

Mining and mining finance



Bisichi Mining PLC

Annual Report & Accounts 2002

Five year financial summary

	2002	2001	2000	1999	1998
	£000	Restated £000	Restated £000	Restated £000	Restated £000
Consolidated profit and loss account					
Turnover	5,310	4,060	3,695	3,132	3,053
Operating profit (loss)	785	349	289	(284)	214
Profit (loss) before tax	628	220	82	(530)	209
Consolidated balance sheet					
Intangible assets	132	216	301	386	412
Investment properties	11,360	8,080	7,775	7,350	6,425
Fixed asset investments	1,408	1,109	924	763	608
	12,900	9,405	9,000	8,499	7,445
Current asset investments	490	474	424	420	389
	13,390	9,879	9,424	8,919	7,834
Other assets less liabilities	(5,194)	(2,936)	(2,614)	(2,494)	(1,557)
Consolidated shareholders funds per balance sheet	8,196	6,943	6,810	6,425	6,277
Adjustment of current asset investments to market value	41	150	182	201	171
Consolidated shareholders funds	8,237	7,093	6,992	6,626	6,448
Net assets per ordinary share *	78.8p	67.9p	66.9p	63.4p	61.7p
Dividends per share	1.50p	1.00p	1.00p	1.00p	1.00p

* Based on net assets including the investment portfolio at market value.

Comparative figures have been restated to reflect the provision of deferred taxation with the adoption of FR519.

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Highlights of the year

- Major progress and significant achievements at Black Wattle Colliery, South Africa
 - production increased to just under 1 million tonnes per annum
 - additional reserves secured
 - export rail head completed
- Profit before tax depreciation and amortisation more than doubles to £1,225,000 (2001: £519,000).
- Earnings per ordinary share have increased to 4.43p from 1.50p
- Dividends per share increased by 50%
- Direct mining performance permits £2.65 million acquisition of UK retail property, which increases the UK retail investment property portfolio to £11.36 million at year end independent valuation
- Shareholders funds rise 18% to £8.2 million



"2003 should be a year with as much realisable potential as 2002 both in direct mining and in retail property. In an uncertain world, I look at the coming year for Bisichi Mining with considerable confidence."

Michael Heller, Chairman

Chairman's review



2002 has been a successful year for your company as it has seen major progress and significant achievements in the development of our direct mining business, and a further strengthening of our UK property business which underpins it.

These achievements are readily identifiable from our financial performance. Shareholders will be pleased to learn that Bisichi Mining plc more than doubled earnings before tax, depreciation and amortisation to £1,225,000 by comparison with the previous year (2001: £519,000) and

earnings per ordinary share have increased to 4.43p from 1.50p. In the light of this very substantial improvement and, because your Board is confident that these improvements should be sustainable, we are recommending a dividend per share increase of 50% from 1p to 1.5p.

Much of Bisichi Mining's improvement is a result of developments at Black Wattle Colliery, the company's direct mining operation in South Africa. As shareholders will see in the Mining Report, not only has Black Wattle achieved a major increase in profitable production, to just under 1 million tonnes per annum, but it has also secured significant additional reserves and built a modern rail head that gives the mine an export capability through the Richards Bay Coal Terminal. Your Board recognises that this success is in no small part due to the excellence of our mine management team and the strength of the Black Wattle Board of Directors. We believe that the prospects for Black Wattle are very good and our commitment to the ongoing development of the mine is as strong as ever.

Much of Bisichi Mining's improvement is a result of developments at Black Wattle Colliery, the company's direct mining operation in South Africa.

BOB MACKILLIGIN – TRIBUTE FROM MICHAEL HELLER

On 20 October 2002 Bob Mackilligin died suddenly and I would like to pay tribute to Bob and the part that he played in the development of the modern Bisichi.

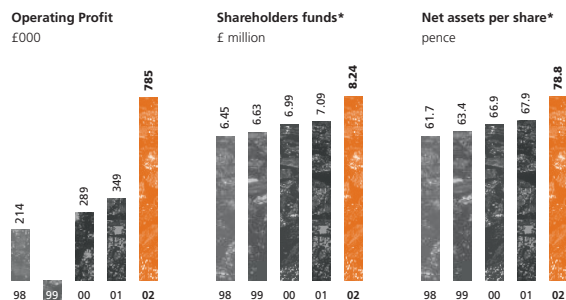
I first met Bob some 30 years ago when he had retired from Shell and was involved in mining activities in Nigeria. Bisichi then had some £300,000 of assets in the UK and a tin mine on the plateau in Nigeria. Over the past 30 years Bob, as our Mining Director, dealt with our withdrawal from Nigeria in the early 80s and the rebuilding of Bisichi's mining business in coal in South Africa.

Today Bisichi mines just under 1 million tonnes per annum of coal in South Africa and employs some 300 people.

Bob was always a stimulating and supportive colleague, unfailingly cheerful and a very wise counsellor - we shall all miss him.

Bisichi Mining has a wholly owned subsidiary, Mineral Products Ltd., which continues to own and manage a portfolio of equity investments with a weighting in mineral and natural resources stocks. This portfolio provides Bisichi with an easily accessible cash reserve.

As a result of the strong performance of our direct mining activities, in October 2002 we acquired a £2.65 million retail property investment in Northampton. This latest addition to our property portfolio comprises a centre of some 17 shops and brings the rental income of Bisichi Mining to over £1 million per annum. Our property portfolio of fully let shopping centres was valued at 31 December 2002 by independent chartered surveyors at £11.36 million, an increase of 6.1% on a like for like basis over the previous year. Bisichi Mining also jointly owns Dragon Retail Properties with London & Associated Properties plc, who manage our property portfolio. Dragon Retail Properties has increased its net assets by 27% to £2.2 million following a series of profitable sales and strong lettings at some of its core holdings.



* Based on net assets including the investment portfolio at market value
Comparative figures have been restated to reflect the provision of deferred taxation with the adoption of FRS19

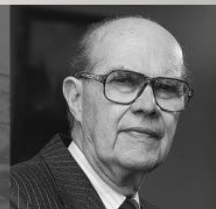
Shareholders' funds now stand at £8.2 million compared to £6.9 million a year ago, an increase of 18.0%.

On behalf of all shareholders, I would like to thank the staff of Bisichi Mining and its subsidiaries for their contribution and continued commitment to your company.

2003 should be a year with as much realisable potential as 2002 both in direct mining and in retail property. In an uncertain world, I look at the coming year for Bisichi Mining with considerable confidence.

