



BISICHI  
MINING PLC

Mining and mining finance

Annual Report & Accounts 1999



Financial Calendar

13 June 2000	Annual General Meeting
24 August 2000	Payment of final dividend for 1999 (if approved)
September 2000	Announcement of interim results to 30 June 2000
March 2001	Announcement of results for the year ending 31 December 2000

Contents

2	Five year financial summary
3	Directors and advisers
4	Chairman's review
6	Mining review
8	Directors' report
12	Directors' responsibility statement
13	Valuers' certificates
14	Auditors' report
15	Consolidated profit and loss account
16	Balance sheets
17	Statement of total recognised gains and losses
17	Reconciliation of movements in shareholders' funds
18	Group cash flow statement
19	Group accounting policies
21	Notes to the financial statements
34	Notice of Annual General Meeting
35	Form of proxy

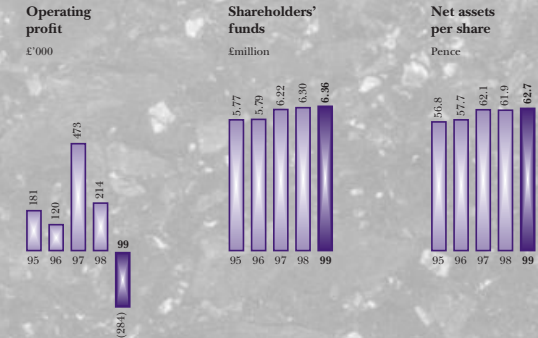
“The group’s objective is to seek capital growth from investment in mining activities around the world, underwritten by a solid income flow from its UK property investment portfolio.”

Michael Heller *Chairman*

## Bisichi Mining PLC

	1999	1998
(Loss) Profit before taxation	£(530,000)	£209,000
Shareholders funds	£6,356,000	£6,296,000
Net assets per ordinary share	62.7p	61.9p
Earnings per ordinary share	(3.12)p	1.64p
Dividends per share	1.00p	1.00p

Bisichi Mining PLC is an equal opportunities employer



2

## Five year financial summary

	1999	1998	1997	1996	1995
	£000	£000	£000	£000	£000
<b>Consolidated profit and loss account</b>					
Turnover	3,132	3,053	3,754	3,341	898
Operating (loss) profit	(284)	214	473	120	181
(Loss) profit before tax	(530)	209	368	161	114
<b>Consolidated balance sheet</b>					
Intangible assets	386	412	590	674	588
Investment properties	7,350	6,425	6,275	5,895	5,835
Fixed asset investments	763	608	553	451	571
	8,499	7,445	7,418	7,020	6,994
Current asset investments	420	389	370	350	464
	8,919	7,834	7,788	7,370	7,458
Other assets less liabilities	(2,563)	(1,538)	(1,565)	(1,585)	(1,687)
<b>Consolidated shareholders funds per balance sheet</b>	6,356	6,296	6,223	5,785	5,771
Adjustment of current asset investments to market value	201	171	267	244	168
<b>Consolidated shareholders funds</b>	6,557	6,467	6,490	6,029	5,939
<b>Net assets per ordinary share*</b>	62.7p	61.9p	62.1p	57.7p	56.8p
<b>Dividend per share</b>	1.00p	1.00p	0.90p	0.81p	0.75p

\*Based on net assets including the investment portfolio at market value less minority interest.

**Directors**     **Michael A Heller MA, FCA (Chairman)**

**Robert G W Mackilligin MC<sup>®</sup>, ACSM, FIMM, CEng**

**\*† L C John Brown FCA (Non-executive)**

John Brown has been a Director since 1989. He practiced as a Chartered Accountant for many years, both in the United Kingdom and United States of America.

**Andrew R Heller MA, ACA**

**\* John A Sibbald BL (Non-executive)**

John Sibbald has been a Director since 1988. He qualified as a Chartered Accountant and has spent over 20 years in stockbroking, specialising in mining and international investment.

**Secretary**  
**Registered office**

**Michael C Stevens FCA**  
8-10 New Fetter Lane, London EC4A 1AF

## Directors and advisors

3

**Black Wattle Colliery -  
General mine manager**

**Ben Boshoff**

**Director of property**

**Mike J Dignan FRCS**

**Auditors**

Pannell Kerr Forster

**Principal bankers**

National Westminster Bank PLC

**Corporate solicitors**

- UK  
- South Africa

Clifford Chance, London

Moss Morris inc, Johannesburg

**Stockbrokers**

Credit Lyonnais Securities Europe

**Registrars and  
transfer office**

IRG plc

Balfour House, 390/398 High Road,

Ilford, Essex IG1 1NQ

Telephone: 020 8478 8241

**Company  
registration number**

112155 (Incorporated in England and Wales)

**Web site**

www.bisichi.co.uk

† Senior independent director  
\* Member of the audit committee

As shareholders were advised at the time of our Interim Statement, Bisichi Mining's results for the year ended 31st December 1999 have been significantly impacted by the geological problems that we encountered at our South African coal mining subsidiary, Black Wattle Colliery (Pty) Ltd, which has made a loss of £445,000 before taxation but after minority interests. As a result Bisichi Mining PLC is showing a group loss, before tax but after minority interests in Black Wattle Colliery (Pty) Ltd, of £263,000. However, this position is mitigated by the 1999 revaluation surpluses on the UK shop portfolio of £495,000 and I am pleased to be able to report that, because of this surplus, the group net assets of Bisichi Mining have increased by £60,000.



During the year, the company's borrowings were restructured and shorter term facilities of £1.15 million and a bridging loan of £575,000 were replaced with a £2 million 10 year facility at a significantly better rate of interest.

### Mining

Shareholders will recall that in previous years Black Wattle Colliery, which we acquired very economically, has made a good contribution

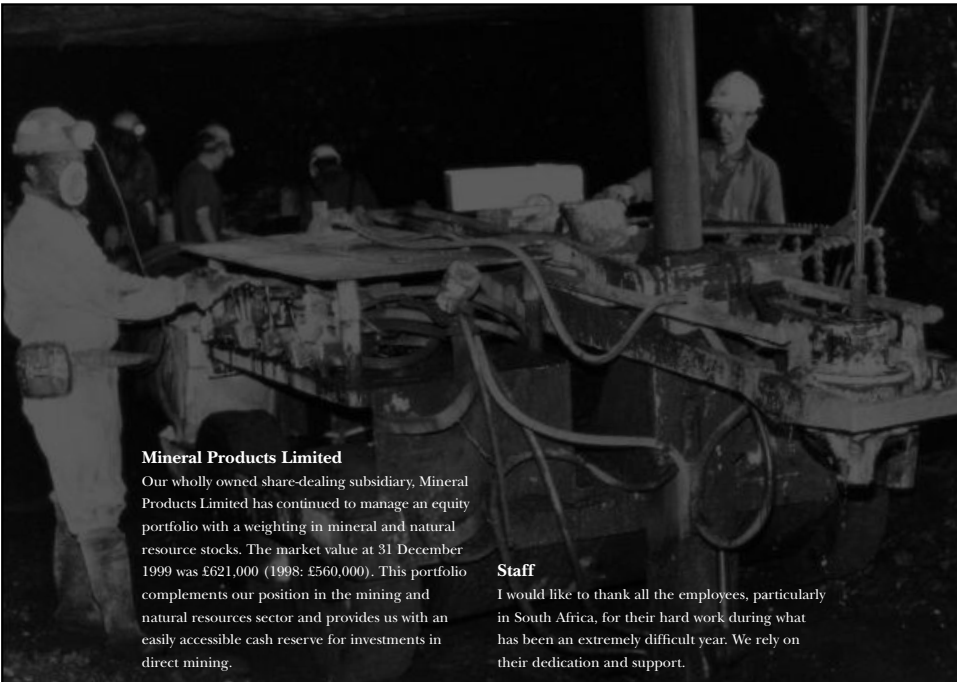
## Chairman's review [financial results](#)

