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows

	£	£
Loss on ordinary activities before tax	(138,248)	(27,238)
Tax on loss on ordinary activities before tax at 30% (2005 – 30%)	41,474	8,171
Factors affecting charge for the year		
Expenses not deductible for tax purposes	(2,387)	-
Increase in tax losses	(39,087)	(8,171)
Current tax charge for the year	-	-

8. INTANGIBLE FIXED ASSETS

Group	Licence £	Goodwill (refer to note 3) £	Total £
Cost and net book value			
At 30 June 2005	2,000	-	2,000
Acquired with subsidiary	-	289,802	289,802
At 30 June 2006	2,000	289,802	291,802

9. TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £	Plant and equipment £	Total £
Cost and net book value			
At 1 July 2005	-	20,000	20,000
Acquired with subsidiary (refer to note 3)	153,326	1,636,475	1,789,801
Additions	-	70,462	70,462
At 30 June 2006	153,326	1,726,937	1,880,263

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2006

10. FIXED ASSET INVESTMENTS

Group	Mine reinstatement bonds £
Cost and net book value	
At 1 July 2005	66,113
Additions	2,396
	<hr/>
At 30 June 2006	68,509
	<hr/>
Company	Shares in group companies
Cost and net book value	
At 30 June 2005 and 30 June 2006	491
	<hr/>

The group investments related to bonds held with the Coal Authority and Neath and Port Talbot Council in respect of mine reinstatement commitments (refer to note 14)

The company's investments include Unity Mine Limited ('Unity') (formerly Horizon Coal Seam Gasification Limited) acquired via a share-for-share exchange. The company issued 490 shares in exchange for the entire issued share capital of Unity.

The company has taken advantage of section 131 of the Companies Act 1985 and has taken no account of any premium on the shares issued. The investment has been recorded at the nominal value of the shares issued.

The company's remaining investment relates to Horizon Mineral Handling Limited.

All subsidiary companies are incorporated in the United Kingdom. At 30 June 2006, the company held 100% of the allotted share capital of the following subsidiary undertakings:

Subsidiary	Nature of business
Horizon Mineral Handling Limited	Mining
Unity Mine Limited	Mining
Centreclear Limited*	Mining
Abbey Mine Limited*	Mining
Unity Power Supplies Limited*	Dormant
Unity Power Limited*	Dormant
Ocean Coal Limited*	Dormant

*Indirect holding

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2006

11. DEBTORS

	2006	2005
	£	£
Group		
Trade debtors	10,342	-
Other debtors	77,393	-
Unpaid share capital	250	-
	<u>87,985</u>	<u>-</u>
	£	£
Company		
Inter-company loan	3,499,994	3,499,994
Called up share capital not paid	250	-
	<u>3,500,244</u>	<u>3,499,994</u>

On 28 July 2005, 250 ordinary £1 shares were issued to Mr J Anthony at par (refer to notes 15, 21)

12 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Group	Company	Company
	2006	2005	2006	2005
	£	£	£	£
Trade creditors	28,131	-	-	-
Amounts owed to group companies	-	-	30	-
Amounts owed to related parties	15,589	12,535	206	-
Accruals	109,893	406	20,390	197
Other creditors	8,007	1,810	-	-
	<u>161,620</u>	<u>14,751</u>	<u>20,626</u>	<u>197</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	Group	Company	Company
	2006	2005	2006	2005
	£	£	£	£
Loans	-	3,499,994	-	3,499,994
Other creditors	17,500	-	-	-
Amounts owed to related parties	31,713	31,196	-	-
	<u>49,213</u>	<u>3,531,190</u>	<u>-</u>	<u>3,499,994</u>

The loans were converted to 250 ordinary shares of £1 each on 29 July 2005 on pre-agreed terms (refer to notes 15, 20, 21)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2006

14 PROVISIONS FOR LIABILITIES

	2006 £	2005 £
Group		
Restoration and subsidence provision		
Brought forward	76,343	76,343
Charge for the period	2,396	-
	<u>78,739</u>	<u>76,343</u>
Carried forward		

The current provision is based on the initial provision calculated by the Coal Authority. The company has bonds held with the Coal Authority and Neath and Port Talbot Council in respect of these commitments (refer to note 10). Interest received on the bonds has been added to the provision.

Further provision will be made over the working life of coal production sites to cover the costs of committed progressive and terminal site restoration.

15 CALLED UP SHARE CAPITAL

	2006		2005	
	No.	£	No.	£
Group and Company				
Authorised				
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid				
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>500</u>	<u>500</u>

10 ordinary shares of £1 each were issued at par for cash on incorporation. The authorised share capital was 1,000 ordinary shares of £1 each.