Michael Heller

Michael Heller
Chairman
6 March 2003



R G W Mackilligin

Mining review

Black Wattle Colliery

2002 saw profits increase substantially over 2001. However, we expect that the real benefits of what has been achieved should materialise in the years to come. The areas where improvements have been made are:

Production

There has been a planned, concerted and successful initiative to increase production. The number of production machines has been increased and downtime has been reduced. Improved blasting efficiencies have resulted in the tonnes per face blasted increasing from 40 to 50 tonnes. The result of all these initiatives is that production from the three sections has been increased from an average of 65,000 to 75,000 tonnes per month. The intention is to acquire back-up cutting and loading machines in order to further increase the tonnage.

Washing

The washing plant is in the process of being upgraded to include a Heavy Medium Cyclone and Spiral section. This will allow for the upgrading of the -8mm fraction which is currently being sold as a raw product, as well as increasing the plant production capacity from 75,000 to 120,000 tonnes per month. Upgrading the fine coal fraction also gives greater flexibility, allowing for this product to be sold on the domestic or export market.

The extensions to the plant are scheduled to be completed by the end of April 2003.

Railing

We are pleased to report that the development and expansion of the rail link at Uitkyk siding has been completed. The siding is now Coalink approved, which allows for the loading and railing of coal trains to the Richards Bay Coal Terminal ("RBCT").

Very few independent mines are able to do this and, as it is increasingly likely that the Coal Terminal will be made available to non RBCT shareholders, this could open up new and exciting opportunities for us.

Ore Reserves

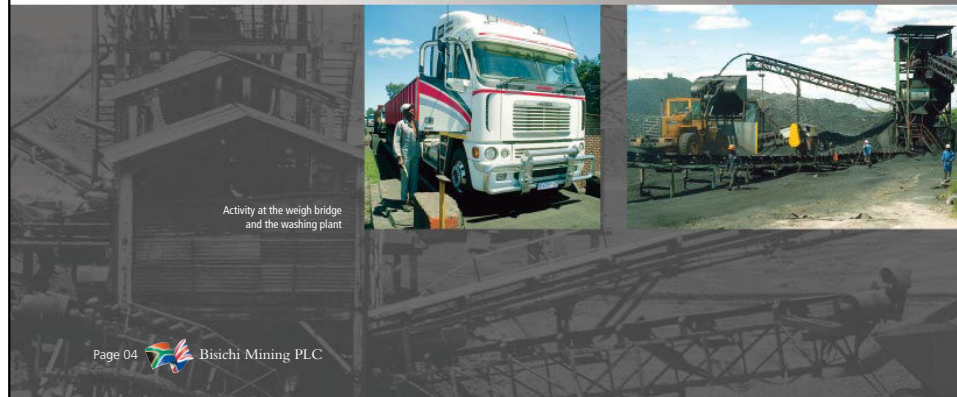
As explained at the time of our last Interim Results announcement, we have acquired additional coal reserves adjacent to our existing reserves. These new reserves cover 785 hectares.

Over 100 boreholes have been drilled and we estimate that, at current production levels, the life of the mine will be increased by at least 15 years.

We also estimate that the majority of these reserves can be mined to supply our existing markets, the remainder going to power stations.



Michael Heller, Chairman and Andrew Heller,
Managing Director at Black Wattle Colliery





We believe that the prospects for Black Wattle are very good and our commitment to the ongoing development of the mine is as strong as ever.

Prospects

The thermal coal market has softened over the last few months. However, demand for our product remains strong (especially our low phosphorous product) and the improved efficiencies referred to above mean that the current lower coal price should not have a significant effect on our earnings in 2003.

The mine's shareholding structure, with a major share being held by a Black Economic Empowerment company, has opened up new and very exciting business opportunities for us. Without it, we would probably not have been able to acquire the last three reserve blocks.

A further development that we are very pleased to welcome is the addition of Ms Duku Mogoai onto the Board of Black Wattle Colliery. She has been familiar with Black Wattle for a number of years as a Director of Endulwini Resources (Pty) Ltd, the Black Economic Empowerment mining company of which Mr Siphon Dube is Chief Executive. He is a director of Black Wattle Colliery.

Finally, the success that we have achieved is a direct result of the strong working relationships that we have developed in South Africa with the South African Government, our colleagues in the coal industry, the support of Mr Siphon Dube and the commitment of Mr Robert Grobler, our General Mine Manager, and his staff. Against this background, we look forward to 2003 with confidence.

Andrew Heller
Managing Director
6 March 2003



Demand for our product remains strong and the improved efficiencies mean that the current lower coal price should not have a significant effect on our earnings in 2003.

Directors and advisers

Directors

Michael A Heller MA, FCA (Chairman)

Andrew R Heller MA, ACA (Managing Director)

† * **Christopher A Joll** MA (Non-executive)
Christopher Joll was appointed a Director on 1 February 2001. He holds a number of non-executive directorships of quoted and un-quoted companies including Getmapping PLC, The Silver Fund PLC, Butler Kelly Ltd and The Room group of companies. He is also managing director of MJ2 Ltd, a financial public relations consultancy.

‡ **Thomas M Kearney** MA (Non-executive)
Tom Kearney was appointed a Director on 10 April 2003. He is Vice President and Partner of Herakles Capital. His specialisation is in the energy sector.

* **John A Sibbald** BL (Non-executive)
John Sibbald has been a Director since 1988. After qualifying as a Chartered Accountant he spent over 20 years in stockbroking, specialising in mining and international investment.

† Senior independent director
* Member of the audit committee
‡ Appointed 10 April 2003

Secretary

Michael Stevens FCA

Registered office

8-10 New Fetter Lane, London
EC4A 1AF

Black Wattle Colliery

Directors

Robert Corry (Chairman)
Andrew Heller (Managing Director)
Sipho Dube
Duku Mogoai

General mine manager

Robert Grobler

Director of property

Mike Dignan FRICS

Auditors

PKF

Principal bankers

UK

National Westminster Bank PLC

South Africa

First National Bank
Standard Bank

Corporate solicitors

UK

D J Freeman, London

South Africa

Moss Morris inc, Johannesburg

Stockbrokers

Credit Lyonnais Europe

Registrars and transfer office

Capita Registrars

The Registry

34 Beckenham Road

Beckenham, Kent BR3 4TU

Telephone: 020 8650 4866

Company registration number

112155 (Incorporated in England and Wales)

Web site

www.bisichi.co.uk

E-mail

admin@bisichi.co.uk

The management team



Michael Heller
Group Chairman



Andrew Heller
Managing Director
of Bisichi and
Black Wattle Colliery



Robert Corry
LAP Group Finance
Director and Chairman
of Black Wattle Colliery



Sipho Dube
Director of
Black Wattle Colliery



Duku Mogoai
Director of
Black Wattle Colliery



Robert Grobler
General Manager of
Black Wattle Colliery

Directors' report

The directors submit their report together with the audited financial statements for the year ended 31 December 2002.