4

to Bisichi Mining's profitability and cash flow. We believe that it will do so again. Whilst the problems at Black Wattle are a setback for your company, there are a number of factors which, when taken together, your Directors believe justify our continued support of the mine. These factors are:

- the agreement that we have signed with Ingwe that gives the mine access to substantial additional reserves on the adjacent property
- the quality of the coal that we have started to mine in the new reserves
- the mining yields currently being achieved
- the substantial reduction in underground mining costs arising from the fact that we are now mining in solid coal
- the increased demand for the coal we are now mining
- the increased production levels now being achieved on the mine

In the Mining Report that follows this statement, shareholders will find more details of these factors.



**Mineral Products Limited**

Our wholly owned share-dealing subsidiary, Mineral Products Limited has continued to manage an equity portfolio with a weighting in mineral and natural resource stocks. The market value at 31 December 1999 was £621,000 (1998: £560,000). This portfolio complements our position in the mining and natural resources sector and provides us with an easily accessible cash reserve for investments in direct mining.

**Staff**

I would like to thank all the employees, particularly in South Africa, for their hard work during what has been an extremely difficult year. We rely on their dedication and support.

**Property**

Our property portfolio is made up exclusively of shopping centres located in town centres, all of which are currently fully let. The portfolio, which was professionally valued at the end of the 1999 financial year at £7.35 million (1998: £6.4 million), includes the purchase of a shop unit in Dudley for £575,000. This shop is adjacent to our existing investment in Dudley and presents us with significant 'marriage' value. The property portfolio continues to be actively managed by London & Associated Properties PLC, which has Group assets in excess of £100 million and continues to hold 42% of our equity. In addition, jointly with London & Associated Properties, Bisichi owns Dragon Retail Properties Ltd which holds a prime shopping mall in the centre of Bromsgrove, Worcestershire. The current rental income from Bromsgrove is over £300,000 pa and the investment, although fully let, is still highly reversionary.

**Prospects and Dividend**

Your company is in a strong position as it enters the new Millennium. Our property portfolio is increasing in value and provides us with a solid cash flow and a strong underpinning of the whole company. Our indirect equity and mining investments are also in good shape. Your directors have given very considerable thought to the question of the dividend. Our decision to maintain it at last year's level is a reflection of the strong performance of the UK business and is the clearest possible demonstration of our confidence that Black Wattle will shortly return to profitability and positive cash flow. Accordingly, your directors are recommending a final dividend of 1p (1998: 1p per share).

I am confident that Bisichi Mining will continue to provide shareholders with yields that are well above the mining sector average.

Michael Heller Chairman

**Black Wattle Colliery**

The Chairman has already made reference in his statement to the geological problems encountered at the mine and to the factors that give us the confidence to continue to support the mining operation. The purpose of the first part of this report is to provide shareholders with a full explanation of the geological problems and to expand on the positive factors.

**The "mudwash" and its consequences**

Shareholders were alerted to the difficulties that the mine encountered when progress of the two mining sections were halted by an unexpected "mudwash" that had not been evident in the boreholes. A number of attempts were made to mine through this comparatively thin zone of disturbance to reach the good quality coal situated on the other side. These attempts had to be abandoned for reasons of cost and safety and we have been obliged to defer mining of these reserves until later in the life of the mine.



As the accessible part of our upper coal seams were now largely mined out, this meant having to drop

**Mining review** year ended 31 December 1999

down and commence mining the lower of the two seams with both sections. This complex operation was accomplished with commendable speed but inevitably resulted in a serious drop in production.

Mining of the lower seams below the mined out upper seam necessitated the removal of the sandstone layer separating the two seams, before the lower seam could be mined. The need to mine this stone not only reduced the effort available to mine coal, but also considerably increased the wear and tear on the mining machinery resulting in breakdowns and further losses of production. As a result of the above two events, production fell to a low of 32,600 tons in April against a target figure of 50,000 tons. To make matters worse, the yield in the areas adjacent to the mudwash fell to an unacceptably low figure resulting in large amounts of coal being discarded in the washing process. Every effort was made to increase production by the introduction of a third mining section operated by a contractor and by the purchase of additional mining equipment, but with only limited success and the mine continued to make losses.

### Positive factors

The "mudwash" and its consequences presented the mine with a possibly terminal situation. However, as a result of the prompt and decisive action of management, we are now faced with a new picture arising from a number of positive factors that radically alter the mine's prospects.

### Reserves

After protracted negotiations, Black Wattle has acquired reserves situated immediately to the West of its existing concession. This has allowed the two company operated sections to be re-located to mine in the direction of the new reserves. An important element in our acquisition of additional reserves was our association with Mr Sipho Dube, a leading African industrialist, who acquired the 37.5% of Black Wattle previously owned by SouthWits.

### Coal quality

The coal in the new seams being mined contains exceptionally low percentage of phosphorous and commands a premium price from certain specialist users.

As a result of these factors there is an increase in the production levels and, due to the increased yields, we are able to sell considerably more coal at a higher average selling price than during last year. These positive aspects, combined with the opportunities to reduce the direct costs of mining, mean that the mine will return to profitability and supports your Directors decision to maintain its investment in the mine.

Losses at Black Wattle were offset to a limited extent by profits from Bisichi Coal Mining Limited, our other company in South Africa.

### Other Mining Interests

In addition to Black Wattle, Bisichi continues to invest in a number of mining companies in various parts of the world. It is worth mentioning that, in 1999, Pima Mining NL in Australia completed the feasibility study of its South Australian Magnesium Project to produce 52,500 tons of magnesium metal using the Dow Chemicals process.

During the year Bisichi sold its remaining holding in Ocean Diamond Mining at a good profit. Bisichi had been a shareholder in Ocean Diamonds from its inception.

7

### Mining yields

The yield of the coal being mined near the "mudwash" fell to unacceptably low levels. However, with the relocation to the new reserves and the qualities of the new coal, yields are at or above those reached by the mine when it was previously profitable.

### Mine operating costs

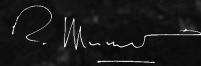
Due to the relocation of the two company sections to the new reserves, the mine is now operating in solid coal for the first time in 18 months without having to lift stone to reach the coal. The result of this is that we have been able to substantially increase our production levels and reduce the mining costs, both having a positive effect on the profitability. Further reductions in the direct mining costs are also being pursued.

### The coal market

As we have previously reported, the mine has not seen any increases in its coal prices for the last three years. However, we are now able to sell some 14.75% of our coal as Low Phosphorous at a substantial premium to current prices. This means an increase in the average selling price for our coal, even before any world market price increase.

### Prospects

The ability of the management at Black Wattle to deal effectively with the various setbacks encountered during 1999 and their ability to achieve the production targets, together with the additional reserves of coal gives me cause for optimism for 2000.



R G W Mackilligin

## The directors submit their report together with the audited financial statements for the year ended 31 December 1999.

### Activities and review of business

The company continues its mining finance and property investment activities. Income for the year was derived from holding and dealing in investments, from property rentals and the operation of a coal mine.