On 10 June 2005, 490 ordinary £1 shares were issued to Mr G Williams in exchange for 100% of the share capital of Unity Mine Limited (refer to note 21).

On 28 July 2005, 250 ordinary £1 shares were issued to Mr J Anthony at par, these had not been paid at 30 June 2006 (refer to notes 11, 21).

On 29 July 2005, 250 ordinary £1 shares were issued to Magnetic Corporation for consideration of £3,499,744 pursuant to the conversion of a loan on pre-agreed terms (refer to note 21).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2006

16. COMBINED STATEMENT OF MOVEMENTS ON RESERVES AND RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS/(DEFICIT)

	Share capital account £	Share premium account £	Merger reserve £	Profit and loss account £	Total £
Group					
At 1 July 2004	1	-	-	(15,607)	(15,606)
Shares issued	499	-	-	-	499
Difference between nominal value of shares issued and nominal value of shares acquired	-	-	(489)	-	(489)
Loss for the year	-	-	-	(25,237)	(25,237)
At 30 June 2005	500	-	(489)	(40,844)	(40,833)
Shares issued	500	3,499,744	-	-	3,500,244
Loss for the year	-	-	-	(138,248)	(138,248)
At 30 June 2006	1,000	3,499,744	(489)	(179,092)	3,321,163
Company					
At incorporation	-	-	-	-	-
Shares issued	500	-	-	-	500
Loss for the period	-	-	-	(206)	(206)
At 30 June 2006	500	-	-	(206)	294
Shares issued	500	3,499,744	-	-	3,500,244
Loss for the year	-	-	-	(20,429)	(20,429)
	1,000	3,499,744	-	(20,635)	3,480,109

17. COMPANY PROFIT AND LOSS ACCOUNT

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the current and the prior financial year is shown in note 16 above.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2006

18. RECONCILIATION OF OPERATING LOSS TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2006 £	2005 £
Operating loss	(190,885)	(27,238)
Increase in provisions	2,396	-
Increase in debtors	(16,902)	-
Increase in creditors	164,435	48,814
Net cash (outflow)/inflow from operating activities	(40,956)	21,576

19. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/(DEBT)

	2006 £	2005 £
(Decrease)/increase in cash in the year	(2,211,162)	3,493,213
Cash inflow from increase in debt	-	(3,499,994)
Net (debt)/funds at beginning of the year	(2,211,162)	(6,781)
Other non-cash changes	(6,656)	125
	3,499,994	-
Net funds/(debt) at end of the year	1,282,176	(6,656)

20. ANALYSIS OF CHANGES IN NET FUNDS/(DEBT)

	At 1 July 2005 £	Cash flow £	Other non- cash changes £	At 30 June 2006 £
Cash at bank and in hand	3,493,338	(3,363,799)	-	129,539
Short-term investments	-	1,152,637	-	1,152,637
Debt due within one year	3,493,338	(2,211,162)	-	1,282,176
	(3,499,994)	-	3,499,994	-
	(6,656)	(2,211,162)	3,499,994	1,282,176

The non-cash changes relate to the conversion of a loan on pre-agreed terms to 250 ordinary shares of £1 each on 29 July 2005 (refer to notes 13, 15, 21)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2006

21 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under FRS 8 'Related Party Disclosures' not to disclose related party transactions between companies which are 90% owned by the ultimate parent company

On 10 June 2005, 490 ordinary £1 shares were issued to G L Williams in exchange for 100% of the share capital of Unity Mine Limited. G L Williams was the sole shareholder of both the company and Unity Mine Limited at the time of the transaction (refer to note 15)

On 28 July 2005, 250 ordinary £1 shares were issued to J Anthony at par. J Anthony was appointed as a director of the company on 8 September 2005

On 29 July 2005, 250 ordinary £1 shares were issued to Magnetic Corporation for consideration of £3,499,744 pursuant to the conversion of a loan on pre-agreed terms. The conversion was triggered by the acquisition of Centreclear Limited. J Anthony and G L Williams agreed to purchase the shares from Magnetic Corporation if vacant possession of the railhead owned by Centreclear Limited could not be achieved within a reasonable timescale (refer to notes 13, 15, 20)

22. POST BALANCE SHEET EVENTS

On 5 December 2006, the company's entire share capital was acquired by Chian Resources Plc via a share-for-share exchange. Chian Resources Plc was subsequently re-named Unity Power Plc

On 8 June 2007, Unity Power Plc issued a further 7,407,404 shares of 1p each for 27p per share

23. ULTIMATE PARENT COMPANY

At 30 June 2006, the company was the ultimate parent of its group. Following the acquisition referred to above, Unity Power Plc became the ultimate parent company