Activities and review of business

The company continues its mining and property investment activities. Income for the year was derived from the operation of a coal mine and property rentals.

The company maintained its 62.5% holding in Black Wattle Colliery (pty) Limited throughout the year. The results for the year and state of affairs of the group and the company at 31 December 2002 are shown on pages 17 to 36.

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 1.50p per share on the ordinary share capital for the year under review and the balance of the retained profit will be carried to reserves. The dividend will be payable on Monday 18 August 2003 to shareholders registered at the close of business on 25 July 2003.

Investment properties

The investment property portfolio is stated at its open market value of £11,360,000 at 31 December 2002, as valued by professional external valuers.

Directors

The directors of the company for the whole year were M A Heller, A R Heller, C A Joll and J A Sibbald. R G W Mackilligan was a director until his death on 20 October 2002.

The directors retiring by rotation are M A Heller and J A Sibbald who offer themselves for re-election.

Michael Heller has been a director of the company since 1974 and Chairman since 1981. He has a contract of service determinable at three months notice.

Directors' shareholdings

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

	31.12.2002	Beneficial 01.01.2002	31.12.2002	Non Beneficial 01.01.2002
M A Heller	146,666	146,666	181,334	181,334
A R Heller	772,000	772,000	-	-
C A Joll	5,000	5,000	-	-
R G W Mackilligan*	50,000	50,000	-	-
J A Sibbald	-	-	-	-

There have been no changes in the above shareholdings since 31 December 2002.

* At date of death - 20 October 2002



Loading coal at the colliery and unloading at Black Wattle's new railway siding.





There has been a planned, concerted and successful initiative to increase production.



LEFT: Matias Neves, shift boss, briefing his team prior to going underground

Preparing coal face for blasting in No 1 seam, low phosphorous reserves

John Sibbald has been a director since 1988 and has a contract of service determinable at three months notice. He practised 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.

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 5 March 2003:

London & Associated Properties PLC - 4,355,752 shares representing 41.68 per cent of the issued capital. M A Heller is a director and shareholder 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.

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. ▶

Directors' report continued

Corporate governance

The company has adopted the principles of Good Governance and Code of Best Practice contained in The Combined Code published 1 June 1998 by the Committee on Corporate Governance, as far as practicably possible.

The company has adopted the City Group for Smaller Companies recommendations that smaller companies have at least two non-executive directors. The directors believe that this is appropriate and cost effective.

Internal control

The Combined Code introduced a requirement that directors review the effectiveness of the group's system of internal 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 board have reviewed control procedures in accordance with the Turnbull guidance, and have fully complied with that guidance for the accounting period ended on 31 December 2002.

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.

The board has reviewed the need for an internal audit function and concluded that the current practice of using external resources as necessary remains the most cost effective solution. 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.

Communication with shareholders

Communication with shareholders is given a high priority. Extensive information about the group and its activities is given in the Annual Report and Accounts, and the Interim Report, which are sent to shareholders. Further information is available on the company's website, www.bisichi.co.uk. There is a regular dialogue with institutional investors. Enquiries from individuals on matters relating to their shareholdings and the business of the group are dealt with informatively and promptly.



The success that we have achieved is a direct result of the strong working relationships that we have developed in South Africa

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 4 days trade purchases (2001 - 6 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. Accordingly, the going concern basis has been adopted in the preparation of the financial statements.

Other matters

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

By order of the board
M C Stevens, Secretary
 8-10 New Fetter Lane
 London EC4A 1AF
 6 March 2003

FAR LEFT: Part of management team at the mine

LEFT: Duku Mogaoi - Recently appointed a director of Black Wattle Colliery

RIGHT: Sipho Dube - A Director of Black Wattle Colliery

Remuneration report

The Board is pleased to present the Remuneration Report for the year ended 31 December 2002.

The board of directors is responsible for reviewing the remuneration of the directors and senior employees. 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 Financial Services Authority and given full consideration to section B of such best practices. The Board does not currently use advisers on remuneration issues.

Remuneration policy for executive directors and senior employees

The Board's policy is to ensure that the executive directors and senior employees are rewarded competitively in relation to other companies in order to retain and motivate them. The emoluments of the managing director comprise basic salary, provision of a car, premiums paid in respect of individual defined contribution pension arrangements, health and life assurance premiums and share options.

Service and employment contracts

The full time managing director has a contract of employment with the company, which is subject to three months notice. The Chairman is entitled to six months notice. The non-executive directors have contracts of service, all of which are subject to three months notice. All directors' contracts, as amended from time to time, have run from the date of appointment. No director has a contract of employment or contract of service with the company, its joint venture or associated companies which exceeds twelve months duration. The directors offering themselves for re-election at the forthcoming Annual General Meeting do not have contracts of employment or service with a notice period of more than six months. No contracts of employment or contracts of service have clauses specifying termination payments.

Pension and share option schemes

One director has benefits under a money purchase pension scheme. There is a share option scheme under which options were issued to a director and an employee during the year. Further details of the share option scheme are set out below. Directors are not entitled to benefits under any other bonus or incentive schemes. There have been no performance related payments to directors during the year.

Non-executive directors

The remuneration of non-executive directors is determined by the board, and takes into account additional remuneration for services outside the scope of the ordinary duties of non-executive directors. No pension costs are incurred on behalf of non-executive directors and they do not participate in the share option schemes.

The following information has been audited

Directors' remuneration

	Salaries and fees £'000	Pensions £'000	Benefits £'000	2002 Total £'000	2001 Total £'000
Chairman					
M A Heller	14	-	-	14	3
Executive Directors					
R G W MacKillopin	10	-	1	11	13
A R Heller	130	17	16	163	116
	154	17	17	188	132
Non-executive directors					
L C J Brown	-	-	-	-	2
C A Joll	15	-	-	15	14 *
J A Sibbald	2	-	2	4	3
	17	-	2	19	19
Total remuneration for directors' services during the year				207	151

* From date of appointment 1 February 2001

Share option scheme

The company has an Unapproved Share Option Scheme which was approved by shareholders on 15 June 1999 and which is not subject to the Inland Revenue terms of approval. The executive director and an employee were granted options to subscribe for ordinary shares under the scheme during 2002 as follows:

	Option price*	Number of share options		Exercisable	
		1 January 2002	Granted in 2002	31 December 2002	from to
A R Heller	34p	-	233,000	233,000	30/9/2005 29/9/2012
Employee	34p	-	80,000	80,000	30/9/2005 29/9/2012

* Middle market price at date of issue

The exercise of options under the Unapproved Share Option Scheme is subject to the satisfaction of objective performance conditions specified by the Board, which will conform to institutional shareholder guidelines and best practice provisions in force from time to time. The Board has not yet set these guidelines for the scheme.