With effect from 1 January 1999 the Company sold 37.5% of its holding in Black Wattle Colliery (Pty) Limited at book value, reducing its holding to 62.5%.

The results for the year and state of affairs of the group and the company at 31 December 1999 are shown on pages 15 to 33.

Further information on the review of the business and future developments is given in the chairman's review and the mining report.

### Dividend

The directors recommend the payment of a dividend of 1.00p per share on the ordinary share capital for



## Directors' report

8

capital for the year under review and the balance of the retained loss will be carried to reserves. The dividend will be payable on Thursday 24 August 2000 to shareholders registered at the close of business on 4 August 2000.

### Investment properties

The investment property portfolio is stated at its open market value of £7,350,000, at 31 December 1999, as valued by professional external valuers.

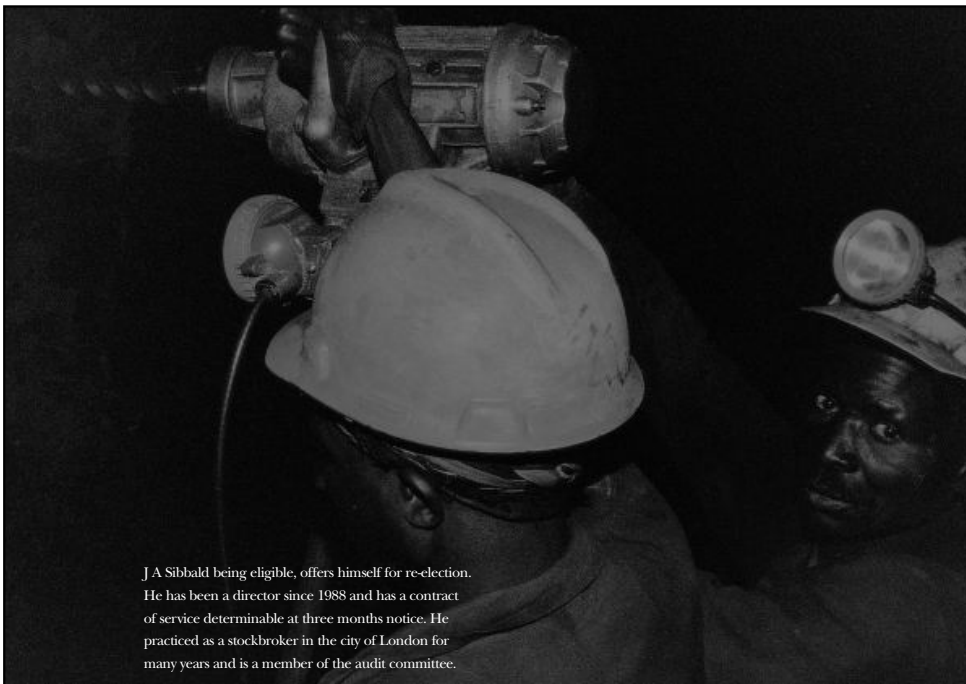
### Directors

The directors of the company for the whole year were M A Heller, L C J Brown, R G W Mackilligin and J A Sibbald.

A R Heller was appointed a director on 24 February 1999 and was elected to the Board at the 1999 Annual General Meeting.

The directors retiring by rotation are M A Heller and J A Sibbald.

M A Heller being eligible, offers himself for re-election. He has been a director of the company since 1974 and Chairman since 1981. He has a contract of service determinable at three months notice.



J A Sibbald being eligible, offers himself for re-election. He has been a director since 1988 and has a contract of service determinable at three months notice. He practiced as a stockbroker in the city of London for many years and is a member of the audit committee.

No director had any material interest in any contract or arrangement with the company during the year other than as shown in this report.

#### Directors' shareholdings

The interests of the directors in the shares of the company including family and trustee holdings where appropriate, were as follows:-

	Beneficial		Non-Beneficial	
	31.12.99	1.1.99	31.12.99	1.1.99
M A Heller	146,666	342,666	181,334	181,334
L C J Brown	5,000	5,000	-	-
A R Heller	772,000	576,000*	-	-
R G W Mackilligin	60,000	60,000	-	-
J A Sibbald	-	-	-	-

\* At date of appointment - 24 February 1999.  
There have been no changes in the above shareholdings since 31 December 1999.

#### Substantial interests

The following have advised that they have an interest in 3 per cent or more of the issued share capital of the company as at 25 February 2000:

**London & Associated Properties PLC** - 4,355,752 shares representing 41.68 per cent of the issued capital.

**M A Heller and L C J Brown** are directors and shareholders of London & Associated Properties PLC.

**M A Heller** - 328,000 shares representing 3.14 per cent of the issued capital.

**A R Heller** - 772,000 shares representing 7.39 per cent of the issued capital.

**S J Talboys** - 380,000 shares representing 3.63 per cent of the issued capital.

So far as the board is aware no other person is beneficially interested in 3 per cent or more of the issued capital of the company.

#### Corporate governance

The company has adopted the principle of Good Governance and Code of Best Practice contained in the combined code of the committee on Corporate Governance as far as practicably possible.

Your Board has carefully considered the division of duties of the chairman and chief executive and has concluded that given the size of the company it would not be appropriate to divide these duties between two directors. The company has adopted the City Group for Smaller Companies recommendations that smaller companies have at least two non-executive directors rather than the three recommended by Cadbury. The directors believe that this is appropriate and cost effective. The company has otherwise complied with the code.

#### Internal financial control

The Combined Code has introduced a requirement that directors review the effectiveness of the Group's system of internal controls. This requirement extends the Directors' review to cover all controls covering operations and risks, as well as financial controls. The Turnbull report "Internal Control Guidance for Directors on the Combined Code" was published in September 1999. The Directors have taken advantage of the London Stock Exchange's transitional rules and have continued to review and report upon internal financial controls in accordance with the ICAEW's 1994 guidance Internal Control and Financial Reporting. The Board have reviewed control procedures necessary to implement the Turnbull guidance, such that they can fully comply with it for the accounting period ending on 31 December 2000.

The board is responsible for the effectiveness of the group's system of internal controls. The board approves financial budgets and cash flow forecasts annually for the forthcoming year, and performance is closely monitored against such budgets and forecasts by means of weekly cash reports and monthly management accounts which are reviewed at board meetings. The board have made arrangements for regular inspections of the company's tangible assets, and for insurance of those assets. The company's investments and other intangible assets are regularly reviewed by the board. The board and audit committee have considered reports from the executive directors on internal control, and observations by the external auditors and other professional advisors are invited and would be carefully considered. No system of internal control can provide absolute assurance against material misstatement or loss. However the directors, having reviewed the systems of internal control, believe these systems provide reasonable assurance that the assets are safeguarded, transactions are authorised and recorded properly and that material errors and irregularities are either prevented or would be detected within a timely period.

#### Remuneration

The board of directors is responsible for reviewing the remuneration of the directors and senior employees.

The remuneration policy adopted is designed to ensure that directors and senior executives are fairly rewarded for their services.

The full time executive director has a contract of employment with the company. Other directors have contracts of service. No directors' contract of employment or contract of service with the company, or joint venture company, exceeds twelve months. Given the size of your company it is not considered appropriate to form a separate remuneration committee of the board. With this exception the company has complied with section A of the best practice provisions annexed to the Listing Rules of the London Stock Exchange and given full consideration to section B of such best practices. There are no pension arrangements for directors, neither are they entitled to any bonus or incentive schemes.

