

Setstone (formerly ThreeW.Net)

ThreeW.Net Plc became a shell company after the closure of its unsuccessful dotcom business in 2002 (at the year end in October 2002, the company had a deficit in shareholders funds of £520,000 and creditors who could not be paid). The only real value remaining in the business was its AIM listing. It then proceeded to look for a business with which it could undertake a reverse takeover. But the company's AIM listing was subsequently suspended and after exceeding the suspension time limit of six months, it was delisted in November 2004.

At an EGM in January 2004, a capital reorganisation was approved and a group of investors led by London & Globe Securities Ltd subscribed for new ordinary shares and for some convertible loan stock *"in order for the Company to settle outstanding claims from creditors, meet its regulatory obligations, undertake the statutory audit for 2003, and provide sufficient working capital to enable the Company to consider potential opportunities for eventual enhancement of shareholder value"*. The company changed its name to Setstone at the same time and continued to talk about the search for a reverse takeover candidate.

During 2004, a total of 618 million shares were issued to raise £1.3 million.

The Report and Accounts for the year ending October 2004, disclosed that approximately £1.6 million had been loaned to SHG Golden & Silver Ltd, an Israeli company with gold mining operations in Kyrgyzstan led by a Mr Berti Sinbeti. This was in anticipation of a merger with SHG, but the transaction had never been concluded despite "heads of agreement" having been signed. It transpired at the AGM held on the 15th December 2005 that SHG had apparently backed out of the deal for reasons which were not totally clear, but they had certainly not repaid the loans, and the annual report noted that £750,000 of provisions against outstanding loans had been made. Note that there seems to be good evidence that the mine exists and that it has potential but that it is not currently operating and probably needs more investment to actually start producing gold.

According to a press report, and confirmed by a conversation with Mr Sinbeti, the loans to SHG are due for repayment in full by the end of March 2006.

In addition it was revealed at the AGM that there was a loan of £100,000 made to a Mr S. Robinson which was still outstanding although it was hoped to recover this. This apparently was a loan made, without security being taken, in anticipation of a merger with a pornography publishing company.

At the time of the AGM, 836 million ordinary shares were in issue. The shares are traded on an occasional basis by J.P.Jenkins and had an "indicative" price of 0.75p at that time, which values the company at approximately £6 million. But as the company seems to be back at square one in terms of looking for a future partner, it is difficult to see much prospect of a short term resolution of the problems of this company. And one must question the wisdom of the directors in granting loans to prospective partners prior to completion of merger proposals.

It is of course interesting to look at the Directors and ownership of London & Globe Securities Ltd. According to the latest information filed at Companies House (although the latest "Return" is overdue) this company has only two shareholders. J.A. Hoskinson, who is a director of Setstone, has 10,000 shares but the controlling interest with 100,000 shares is held by London & Globe Corporation Ltd. But the accounts made up to the date of 30/6/2005 indicate the company was dormant. There are two directors listed: J.A. Hoskinson and Jonathan Wyndham Malins (known as Jo apparently).

London & Globe Corporation is another small company that had assets of £31,061 at 31/3/2005 and had two shareholders – J.A. Hoskinson again and one other.

Jo Malins has the following background according to a write up in the Annual Report of Cambrian Mining, another company of which he was a director:
"Jonathan qualified as a Chartered Accountant in the early 1970s. After qualification he founded his own accountancy firm and was in practice until 1982. From 1993 to date, he has run his own coal processing equipment supply company predominantly supplying equipment to Russia. Currently he is [also] a non-executive director of Asia Energy and Cambrian Oil & Gas".

According to the AFX news service, Jo Malins resigned as a director of Cambrian Mining after being found guilty of buying shares in the company ahead of the announcement of a share placing and interim results and being fined £25,000 by the FSA.

Note that the other two investors alongside London & Globe Securities Ltd at the time of the capital reorganisation in December 2003 were given as Angola Investments Ltd, headed by Tony Hoskinson, and Bowmaker Management Ltd, headed by Jo Malins.

The directors of Setstone are Peter Burton, John Anthony Hoskinson (known as Tony) and David Ancliffe Hyde. The following is a profile of the latter taken from a recent prospectus for South China Resources Plc: *"David has over 30 years experience in the minerals processing industry. David is currently a director of Setstone plc, a gold mining and exploration company with assets in the Kyrgyz Republic. He is also a director of London & Mercantile PLC, a London-based investment company. David brings to the Company significant technical knowledge with regards to mineral extraction and production processes and economics and public company administration."* – The reference to Setstone is interesting partly because clearly it is somewhat inaccurate bearing in mind that the merger with SHG has not been concluded.

Peter Burton is a former director of CASE and Chiltern Radio, but seems to have primarily operated as a management consultant more lately. A full biography and details of his "public service" record can be seen on his own web site at: www.peterburton.co.uk . Note that Peter Burton is aged 76.

Note also that Peter Burton seems to be taking a back seat on some matters – for example Mr Sinbeti said that he had not met him during the negotiations on the SHG merger deal, and Tony Hoskinson did most of the talking at the last AGM.

Both J.A.Hoskinson and D.A.Hyde are also directors of an Ofex listed company named Energy Capital (formerly ASAP International). This company also seems to be in some difficulties at present, with a deficit of £15,000 in Net Assets in the last published accounts for the year ending December 2004, and no account published since then.

At the time of writing more information on Tony Hoskinson is not available other than that he is aged 65 although the information provided by the company in 2003 refers to him as having "*held a number of public company directorships in the past and specialises in turning around companies and providing management consultancy advice to small companies seeking to grow their business...*" (if anyone has any more information perhaps they could contribute it).

Incidentally it is worth pointing out that Peter Burton, the current chairman, has been a director of the company since August 1999. Mr Hoskinson, who seems to take a leading role in affairs of the company, has been a director since May 2005 but was previously a director up until about the 7th April 2004 and claims to have rescued the company from a previous financial crisis.

Roger W. Lawson, UK Shareholders Association, 15/12/2005 Revised 21/07/2006