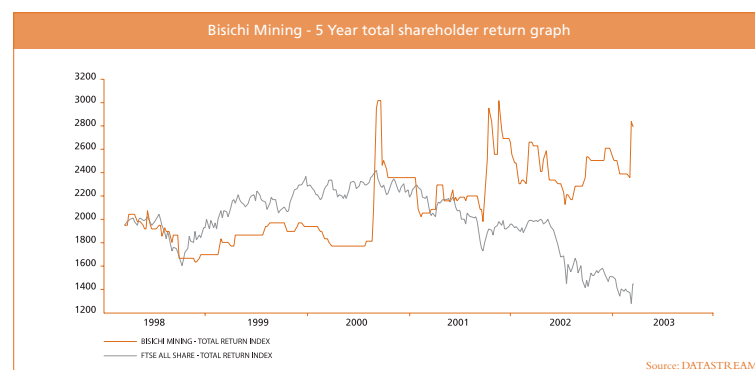
The middle market price of Bisichi Mining PLC ordinary shares at 31 December 2002 was 34.5p (2001-37.5p).

During the year the share price ranged between 29p and 38p.

The following information is unaudited:

The board's policy is to grant options to executive directors, managers and staff at appropriate times to provide them with an interest in the longer term development of the group.

The Remuneration Report Regulations require us to provide a graph comparing the Total Shareholder Return of a hypothetical holding of shares in the company with a broad equity market index over a five year period. The directors have chosen the FTSE All Share - Total Return Index as a suitable index for this comparison as it gives an indication of performance against a large spread of quoted companies.



By order of the board
M C Stevens, Secretary
 8-10 New Fetter Lane
 London EC4A 1AF
 6 March 2003

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.

The Directors are responsible for ensuring that the Directors' Report, the Directors' Remuneration Report and the other information included in the annual report is prepared in accordance with company law in the United Kingdom. They are also responsible for ensuring that the annual report includes information required by the Listing Rules of the Financial Services Authority.

Financial calendar

3 June 2003	Annual General Meeting
18 August 2003	Payment of final dividend for 2002 (if approved)
September 2003	Announcement of interim results to 30 June 2003
March 2004	Announcement of results for the year ending 31 December 2003

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 2002 by the company as detailed in our Valuation Report dated 4 March 2003.

Having regard to the foregoing, we are of the opinion that the open market value as at 31 December 2002 of the interests owned by the Company was £8,710,000, being made up as follows:

	£000
Freehold	7,410
Leasehold	1,300
	8,710

London
4 March 2003

Allsop & Co.
Chartered Surveyors

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 2002 by the company as detailed in our Valuation Report dated 21 February 2003.

Having regard to the foregoing, we are of the opinion that the open market value as at 31 December 2002 of the interests owned by the Company was £2,650,000, being made up as follows:

	£000
Freehold	275
Leasehold	2,375
	2,650

Leeds
21 February 2003

B P Towler & Son
Chartered Surveyors

Auditors' report

Independent Auditors' Report to the Shareholders of Bisichi Mining PLC

We have audited the financial statements of Bisichi Mining PLC for the year ended 31 December 2002 which comprise the Consolidated Profit and Loss Account, the Balance Sheets, the statement of Total Recognised Gains and Losses, the Group Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

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 auditor's report, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. 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 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 transactions with the group is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the unaudited part of the Directors' Remuneration Report, the Chairman's review, the Mining Report and the Valuers' certificates. 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 other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 and the part of the Directors' Remuneration Report to be audited. 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 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 and the part of the Directors' Remuneration Report to be audited 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 and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the company's affairs as at 31 December 2002 and of the group's profit for the year then ended; and
- The financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985.

London, UK
6 March, 2003

PKF
Registered Auditors

Consolidated profit and loss account

for the year ended 31 December 2002

	Notes	2002 £000	2001 Restated £000
Turnover	1	5,310	4,060
Operating costs	2	(4,525)	(3,711)
Operating profit	1	785	349
Income from interests in joint venture	14	69	70
Exceptional items in respect of fixed assets	5	-	4
Interest receivable		6	5
Interest payable	6	(232)	(208)
Profit on ordinary activities before taxation	3	628	220
Taxation on profit on ordinary activities	7	(206)	(82)
Profit after taxation		422	138
Minority interest		41	19
Profit for the financial year		463	157
Dividend	9	(157)	(105)
Retained profit for the financial year	24	306	52
Earnings per share (basic and diluted)	10	4.43p	1.50p

All amounts derive from continuing operations.

Balance sheets

as at 31 December 2002

	Notes	Group 2002 £000	2001 Restated £000	Company 2002 £000	2001 Restated £000
Fixed assets					
Intangible assets	11	132	216	-	-
Tangible assets	12	13,307	8,632	11,373	8,103
Investment in joint venture	13 & 14			164	164
Share of gross assets		2,458	3,310		
Share of gross liabilities		(1,349)	(2,437)		
Share of net assets		1,109	873		
Other investments	13	299	236	1,232	1,206
		14,847	9,957	12,769	9,473
Current assets					
Stocks - goods for resale		46	13	-	-
Debtors	16	1,039	719	1,471	853
Investments (Market value £531,000 (2001 - £624,000))	17	490	474	-	-
Bank balances		80	64	47	44
		1,655	1,270	1,518	897
Creditors					
Amounts falling due within one year	18	(3,200)	(2,405)	(2,319)	(1,988)
Net current liabilities		(1,545)	(1,135)	(801)	(1,091)
Total assets less current liabilities		13,302	8,822	11,968	8,382
Creditors					
Amounts falling due after one year	19	(5,174)	(1,904)	(4,440)	(1,844)
Provisions for liabilities and charges	21	(70)	(43)	(29)	(27)
Minority interest	22	138	68	-	-
		8,196	6,943	7,499	6,511
Capital and reserves					
Called up share capital	23	1,045	1,045	1,045	1,045
Revaluation reserve	24	5,967	5,403	5,579	5,087
Other reserve	24	86	86	-	-
Retained earnings	24	1,098	409	875	379
Shareholders' funds		8,196	6,943	7,499	6,511