### Directors' remuneration

Chairman	Salaries and fees		Benefits		1999		1998	
	£000	£000	£000	£000	Total £000	Total £000	Total £000	Total £000
M A Heller	1	-	-	-	1	-	1	2
<b>Executive directors</b>								
R G W Mackilligin	10	1	-	-	11	-	11	10
D M Dent-Young	-	-	-	-	-	-	-	6
A R Heller*	68	8	-	-	76	-	76	-
	79	9	-	-	88	-	88	18
<b>Non-executive directors</b>								
L C J Brown	4	-	-	-	4	-	4	4
J A Sibbald	2	-	-	-	2	-	2	3
	6	-	-	-	6	-	6	7
<b>Total remuneration for directors' services during the year</b>					<b>94</b>		<b>94</b>	<b>25</b>

\*from date of appointment – 24 February 1999

There have been no performance related payments to directors during the year.

### Payment of suppliers

The company agrees terms of contracts when orders are placed. It is company policy that payments to suppliers are made in accordance with those terms, provided that suppliers also comply with all relevant terms and conditions. Trade creditors outstanding at the year end represented 3 days trade purchases (1998 – 5 days).

### Going concern

The directors, after making enquiries, have a reasonable expectation that the group and the company have adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in the preparation of the financial statements.

### Other matters

(a) The company is not a close company as defined by the Income & Corporation Taxes Act 1988.

(b) Pannell Kerr Forster have expressed their willingness to continue in office as auditors. A proposal will be made at the Annual General Meeting for their re-appointment and for their remuneration to be determined by the directors.

8-10 New Fetter Lane  
London EC4A 1AF  
28 February 2000

By order of the board  
**M C Stevens**  
Secretary

11

## Directors' responsibility statement

Company law requires the directors to prepare financial statements for each financial year which 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 those 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 accounting standards have been followed, 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 group will continue in business.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the company and the group to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

12



## Valuers' certificates

### To the directors of Bisichi Mining PLC

In accordance with your instructions we have carried out a valuation of the freehold and leasehold property interests held as at 31 December 1999 by the company as detailed in our Valuation Report dated 10 February 2000.

Having regard to the foregoing, we are of the opinion that the open market value as at 31 December 1999 of the interests owned by the Company was £5,350,000, being made up as follows:

	£000
Freehold	4,050
Leasehold	<u>1,300</u>
	<u>5,350</u>

London  
10 February 2000

**Allsop & Co.**  
Chartered Surveyors

13

### To the directors of Bisichi Mining PLC

In accordance with your instructions we have carried out a valuation of the freehold and leasehold property interests held as at 31 December 1999 by the company as detailed in our Valuation Report dated 28 January 2000.

Having regard to the foregoing, we are of the opinion that the open market value as at 31 December 1999 of the interests owned by the Company was £2,000,000, being made up as follows:

	£000
Freehold	250
Leasehold	<u>1,750</u>
	<u>2,000</u>

Leeds  
28 January 2000

**B P Towler & Co.**  
Chartered Surveyors

## Auditors' report

### Auditors report to the shareholders of Bisichi Mining PLC

We have audited the financial statements on pages 15 to 33 which have been prepared under the accounting policies set out on pages 19 and 20.

#### Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 12 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the London Stock Exchange, and by our professional ethical guide.

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. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the company is not disclosed.

We review whether the statement on page 10 reflects the company's compliance with those provisions of the Combined Code specified for our review by the Stock Exchange, and we report if it does not. We are not required to form an opinion on the effectiveness of the company's corporate governance procedures or its internal controls.

We read other information contained in the Annual Report, including the corporate governance statement, 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.

#### Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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 company's and group'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 of the state of affairs of the Company and the Group as at 31 December 1999 and of the Group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

London  
28 February 2000

**Pannell Kerr Forster**  
Registered Auditors

14



## Consolidated profit and loss account

for the year ended 31 December 1999

	Notes	1999 £000	1998 £000
<b>Turnover</b>	1	<b>3,132</b>	3,053
Operating costs	2	<u>(3,416)</u>	<u>(2,839)</u>
<b>Operating (loss) profit</b>	1	<b>(284)</b>	214
Income from interests in joint venture	14	<b>19</b>	15
Exceptional items in respect of fixed assets	5	<b>(65)</b>	166
Interest receivable		<b>7</b>	24
Interest payable	6	<u>(207)</u>	<u>(210)</u>
<b>(Loss) profit on ordinary activities before taxation</b>		<b>(530)</b>	209
Taxation on (loss) profit on ordinary activities	7	<u>(63)</u>	<u>(44)</u>
<b>(Loss) profit after taxation</b>		<b>(593)</b>	165
Minority interest		<u>267</u>	<u>6</u>
<b>(Loss) profit for the financial year</b>		<b>(326)</b>	171
Dividend	9	<u>(105)</u>	<u>(105)</u>
<b>Retained (loss) profit for the financial year</b>	24	<b>(431)</b>	66
<b>(Loss) earnings per share</b>	10	<u><b>(3.12)p</b></u>	<u>1.64p</u>

All amounts derive from continuing operations.

15

## Balance sheets

as at 31 December 1999

	Notes	Group		Company	
		1999 £000	1998 £000	1999 £000	1998 £000
<b>Fixed assets</b>					
Intangible assets	11	<b>386</b>	412	-	-
Tangible assets	12	<b>8,409</b>	7,267	<b>7,361</b>	6,442
Investments	13 & 14	<b>763</b>	608	<b>1,311</b>	1,502
		<u><b>9,558</b></u>	<u>8,287</u>	<u><b>8,672</b></u>	<u>7,944</u>
<b>Current assets</b>					
Stocks - goods for resale		<b>111</b>	86	-	-
Debtors	16	<b>328</b>	238	<b>778</b>	318
Investments ( <b>Market value £621,000</b> (1998 - £560,000))	17	<b>420</b>	389	-	-
Bank balances		<b>48</b>	85	<b>17</b>	17
		<u><b>907</b></u>	<u>798</u>	<u><b>795</b></u>	<u>335</u>
<b>Creditors</b>					
Amounts falling due within one year	18	<b>(2,071)</b>	(1,503)	<b>(1,279)</b>	(1,169)
<b>Net current liabilities</b>		<b>(1,164)</b>	(705)	<b>(484)</b>	(834)
<b>Total assets less current liabilities</b>		<b>8,394</b>	7,582	<b>8,188</b>	7,110
<b>Creditors</b>					
Amounts falling due after one year	19	<b>(2,155)</b>	(1,267)	<b>(2,000)</b>	(1,116)
Provisions for liabilities and charges	21	<b>(12)</b>	(19)	-	-
Minority interests	22	<b>129</b>	-	-	-
		<u><b>6,356</b></u>	<u>6,296</u>	<u><b>6,188</b></u>	<u>5,994</u>
<b>Capital and reserves</b>					
Called up share capital	23	<b>1,045</b>	1,045	<b>1,045</b>	1,045
Revaluation reserve	24	<b>4,601</b>	4,106	<b>4,401</b>	4,106
Other reserve	24	<b>101</b>	101	-	-
Retained earnings	24	<b>609</b>	1,044	<b>742</b>	843
<b>Shareholders' funds</b>		<u><b>6,356</b></u>	<u>6,296</u>	<u><b>6,188</b></u>	<u>5,994</u>

These financial statements were approved by the board of directors on 28 February 2000 and signed on its behalf by:

**M A HELLER**  
**R G W MACKILLIGIN**  
*Directors*

## Statement of total recognised gains and losses

for the year ended 31 December 1999

	Group	
	1999 £000	1998 £000
(Loss) profit for the year	(326)	171
Revaluation of investment properties - company	295	106
- joint venture	200	-
Exchange adjustments	(4)	(99)
<b>Total gains and (losses) recognised in the year</b>	<b>165</b>	<b>178</b>

## Reconciliation of movements in shareholders' funds

for the year ended 31 December 1999

	Group	
	1999 £000	1998 £000
(Loss) profit for the financial year	(326)	171
Dividend	(105)	(105)
	(431)	66
Other movements in shareholders' funds:		
Exchange adjustments	(4)	(99)
Revaluation of investment properties	295	106
Revaluation of investment properties in joint venture	200	-
Net addition to shareholders' funds	60	73
Opening shareholders' funds	6,296	6,223
<b>Closing shareholders' funds</b>	<b>6,356</b>	<b>6,296</b>

## Group cash flow statement

for the year ended 31 December 1999

	Notes	1999	1998
		£000	£000
<b>Net cash inflow from operating activities</b>	25	<b>270</b>	<b>549</b>
<b>Returns on investments and servicing of finance</b>			
Interest received		7	24
Interest paid		(207)	(210)
		(200)	(186)
<b>Taxation</b>			
Corporation tax paid		(6)	(24)
<b>Capital investment and financial investment</b>			
Payments to acquire fixed assets		(1,077)	(585)
Payments to acquire current asset investments		(173)	(46)
Receipts from sale of fixed assets		106	241
Receipts from sale of current asset investments		251	74
		(893)	(316)
<b>Equity dividends paid</b>		<b>(105)</b>	<b>(94)</b>
Cash outflow before financing		(934)	(71)
<b>Financing</b>			
(Repaid) new loans		788	(12)
<b>(Decrease) in cash in the year</b>	26	<b>(146)</b>	<b>(83)</b>
<b>Reconciliation of net cash flow to movement in net debt</b>			
(Decrease) in cash in the year		(146)	(83)
Net cash flow from changes in debt		(788)	12
Movement in net debt in the year		(934)	(71)
Net debt at 1 January 1999		(1,953)	(1,882)
<b>Net debt at 31 December 1999</b>	26	<b>(2,887)</b>	<b>(1,953)</b>

## Group accounting policies

for the year ended 31 December 1999

The following are the main accounting policies of the group:

### Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties and in accordance with applicable accounting standards.

### Basis of consolidation

The consolidated financial statements comprise:

- (a) The financial statements of the company and its subsidiaries made up to 31 December.
- (b) The group's share of the results of Dragon Retail Properties Limited for the year ended 31 December.

On acquisition, the book value of tangible assets acquired is adjusted to bring the accounting policies of businesses acquired into alignment with those of the group. Goodwill, being the difference between the purchase price and the fair value of net assets acquired, is written off over its useful life.

### Turnover

Turnover comprises the invoiced value of sales in respect of mining, trading operations and rental income and excludes investment and other non-operating income and value added tax.

### Dividends

Dividends are credited to the profit and loss account when received.

### Depreciation

Provision for depreciation on tangible fixed assets is made in equal annual instalments to write each item off over its useful life. The rates generally used are:

Plant and machinery	10-20 per cent
Motor vehicles	20 per cent
Office equipment	10-20 per cent

### Foreign currencies

Monetary assets and liabilities expressed in foreign currencies have been translated at the rates of exchange ruling at the balance sheet date. Revenue transactions completed during the year are stated at the rates obtained on conversion into sterling. In the consolidated accounts, translation differences arising on consolidation of the net investments in overseas subsidiaries are taken to reserves. All other exchange differences are taken to the profit and loss account.

19

## Group accounting policies continued

### Investment properties

The investment property portfolio is included in the financial statements at open market valuation. An external professional valuation is carried out at least every five years, but is generally done every year. Surpluses and deficits arising on valuations are taken direct to the revaluation reserve. No depreciation or amortisation is provided in respect of freehold and leasehold investment properties. The directors consider that this accounting policy, which is not in accordance with the Companies Act 1985, results in the accounts giving a true and fair view. Depreciation or amortisation is only one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

### Investments

- (a) Listed investments of the company are stated in the balance sheet as fixed assets at cost less provisions for impairment. Profits or losses on the disposal of these investments and provisions for impairment are treated as exceptional.
- (b) Listed investments of the dealing subsidiary are stated in the balance sheet as current assets at the lower of cost and net realisable value, on a portfolio basis. The directors consider this policy to be appropriate given the readily marketable nature of the assets concerned.

Net profits and losses on the realisation of these investments are included in the Consolidated Profit and Loss Account as part of the profit on ordinary activities before taxation.

### Stocks

Stock is valued at the lower of cost and estimated net realisable value. Cost includes attributable overheads where appropriate.

### Deferred taxation

Provision is made for the potential liability which could arise if the investments held as current assets were realised at their balance sheet values. No provision is made for deferred taxation which might arise if investment properties were realised at their balance sheet valuations as the properties of the group are held as long-term investments. The potential liability is set out in the note relating to provisions for liabilities and charges.

20

## Notes to the financial statements

for the year ended 31 December 1999

### 1. Turnover, operating (loss) profit and net operating assets

	Turnover		Operating (loss) profit		Net operating assets	
	1999 £000	1998 £000	1999 £000	1998 £000	1999 £000	1998 £000
Mining	2,190	2,403	(667)	(69)	996	1,156
Property	665	571	267	233	7,172	6,262
Share dealing	268	74	110	49	416	376
Other investments	9	5	6	1	-	-
<b>Group</b>	<b>3,132</b>	<b>3,053</b>	<b>(284)</b>	<b>214</b>	<b>8,584</b>	<b>7,794</b>
Joint venture					636	420
Net non-operating liabilities					(2,864)	(1,918)
					<b>6,356</b>	<b>6,296</b>
Analysis by origin:						
United Kingdom	942	650	384	283	7,573	6,598
North America	-	-	-	-	50	50
Southern Africa	2,190	2,403	(668)	(69)	909	1,094
Australia	-	-	-	-	52	52
<b>Group</b>	<b>3,132</b>	<b>3,053</b>	<b>(284)</b>	<b>214</b>	<b>8,584</b>	<b>7,794</b>
Joint venture					636	420
Net Non-Operating Liabilities					(2,864)	(1,918)
					<b>6,356</b>	<b>6,296</b>

21

The analysis of turnover by destination is not materially different to the analysis of turnover by origin. Net non-operating liabilities represent cash, overdrafts and creditors not specifically allocated against the groups' operations and geographical markets.

### 2. Operating costs

	1999 £000	1998 £000
Mining	2,248	1,860
Royalties	147	145
(Increase)/decrease in inventories	(26)	47
Other operating income	(4)	(2)
Property expenses	344	332
Share dealing expenses	157	25
<b>Cost of sales</b>	<b>2,866</b>	<b>2,407</b>
Administrative expenses	550	432
<b>Net operating costs</b>	<b>3,416</b>	<b>2,839</b>

Share dealing includes the cost of investments sold and other attributable expenses.

## Notes to the financial statements continued

### 3. Administrative expenses

	1999 £000	1998 £000
Administrative expenses include:		
Directors' emoluments	94	25
Remuneration of auditors for audit services – UK	17	18
– South Africa	4	5

### 4. Directors' emoluments

The emoluments of the directors are shown in the Directors Report. There were no pension costs in respect of directors.