These financial statements were approved by the board of directors on 6 March 2003 and signed on its behalf by:

M A HELLER

A R HELLER

Directors

Statement of total recognised gains and losses

for the year ended 31 December 2002

	Group	
	2002	2001 Restated
	£000	£000
Profit for the year	463	157
Revaluation of investment properties	492	268
- company		
- joint venture	228	101
Exchange adjustments	227	(288)
Total net gains relating to the year	1,410	238
Prior year adjustment (note 31)	64	
Total net gains recognised since the last annual report	1,474	

Reconciliation of movement in shareholders' funds

for the year ended 31 December 2002

	Group	
	2002	2001 Restated
	£000	£000
Profit for the financial year	463	157
Dividend	(157)	(105)
	306	52
Other movements in shareholders' funds:		
Exchange adjustments	227	(288)
Revaluation of investment properties	492	268
Revaluation of investment properties in joint venture	228	101
Net addition to shareholders' funds	1,253	133
Opening shareholders' funds *	6,943	6,810
Closing shareholders' funds	8,196	6,943

* Originally £6,879,000 before adding prior year adjustment of £64,000

Group cash flow statement

for the year ended 31 December 2002

	Notes	2002 £000	2001 £000
Net cash inflow from operating activities	25	1,628	736
Dividend from joint venture		40	40
Returns on investments and servicing of finance			
Interest received		6	5
Interest paid		(232)	(201)
		(226)	(196)
Taxation			
Corporation tax paid		(80)	(76)
Capital investment and financial investment			
Payments to acquire fixed assets		(4,607)	(274)
Payments to acquire current asset investments		(29)	(52)
Receipts from sale of fixed assets		-	11
Receipts from sale of current asset investments		21	7
		(4,615)	(308)
Equity dividends paid		(105)	(105)
Cash (outflow) inflow before financing		(3,358)	91
Financing			
Loans drawn (repaid)		3,460	(134)
Increase (decrease) in cash in the year	26	102	(43)
Reconciliation of net cash flow to movement in net debt			
Increase (decrease) in cash in the year		102	(43)
Net cash flow from changes in debt		(3,460)	134
Movement in net debt in the year		(3,358)	91
Net debt at 1 January 2002		(2,863)	(2,954)
Net debt at 31 December 2002	26	(6,221)	(2,863)

Group accounting policies

for the year ended 31 December 2002

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 fixed asset 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:

Mining equipment	The shorter of its useful life or the life of the mine.
Mining reserves	Over the expected life of the reserves.
Motor vehicles	25 - 33 per cent
Office equipment	10 - 33 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.

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.

Group accounting policies continued

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

As required by FRS 19 "Deferred Tax", full provision is made for deferred tax arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation, except for those timing differences in respect of which the standard specifies that deferred tax should not be recognised.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

This represents a change in accounting policy the affect of which is shown in note 31.

Pensions

The company makes contributions to a money purchase scheme and the costs are charged to the profit and loss account in the period to which they relate.

Notes to the financial statements

for the year ended 31 December 2002

1. Turnover, operating profit and net operating assets

	Turnover		Operating profit		Net operating assets	
	2002	2001	2002	2001	2002	2001
	£000	£000	£000	£000	£000	Restated £000
Mining	4,423	3,298	504	129	1,453	721
Goodwill	-	-	(84)	(85)	132	216
	4,423	3,298	420	44	1,585	937
Property	842	733	349	296	10,731	7,671
Share dealing	36	22	9	5	596	566
Other investments	9	7	7	4	-	-
Group	5,310	4,060	785	349	12,912	9,174
Joint venture					1,109	873
Net non-operating liabilities					(5,825)	(3,104)
					8,196	6,943

Analysis by origin:						
United Kingdom	887	762	365	305	11,296	8,219
North America	-	-	-	-	29	29
Southern Africa	4,423	3,298	420	44	1,540	874
Australia	-	-	-	-	47	52
Group	5,310	4,060	785	349	12,912	9,174
Joint venture					1,109	873
Net non-operating liabilities					(5,825)	(3,104)
					8,196	6,943

The analysis of turnover by destination is not materially different to the analysis of turnover by origin.

Net non-operating liabilities represent cash, loans, overdrafts and creditors not specifically allocated against the groups' operations and geographical markets.

2. Operating costs

	2002	2001
	£000	£000
Mining	3,400	2,649
Royalties	68	45
(Increase) decrease in inventories	(29)	7
Other operating income	-	(1)
Property expenses	443	383
Share dealing expenses	27	17
Cost of sales	3,909	3,100
Administrative expenses	616	611
Net operating costs	4,525	3,711

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

Notes to the financial statements continued

3. Profit on ordinary activities

	2002	2001
	£000	£000
Profit on ordinary activities is stated after charging:		
Directors' emoluments	190	142
Directors' pension costs	17	9
Remuneration of auditors for audit services - UK	20	20
- South Africa	5	4
Remuneration of auditors for non-audit services	7	-
Depreciation	513	214
Amortisation	84	85

4. Directors' emoluments

The emoluments of the directors are shown in the Directors' Remuneration Report.

5. Exceptional items

Arising in respect of fixed assets		
- profit from disposals	-	4

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

Overdrafts	44	51
Bank loans not wholly repayable within 5 years	134	139
Other loans	54	18
	232	208

Notes to the financial statements continued

7. Taxation

	2002 £000	2001 Restated £000
(a) Based on the results for the year:		
Corporation tax at 30% (2001 : 30%)	181	53
Adjustment in respect of prior years	-	(3)
- UK	-	10
- overseas	-	
Joint venture	22	16
Total current tax	203	76
Deferred taxation	3	6
	206	82

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

(b) Factors affecting tax charge for the year

The corporation tax assessed for the year is different from that at the standard rate of corporation tax in the United Kingdom of 30% (2001: 30%). The differences are explained below:

Profit on ordinary activities before taxation	628	220
Tax on profit on ordinary activities at 30%	188	66
Effects of:		
Expenses not deductible for tax purposes	30	30
Capital allowances for the year in excess of depreciation	(3)	(2)
Capital gains in excess of profit on disposal	12	(2)
Other differences	(37)	(10)
Loss relief	25	(7)
Adjustment to smaller companies rates	(12)	(6)
Adjustment in respect of prior years	-	7
Total current tax	203	76

8. Attribution of result to Bisichi Mining PLC

Dealt with in the financial statements of Bisichi Mining PLC	466	130
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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.

Notes to the financial statements continued

9. Dividend

	2002 Per share £000	2001 Per share £000
Proposed final dividend	1.50 p	1.00 p

10. Earnings and diluted earnings per share

Both the basic and diluted earnings per share calculations are based on a profit of £463,000 (2001: £157,000 as restated).
The basic earnings per share has been calculated on 10,451,506 (2001: 10,451,506) ordinary shares being in issue during the year.
The diluted earnings per share has been calculated on the number of shares in issue of 10,451,506 (2001: 10,451,506) plus the dilutive potential ordinary shares arising from share options of 571 (2001: Nil) totalling 10,452,077 (2001: 10,451,506).

11. Intangible fixed assets

	2002 £000
Group	
Goodwill on acquisition of subsidiary:	
Cost at 1 January and 31 December 2002	675
Accumulated amortisation at 1 January 2002	459
Amortised in year	84
Accumulated amortisation at 31 December 2002	543
Net Book value as at 31 December 2002	132
Net book value as at 31 December 2001	216

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

Notes to the financial statements continued

12. Tangible fixed assets

Group	Investment properties					
	Total £000	Freehold £000	Long leasehold £000	Mining equipment and reserves £000	Motor Vehicles £000	Office equipment £000
Cost or valuation at 1 January 2002	9,290	4,530	3,550	1,043	137	30
Exchange adjustment	306	-	-	275	27	4
Additions	4,555	2,750	38	1,655	109	3
Revaluation	492	405	87	-	-	-
Cost or valuation at 31 December 2002	14,643	7,685	3,675	2,973	273	37
At valuation	11,360	7,685	3,675	-	-	-
At cost	3,283	-	-	2,973	273	37
	14,643	7,685	3,675	2,973	273	37
Accumulated depreciation at 1 January 2002	658	-	-	548	85	25
Exchange adjustment	165	-	-	145	18	2
Charge for the year	513	-	-	466	42	5
Accumulated depreciation at 31 December 2002	1,336	-	-	1,159	145	32
Net book value at 31 December 2002	13,307	7,685	3,675	1,814	128	5
Net book value at 31 December 2001	8,632	4,530	3,550	495	52	5

Company	Investment properties				
	Total £000	Freehold £000	Long leasehold £000	Motor vehicles £000	Office equipment £000
Cost or valuation at 1 January 2002	8,137	4,530	3,550	37	20
Additions	2,788	2,750	38	-	-
Revaluation	492	405	87	-	-
Cost or valuation at 31 December 2002	11,417	7,685	3,675	37	20
At valuation	11,360	7,685	3,675	-	-
At cost	57	-	-	37	20
	11,417	7,685	3,675	37	20
Accumulated depreciation at 1 January 2002	34	-	-	17	17
Charge for the year	10	-	-	10	-
Accumulated depreciation at 31 December 2002	44	-	-	27	17
Net book value at 31 December 2002	11,373	7,685	3,675	10	3
Net book value at 31 December 2001	8,103	4,530	3,550	20	3

Notes to the financial statements continued

12. Tangible fixed assets (continued)

Freehold and Long Leasehold properties were externally professionally valued at 31 December, 2002 on an open market basis by:

	£'000
Allsop & Co, Chartered Surveyors	8,710
B P Towler & Son, Chartered Surveyors	2,650
	11,360

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 £4,606,000 (2001: £1,856,000) and long leasehold investment properties is £1,175,000 (2001: £1,137,000). Long leasehold properties are those for which the unexpired term at the balance sheet date is not less than 50 years.

13. Investments held as fixed assets

Group	Joint venture Assets £000	Other £000
At 1 January 2002	873	449
Additions	-	52
Exchange adjustment	-	11
Share of revaluation reserve of joint venture	228	-
Share of retained profit of joint venture	8	-
At 31 December 2002	1,109	512

Provision for diminution in value		
As at 1 January and 31 December 2002	-	(213)
Net book value at 31 December 2002	1,109	299
Net book value at 31 December 2001	873	236

Company	Joint venture Shares £000	Total £000	Subsidiaries Shares £000	Loans £000	Other £000
Cost at 1 January 2002	164	1,880	1,024	500	356
Additions	-	111	-	111	-
Cost at 31 December 2002	164	1,991	1,024	611	356

Provision for impairment					
As at 1 January 2002	-	(674)	(461)	-	(213)
Charge in year	-	(85)	(85)	-	-
As at 31 December 2002	-	(759)	(546)	-	(213)
Net book value at 31 December 2002	164	1,232	478	611	143
Net book value at 31 December 2001	164	1,206	563	500	143

Other investments comprise £87,000 (2001: £87,000) shares and £56,000 (2001: £56,000) loans.

Notes to the financial statements continued

13. Investments held as fixed assets (continued)

	Group		Company	
	2002 £000	2001 £000	2002 £000	2001 £000
Group and company				
Net book value of investments listed on overseas Stock Exchanges	159	159	154	154
Market value of the overseas listed investments	26	26	26	26

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 (2001: £500,000) ordinary shares of £1 each.

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

	2002 £000	2001 £000
Turnover	175	230
Profit and loss		
Profit before tax	69	70
Taxation	(22)	(16)
Profit after taxation	47	54
Balance sheet		
Fixed assets	2,313	3,076
Current assets	145	234
Liabilities due within one year	(99)	(826)
Liabilities due after more than one year	(1,250)	(1,611)
Share of net assets at 31 December	1,109	873

Notes to the financial statements continued

15. Subsidiary companies

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

	Activity	Percentage of share capital	Country of incorporation and principal country of operation
Mineral Products Limited	Share dealing	100.0%	England and Wales
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	Holding company	100.0%	England and Wales

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	
	2002 £000	2001 Restated £000	2002 £000	2001 £000
Amounts falling due within one year:				
Trade debtors	601	354	-	-
Amounts due from subsidiary undertakings	-	-	1,227	639
Other debtors	205	198	206	198
Prepayments and accrued income	44	17	38	16
Corporation tax recoverable	-	6	-	-
	850	575	1,471	853
Amounts falling due after one year				
Deferred tax (see note 21)	189	144	-	-
	1,039	719	1,471	853

Other debtors includes a loan of £10,000 (2001: £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	
	2002 £000	2001 £000
Market value of listed Investments:		
Listed in Great Britain	477	580
Listed outside Great Britain	54	44
	531	624
Original cost of listed Investments	490	474
Unrealised surplus of market value over cost	41	150

Notes to the financial statements continued

18. Creditors

	Group		Company	
	2002 £000	2001 £000	2002 £000	2001 £000
Amounts falling due within one year:				
Bank overdraft (secured)	769	854	755	820
Bank loan (secured)	175	169	160	156
Other loan (secured)	183	-	-	-
Trade creditors	115	169	-	-
Joint venture	179	248	179	248
Corporation tax	175	59	197	59
Other taxation and social security	34	26	34	26
Proposed dividend	157	105	157	105
Other creditors	394	316	393	315
Accruals and deferred income	1,019	459	444	259
	3,200	2,405	2,319	1,988