### 5. Exceptional items

	1999 £000	1998 £000
Arising in respect of fixed asset investments		
– gains from disposals	15	166
– write down	(80)	-
	<b>(65)</b>	<b>166</b>

No taxation has been provided on the surplus on the sale of fixed asset investments as it is covered by capital losses brought forward.

### 6. Interest payable

	1999 £000	1998 £000
Overdrafts	53	45
Bank loans not wholly repayable within 5 years	142	152
Other loans	12	13
	<b>207</b>	<b>210</b>

22

## Notes to the financial statements continued

## 7. Taxation

	1999 £000	1998 £000
Based on the results for the year:		
Corporation tax at 30.25% (1998: 31%)	67	33
Prior year adjustment	(3)	-
Deferred taxation	(7)	4
Attributable to franked investment income	2	4
	59	41
Joint venture	4	3
	63	44

The effective rate of corporation tax is based on taxable profits of Bisichi Mining PLC and Mineral Products Limited only. No tax charge arises on the overseas subsidiaries due to losses.

## 8. Attribution of result to Bisichi Mining PLC

	1999 £000	1998 £000
Dealt with in the financial statements of Bisichi Mining PLC	6	167

In accordance with the exemption permitted by Section 230 of the Companies Act 1985, the parent company has not presented its own profit and loss account.

## 9. Dividend

	1999		1998	
	Per share	£000	Per share	£000
Proposed final dividend	1.00p	105	1.00p	105

## 10. (Loss) earnings per share

These have been calculated on 10,451,506 (1998: 10,451,506) ordinary shares being the number of shares in issue during the year and the (loss) for the financial year attributable to holders of ordinary shares of £(326,000) (1998: Profit £171,000).

## Notes to the financial statements continued

## 11. Intangible fixed assets

	1999 £000
<b>Group</b>	
Goodwill on acquisition of subsidiary:	
Cost at 1 January 1999	617
Movement during year	58
<b>Cost at 31 December 1999</b>	<b>675</b>
Accumulated amortisation at 1 January 1999	205
Amortised in year	84
<b>Accumulated amortisation at 31 December 1999</b>	<b>289</b>
<b>Net Book value as at 31 December 1999</b>	<b>386</b>
Net book value as at 31 December 1998	412

Goodwill is being written off over the estimated life of the mine as the coal is extracted.

## 12. Tangible fixed assets

Group	Investment properties					
	Total £000	Freehold £000	Long leasehold £000	Plant and machinery £000	Motor vehicles £000	Office equipment £000
Cost or valuation at						
1 January 1999	7,589	3,575	2,850	936	196	32
Currency translation adjustment	(17)	-	-	(14)	(3)	-
Additions	1,053	623	7	423	-	-
Disposals	(7)	-	-	(7)	-	-
Revaluation	295	102	193	-	-	-
<b>Cost or valuation at 31 December 1999</b>	<b>8,913</b>	<b>4,300</b>	<b>3,050</b>	<b>1,338</b>	<b>193</b>	<b>32</b>
At valuation	7,350	4,300	3,050	-	-	-
At cost	1,563	-	-	1,338	193	32
	8,913	4,300	3,050	1,338	193	32
Accumulated depreciation at						
1 January 1999	322	-	-	256	46	20
Currency translation adjustment	(5)	-	-	(4)	(1)	-
Charge for the year	188	-	-	153	32	3
Disposals	(1)	-	-	(1)	-	-
<b>Accumulated depreciation at 31 December 1999</b>	<b>504</b>	<b>-</b>	<b>-</b>	<b>404</b>	<b>77</b>	<b>23</b>
<b>Net book value at 31 December 1999</b>	<b>8,409</b>	<b>4,300</b>	<b>3,050</b>	<b>934</b>	<b>116</b>	<b>9</b>
Net book value at						
31 December 1998	7,267	3,575	2,850	680	150	12

## Notes to the financial statements continued

## 12. Tangible fixed assets continued

Company	Investment properties				
	Total £000	Freehold £000	Long leasehold £000	Motor vehicles £000	Office equipment £000
Cost or valuation at 1 January 1999	6,468	3,575	2,850	23	20
Additions	630	623	7	-	-
Revaluation	295	102	193	-	-
<b>Cost or valuation at 31 December 1999</b>	<b>7,393</b>	<b>4,300</b>	<b>3,050</b>	<b>23</b>	<b>20</b>
At valuation	7,350	4,300	3,050	-	-
At cost	43	-	-	23	20
	<b>7,393</b>	<b>4,300</b>	<b>3,050</b>	<b>23</b>	<b>20</b>
Accumulated depreciation at 1 January 1999	26	-	-	10	16
Charge for the year	6	-	-	5	1
<b>Accumulated depreciation at 31 December 1999</b>	<b>32</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>17</b>
<b>Net book value at 31 December 1999</b>	<b>7,361</b>	<b>4,300</b>	<b>3,050</b>	<b>8</b>	<b>3</b>
Net book value at 31 December 1998	6,442	3,575	2,850	13	4

Freehold and long leasehold properties were externally professionally valued at 31 December 1999 on an open market basis by:

	£000
Allsop & Co, Chartered Surveyors	5,350
B P Towler & Co, Chartered Surveyors	2,000
	<u>7,350</u>

The valuations were carried out in accordance with the Statements of Asset Valuation and Guidance Notes published by the Royal Institution of Chartered Surveyors.

The historical cost of freehold investment properties is £1,856,000 (1998: £1,293,000) and long leasehold investment properties is £1,092,000 (1998: £1,086,000). Long leasehold properties are those for which the unexpired term at the balance sheet date is not less than 50 years.

## Notes to the financial statements continued

## 13. Investments held as fixed assets

Group	Joint venture assets		
	Total £000	£000	Other £000
Cost at 1 January 1999	741	420	321
Additions	24	-	24
Disposals	(4)	-	(4)
Share of revaluation reserve of joint venture	200	200	-
Share of profit of joint venture	15	15	-
<b>Cost at 31 December 1999</b>	<b>976</b>	<b>635</b>	<b>341</b>
Provision for diminution in value			
As at 1 January 1999	(133)	-	(133)
Charge in year	(80)	-	(80)
<b>As at 31 December 1999</b>	<b>(213)</b>	<b>-</b>	<b>(213)</b>
<b>Net book value at 31 December 1999</b>	<b>763</b>	<b>635</b>	<b>128</b>
Net book value at 31 December 1998	608	420	188

Company	Total £000	Subsidiaries		Joint venture shares	
		Shares £000	Loans £000	£000	Other £000
Cost at 1 January 1999	1,841	1,104	260	164	313
Additions	59	-	35	-	24
Disposals	(85)	(80)	-	-	(5)
<b>Cost at 31 December 1999</b>	<b>1,815</b>	<b>1,024</b>	<b>295</b>	<b>164</b>	<b>332</b>
Provision for impairment					
As at 1 January 1999	(339)	(206)	-	-	(133)
Charge in year	(165)	(85)	-	-	(80)
<b>As at 31 December 1999</b>	<b>(504)</b>	<b>(291)</b>	<b>-</b>	<b>-</b>	<b>(213)</b>
<b>Net book value at 31 December 1999</b>	<b>1,311</b>	<b>733</b>	<b>295</b>	<b>164</b>	<b>119</b>
Net book value at 31 December 1998	1,502	898	260	164	180

Other investments comprise £110,000 (1998: £171,000) shares and £9,000 (1998: £9,000) loans.