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	
	2002 £000	2001 £000	2002 £000	2001 £000
Amounts falling due after more than one year:				
Medium term bank loans	4,527	1,863	4,440	1,844
Other loan	647	41	-	-
	5,174	1,904	4,440	1,844

Notes to the financial statements continued

20. Bank, other loans and financial instruments

	Group		Company	
	2002 £000	2001 £000	2002 £000	2001 £000
Bank and other loans instalments by reference to the balance sheet date:				
Within one year	358	169	160	156
From one to two years	375	169	160	125
From two to five years	999	391	480	375
Over five years	3,800	1,344	3,800	1,344
	5,532	2,073	4,600	2,000
Bank and other loans analysis by origin:				
United Kingdom	4,600	2,000	4,600	2,000
Southern Africa	932	73	-	-
	5,532	2,073	4,600	2,000

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 secured on the additional reserves acquired during the year and is repayable from Black Wattle Colliery (pty) Limited and interest is payable at PRIME in South Africa.

Borrowing facilities

At 31 December 2002 the group was within its bank borrowing facilities. Overdrafts are renewable annually. Terms loan repayments are as 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 2002 is not significantly different from their book value.

Notes to the financial statements continued

21. Provisions for liabilities and charges

	Group £000	Company £000
Deferred Taxation		
Balance at 1 January 2002 as previously reported	16	-
Prior year adjustment (note 31)	(117)	27
As restated	(101)	27
Exchange adjustment	(21)	-
Transfer to profit and loss account	3	2
	(119)	29
Shown in balance sheet as:		
Debtors (see note 16)	(189)	-
Provisions for liabilities and charges	70	29
	(119)	29

No provision has been made for the approximate taxation liability at 30% (2001: 30%) of £1,093,000 (2001: £953,000) which would arise if the investment properties were sold at the stated valuation.

	Group		Company	
	2002	2001 Restated £000	2002	2001 Restated £000
	£000		£000	
The deferred tax balance comprises the following:				
Accelerated capital allowances	29	27	29	27
Short-term timing differences	41	16	-	-
Tax losses carried forward	(189)	(144)	-	-
	(119)	(101)	29	27

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.

23. Share capital

	2002 £000	2001 £000
Authorised: 13,000,000 ordinary shares of 10p each	1,300	1,300
Allotted and fully paid: 10,451,506 ordinary shares	1,045	1,045

Notes to the financial statements continued

24. Reserves

	Revaluation reserve £000	Capital reserve on consolidation £000	Retained earnings £000
Company			
Balance at 1 January 2002 as previously reported	5,087	-	406
Prior year adjustment	-	-	(27)
	5,087	-	379
Exchange adjustment	-	-	187
Revaluation of investment property	492	-	-
Retained profit for the year	-	-	309
Balance at 31 December 2002	5,579	-	875
Share in subsidiary and joint venture			
Balance at 1 January 2002	316	86	(61)
Prior year adjustment	-	-	91
	316	86	30
Exchange adjustment	-	-	40
Revaluation of investment property	228	-	-
Realisation of revaluation reserve of joint venture	(156)	-	156
Retained profit for the year	-	-	(3)
Balance at 31 December 2002	388	86	223
Group at 31 December 2002	5,967	86	1,098
Group at 1 January 2002	5,403	86	409

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

	2002 £000	2001 £000
Operating profit	785	349
Depreciation charges	513	214
Goodwill amortised	84	85
Profit on sale of current asset investments	(8)	(5)
(Increase) decrease in stocks	(26)	9
Increase in debtors	(147)	(209)
Increase in creditors	427	293
Net cash inflow from operating activities	1,628	736

Notes to the financial statements continued

26. Analysis of changes in net debt

	At 1 January 2002 £000	Cash flows £000	Exchange adjustment £000	At 31 December 2002 £000
Bank balances	64	12	4	80
Overdrafts	(854)	90	(5)	(769)
	(790)	102	(1)	(689)
Debt due within one year	(169)	(186)	(3)	(358)
Debt due in after one year	(1,904)	(3,274)	4	(5,174)
	(2,863)	(3,358)	-	(6,221)

27. Related Party Transactions

	At 31 December 2002 Amounts owed to related party £000	Amounts owed by related party £000	During the year Costs recharged by related party £000	Cash (received) from related party £000
Related party:				
London & Associated Properties PLC (note (a))	324	-	260	-
Dragon Retail Properties Limited (note (b))	179	-	11	(80)
	503	-	271	(80)
As at 31 December 2001	504	-	278	(57)

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 subsidiaries.

(b) Dragon Retail Properties Limited

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

28. Employees

	2002 Number	2001 Number
The average weekly number of employees of the group during the year were as follows:		
Production	250	211
Administration	16	14
	266	225
	£000	£000
Staff costs during the year were as follows:		
Salaries	1,286	1,012
Social security costs	15	61
Pension costs	17	9
	1,318	1,082

Notes to the financial statements continued

29. Capital commitments

	2002 £000	2001 £000
Commitments for capital expenditure contracted for at the year end	135	143

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.

31. Prior year adjustment

The adoption of FRS 19 requires a change in accounting policy so as to recognise in full deferred tax assets and liabilities that had not previously been recognised as they were not expected to crystallise in the foreseeable future. As a result the financial statements have been restated to reflect this change in accounting policy.

The change in accounting policy has resulted in a decrease in the tax charge in 2002 of £24,000 (2001: £2,000 increase) and a decrease in the minority interest of £9,000 (2001: £Nil).

The increase in the net deferred tax asset of £117,000 at 31 December 2001 is set out in Note 21. The consequential reduction in the minority interest at 31 December 2001 is £53,000 and the net increase in the net assets and reserves of £64,000 has been stated as a prior year adjustment in calculating total gains recognised since the last Annual Report in the Statement of Total Recognised Gains and Losses.