## Notes to the financial statements continued

## 13. Investments held as fixed assets continued

	1999 £000	1998 £000
<b>Group and company</b>		
Cost of investments listed on overseas stock exchanges	<u>176</u>	<u>237</u>
Market value of the overseas listed investments	<u>57</u>	<u>50</u>

The directors, having conducted a detailed review of the investments held, do not consider that there has been a permanent diminution in their value.

## 14. Joint venture

The company owns 50% of the issued share capital of Dragon Retail Properties Limited, an unlisted property investment company.

The remaining 50% is held by London & Associated Properties PLC.

Dragon Retail Properties Limited is incorporated in Great Britain and operates in England. It has issued share capital of £500,000 (1998: £500,000) ordinary shares of £1 each.

These figures reflect the Company's share in the joint venture:

	1999 £000	1998 £000
Turnover	<u>33</u>	<u>33</u>
Profit and loss		
Profit before tax	19	15
Taxation	<u>(4)</u>	<u>(3)</u>
Profit after taxation	<u>15</u>	<u>12</u>
Balance sheet		
Fixed assets	1,901	1,701
Current assets	88	72
Liabilities due within one year	(104)	(103)
Liabilities due after more than one year	<u>(1,250)</u>	<u>(1,250)</u>
<b>Share of net assets at 31 December</b>	<u>635</u>	<u>420</u>

## Notes to the financial statements continued

## 15. Subsidiary companies

The company owns the following ordinary share capital of the subsidiaries:

	Activity	Percentage of share capital	Country of incorporation and principal country of operation
Mineral Products Limited	Share dealing	100.0%	Great Britain
Black Wattle Colliery (pty) Limited	Coal mining	62.5%	South Africa
Bisichi Coal Mining (pty) Limited	Coal mining	100.0%	South Africa
Bisichi Mining (Exploration) Limited	Dormant	100.0%	Great Britain

In the opinion of the directors the aggregate value of the investment in subsidiaries is not less than the amount shown in these financial statements.

## 16. Debtors

	Group		Company	
	1999 £000	1998 £000	1999 £000	1998 £000
<b>Amounts falling due within one year:</b>				
Trade debtors	57	42	-	-
Amounts due from subsidiary undertakings	-	-	522	134
Amounts due from joint venture	38	38	38	38
Other debtors	215	114	203	105
Prepayments and accrued income	18	23	15	20
Corporation tax recoverable	-	21	-	21
	<u>328</u>	<u>238</u>	<u>778</u>	<u>318</u>

Other debtors includes a loan of £10,000 (1998: £10,000) to the Trustees of the Employee Benefit Trust which was used to purchase shares in the Company.

## 17. Investments held as current assets

	Group	
	1999 £000	1998 £000
Market value of listed investments:		
Listed in Great Britain	578	533
Listed outside Great Britain	<u>43</u>	<u>27</u>
	<u>621</u>	<u>560</u>
Original cost of listed investments	<u>420</u>	<u>389</u>
Unrealised surplus of market value over cost	<u>201</u>	<u>171</u>

## Notes to the financial statements continued

## 18. Creditors

	Group		Company	
	1999 £000	1998 £000	1999 £000	1998 £000
<b>Amounts falling due within one year:</b>				
Bank overdraft (secured)	735	625	707	625
Bank loan (secured)	45	146	-	64
Trade creditors	219	76	-	-
Corporation tax	68	30	34	29
Other taxation and social security	23	11	23	11
Proposed dividend	105	105	105	105
Other creditors	173	137	171	132
Accruals and deferred income	703	373	239	203
	<u>2,071</u>	<u>1,503</u>	<u>1,279</u>	<u>1,169</u>

The bank overdraft of the Company is secured by a charge over a long leasehold property. The Black Wattle Colliery (pty) Limited overdraft is secured against that company's debtors.

## 19. Creditors

	Group		Company	
	1999 £000	1998 £000	1999 £000	1998 £000
<b>Amounts falling due after more than one year:</b>				
Other loan	81	29	-	-
Medium term bank loans	2,074	1,238	2,000	1,116
	<u>2,155</u>	<u>1,267</u>	<u>2,000</u>	<u>1,116</u>

## 20. Bank loans and financial instruments

	Group		Company	
	1999 £000	1998 £000	1999 £000	1998 £000
Bank loans instalments by reference to the balance sheet date:				
Within one year	45	146	-	64
From one to two years	77	166	31	85
From two to five years	403	328	375	256
Over five years	1,594	744	1,594	775
	<u>2,119</u>	<u>1,384</u>	<u>2,000</u>	<u>1,180</u>
Bank loans analysis by origin:				
United Kingdom	2,000	1,180	2,000	1,180
Southern Africa	119	204	-	-
	<u>2,119</u>	<u>1,384</u>	<u>2,000</u>	<u>1,180</u>

## Notes to the financial statements continued

## 20. Bank loans and financial instruments continued

## Treasury

Treasury activities take place under procedures and policies approved and monitored by the Board to minimise the financial risk faced by the Group.

The bank loans are secured by way of a first charge on certain fixed assets. The rates of interest vary based on LIBOR in the UK and PRIME in South Africa. The other loan is repayable from Black Wattle Colliery (pty) Limited profits and interest is payable at PRIME in South Africa.

## Borrowing facilities

At 31 December 1999 the Group was within its bank borrowing facilities. Overdrafts are renewable annually. Term loan repayments are set out above.

## Foreign currency

All trading is undertaken in the local currencies. Funding is also in local currencies other than inter-company investments and loans and it is not the Group's policy to cover these amounts as the date of repayment is uncertain.

## Fair value

The directors estimate the fair value of the net borrowings at 31 December is not significantly different from their book value.

## 21. Provision for liabilities and charges

	Group £000
<b>Deferred Taxation</b>	
Balance at 1 January 1999	19
Transfer to profit and loss account	(7)
Timing difference following the revaluation of current asset investments for taxation purposes	<u>12</u>

No provision has been made for the approximate taxation liability at 30% (1998: 30%) of £909,000 (1998: £871,000) which would arise if the investment properties were sold at the stated valuation.

## 22. Minority interest

The minority interest represents the share of the losses in Black Wattle Colliery (pty) Limited attributable to the minority shareholder less the nominal value of shares held by that shareholder. The Directors are confident that the losses will be recovered in future years.



## Notes to the financial statements continued

## 23. Share capital

	1999 £000	1998 £000
Authorised: 13,000,000 ordinary shares of 10p each	<u>1,300</u>	<u>1,300</u>
Allotted and fully paid: 10,451,506 ordinary shares	<u>1,045</u>	<u>1,045</u>

## 24. Reserves

	Revaluation reserve £000	Capital reserve on consolidation £000	Retained earnings £000
<b>Company</b>			
Balance at 1 January 1999	4,106	-	843
Exchange adjustment	-	-	(2)
Revaluation of investment property	295	-	-
Retained (loss) for the year	-	-	(99)
<b>Balance at 31 December 1999</b>	<u>4,401</u>	<u>-</u>	<u>742</u>
<b>Share in subsidiary and joint venture</b>			
Balance at 1 January 1999	-	101	201
Exchange adjustment	-	-	(2)
Revaluation of investment property	200	-	-
Retained (loss) for the year	-	-	(332)
<b>Balance at 31 December 1999</b>	<u>200</u>	<u>101</u>	<u>(133)</u>
<b>Group at 31 December 1999</b>	<u>4,601</u>	<u>101</u>	<u>609</u>
Group at 1 January 1999	4,106	101	1,044

Retained earnings include an amount of £247,000 (1998: £247,000) which relates to the group's share of non-distributable reserves within a joint venture.

## Notes to the financial statements continued

## 25. Reconciliation of operating profit to net cash inflow from operating activities

	1999 £000	1998 £000
Operating (loss) profit	(284)	214
Depreciation charges	188	152
Goodwill amortised	84	85
Profit on sale of current asset investments	(109)	(47)
(Increase) decrease in stocks	(26)	48
(Increase) decrease in debtors	(112)	91
Increase in creditors	529	6
	<u>270</u>	<u>549</u>

## 26. Analysis of changes in net debt

	At 1 January 1999 £000	Cash flows £000	Exchange adjustment £000	At 31 December 1999 £000
Bank balances	85	(36)	(1)	48
Overdrafts	(625)	(110)	-	(735)
	(540)	(146)	(1)	(687)
Debt due within one year	(146)	101	-	(45)
Debt due in after one year	(1,267)	(889)	1	(2,155)
	<u>(1,953)</u>	<u>(934)</u>	<u>-</u>	<u>(2,887)</u>

## 27. Related party transactions

	At 31 December 1999		During the year	
	Amounts owed to related party £000	Amounts owed by related party £000	Costs recharged by related party £000	Cash (received) from related party £000
<b>Related party:</b>				
London & Associated Properties PLC (note (a))	125	-	252	-
Dragon Retail Properties Limited (note (b))	-	38	-	-
	<u>125</u>	<u>38</u>	<u>252</u>	<u>-</u>
As at 31 December 1998	84	38	270	-

## Notes to the financial statements continued

**27. Related party transactions continued**

London & Associated Properties PLC is a substantial shareholder. Dragon Retail Properties Limited is a joint venture and is treated as a fixed asset investment. Both London & Associated Properties PLC and the company have provided a guarantee in respect of a bank loan up to a maximum of £250,000 each.

**(a) London & Associated Properties PLC**

Property management, office premises, general management, accounting and administration services are provided for Bisichi Mining PLC and its UK subsidiaries.

**(b) Dragon Retail Properties Limited**

Dragon Retail Properties Limited is owned equally by the company and London & Associated Properties PLC.

**28. Employees**

The average weekly number of employees of the group during the year were as follows:

	1999 Number	1998 Number
Production	170	153
Administration	15	16
	<u>185</u>	<u>169</u>

33

Staff costs during the year were as follows:

	£000	£000
Salaries	725	615
Social security costs	98	71
	<u>823</u>	<u>686</u>

**29. Capital commitments**

Commitments for capital expenditure contracted for at the year end

	£000	£000
	<u>3</u>	<u>-</u>

**30. Contingent Liabilities**

The company has provided a guarantee in respect of a bank loan up to maximum of £250,000 to Dragon Retail Properties Limited, a joint venture.

**Notice of Annual General Meeting**

NOTICE is hereby given that the eighty-ninth annual general meeting of the company will be held at 8-10 New Fetter Lane, London EC4A 1AF on Tuesday 13 June 2000 at 12 noon for the transaction of the following business:

- To receive and adopt the directors' report, annual accounts and auditors report for the year ended 31 December 1999. **(Resolution 1)**
- To declare and approve a dividend of 1.0p per share. **(Resolution 2)**
- To re-elect as a director Mr M A Heller. **(Resolution 3)**
- To re-elect as a director Mr J A Sibbald. **(Resolution 4)**
- To reappoint Pannell Kerr Forster as auditors. **(Resolution 5)**
- To authorise the directors to determine the remuneration of the auditors. **(Resolution 6)**

8-10 New Fetter Lane  
London EC4A 1AF  
Registered in England and Wales - Number 112155  
28 February 2000

By order of the board  
**M C STEVENS**  
Secretary

**Notes:**

- A member entitled to vote at the meeting may appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the company.
- To be valid, the instrument appointing a proxy, together with the power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of such power of authority) must be deposited at the company's registrars, IRC plc, Balfour House, 390/398 High Road, Ilford, Essex IG1 1BR not later than 48 hours before the time fixed for the meeting or if the meeting is adjourned not later than 48 hours before the time fixed for the adjourned meeting.
- Completion of a proxy form will not preclude shareholders from attending and voting at the meeting if they wish. A form of proxy is enclosed for use by shareholders.
- The following document will be available for inspection at the registered office of the company on any weekday during normal business hours and will also be available from 11.45 am on the day of the meeting until the close of the meeting:  
- A register in which are recorded all the transactions of each director and their family interests in the share capital of the company.

## Form of proxy

I/We the undersigned, being the holder(s) of ordinary shares of Bisichi Mining plc, hereby appoint (see Note 1).....[BLOCK CAPITALS] or, failing him/her, the chairman of the meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the company to be held on Tuesday 13 June 2000 at 12 noon at 8-10 New Fetter Lane, London EC4A 1AF and at any adjournment thereof. I/We direct that my/our vote(s) be cast on the resolutions as indicated by an X in the appropriate spaces below.

RESOLUTIONS Ordinary Business	FOR	AGAINST
1 To receive and adopt the directors' report, annual accounts and auditors' report for the year ended 31 December 1999.		
2 To declare a dividend and approve a dividend of 1.0p per share.		
3 To re-elect as a director Mr M A Heller.		
4 To re-elect as a director Mr J A Sibbald.		
5 To reappoint Pannell Kerr Forster as auditors.		
6 To authorise the directors to determine the remuneration of the auditors.		

**Notes:**

- Shareholders may appoint one or more proxies of his/her/their own choice. A proxy need not be a member of the company. The chairman of the meeting will act as your proxy if you do not insert the name of a proxy of your choice.
- Please indicate with an X how you wish your votes to be cast. Any alterations made to this form should be initialled.
- Unless otherwise instructed the proxy will abstain or vote as he/she thinks fit. On any motion to amend any resolution, to propose a new resolution, to adjourn the meeting or any other motion put to the meeting the proxy will act at his/her discretion.
- If the appointee is a corporation this proxy should be executed under the common seal of such corporation in accordance with Section 36A of the Companies Act 1985 or be signed by its attorney or by an authorised officer on behalf of the corporation. In the case of an individual this proxy should be signed by the appointee or his/her attorney.
- To be valid, the instrument appointing a proxy, together with the power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of such power or authority) must be deposited at the company's registrars, IRG plc, Balfour House, 390/398 High Road, Ilford, Essex IG1 1BR not later than 48 hours before the time fixed for the meeting, or if the meeting is adjourned not later than 48 hours before the time fixed for the adjourned meeting.
- In the case of joint registered holders the signature of any holder is sufficient but the names of all joint holders must be stated and the vote of the senior holder who tenders a vote shall be accepted to the exclusion of the other joint holders. For this purpose seniority shall be determined by the order in which the names stand in the register of members.
- Completion of this form will not preclude a shareholder from attending and voting in person.

Full Name (block capitals please).....

Address.....

.....

Signed this.....day of.....2000 (Signature).....

Second Fold

BUSINESS REPLY SERVICE  
Licence No ANG 1468

2

**The Registrar  
IRG plc  
Balfour House  
390/398 High Road,  
Ilford,  
Essex IG1 1BR**

Third Fold

Tuck inside facing flap

First Fold

First Fold

*Photographs by Pat Raubenheimer*