Notice of Annual General Meeting

NOTICE is hereby given that the ninety-first annual general meeting of the company will be held at 8-10 New Fetter Lane, London EC4A 1AF on Tuesday 3 June 2003 at 11.00 am for the transaction of the following business:

- | | |
|---|----------------|
| 1 To receive and adopt the directors' report, annual accounts and auditors' report for the year ended 31 December 2002. | (Resolution 1) |
| 2 To receive and adopt the directors' remuneration report. | (Resolution 2) |
| 3 To declare and approve a dividend of 1.5p per share. | (Resolution 3) |
| 4 To re-elect as a director Mr M A Heller. | (Resolution 4) |
| 5 To re-elect as a director Mr J A Sibbald. | (Resolution 5) |
| 6 To reappoint PKF as auditors. | (Resolution 6) |
| 7 To authorise the directors to determine the remuneration of the auditors. | (Resolution 7) |

8-10 New Fetter Lane
London EC4A 1AF
Registered in England and Wales - Number 112155
6 March 2003

By order of the board
M C STEVENS
Secretary

Notes:

- 1 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.
- 2 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, Capita Registrars, PO Box 25, Beckenham, Kent BR3 4BR 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.
- 3 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.
- 4 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 10.45 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.
- 5 Copies of the directors' service agreement will be available for inspection during normal business hours at the registered office of the company from the date of this notice until the date of the meeting, and at the place of the meeting for a period of 15 minutes before the meeting until the conclusion of the meeting.

Bisichi Mining plc

Form of Proxy

I/We the undersigned, being the holder(s) of ordinary shares of the company, hereby appoint

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 3 June 2003 at 11.00 am 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	FOR	AGAINST	VOTE WITHHELD
Ordinary Business			
1 To receive and adopt the directors' report, annual accounts and auditors' report for the year ended 31 December 2002			
2 To approve the directors' remuneration report			
3 To declare and approve a dividend of 1.5 pence per share.			
4 To re-elect as a director Mr M A Heller			
5 To re-elect as a director Mr J A Sibbald			
6 To reappoint PKF as auditors.			
7 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 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 notariially certified copy of such power or authority) must be deposited at the company's registrars, Capita Registrars, PO Box 25, Beckenham, Kent BR3 4BR 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 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.
 - If this form of proxy is submitted by a corporation it must be either sealed or signed by two directors or a director and the secretary.
 - Only holders of ordinary shares entered in the register of members of the company at 5.00pm on the second day prior to the date of the meeting or any adjournment of it shall (unless otherwise entitled to do so) be entitled to attend and vote at the meeting or any such adjournment. This is in accordance with paragraph 4.1 of the Uncertified Securities Regulations 2001.
 - To abstain from voting on a resolution, tick the box "Vote Witheld". A "Vote Witheld" is not a vote in law which means that the vote will not be counted in the calculation of votes for or against the resolution.

Full Name (block capitals please)

Address

Signed this day of 2003 (Signature)

If a company (Director) (Director/Secretary)

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BUSINESS REPLY SERVICE
Licence No. MB 122

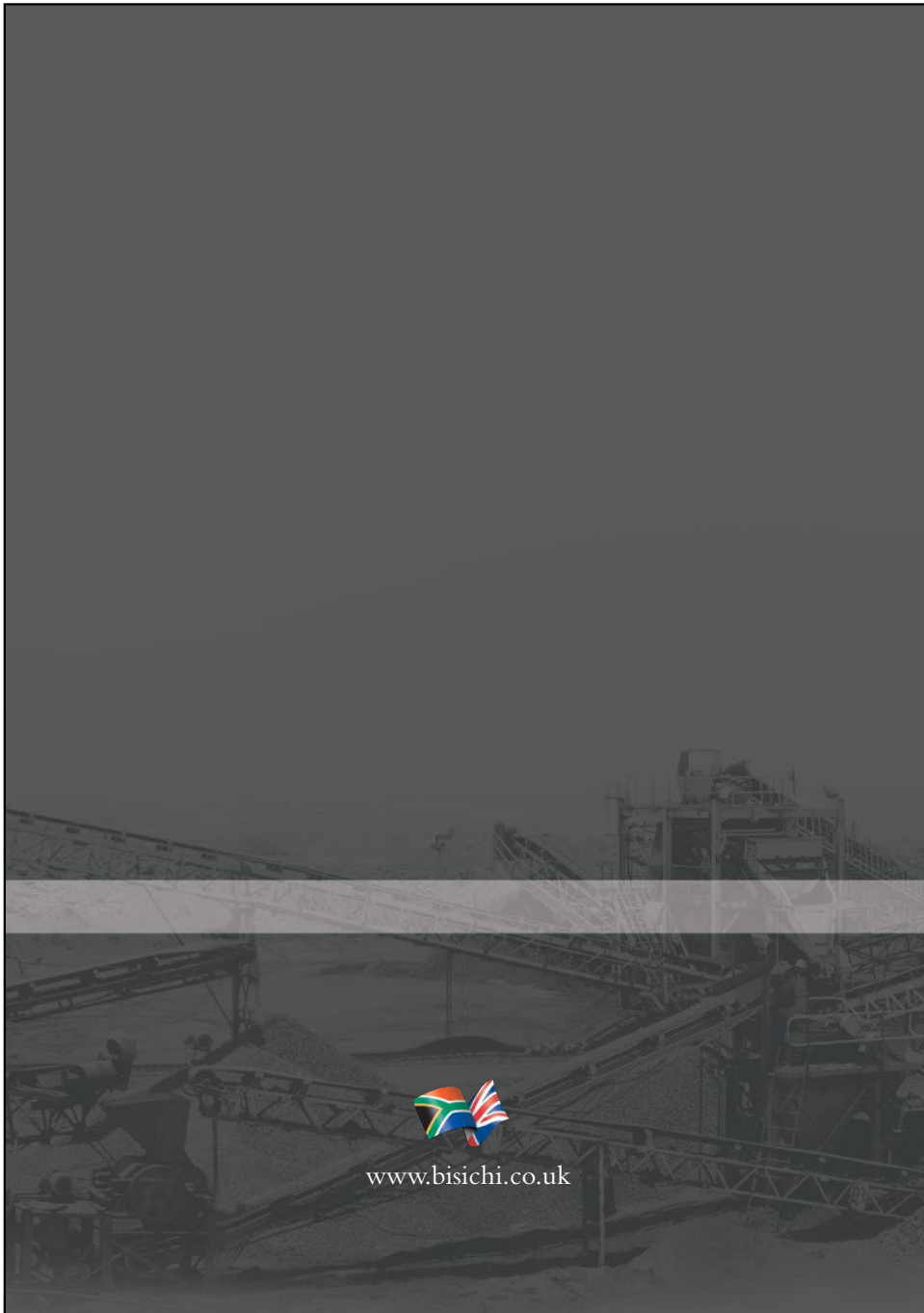
2

Bisichi Mining PLC,
Capita Registrars (Proxies)
P O Box 25
Beckenham
Kent
BR3 4BR

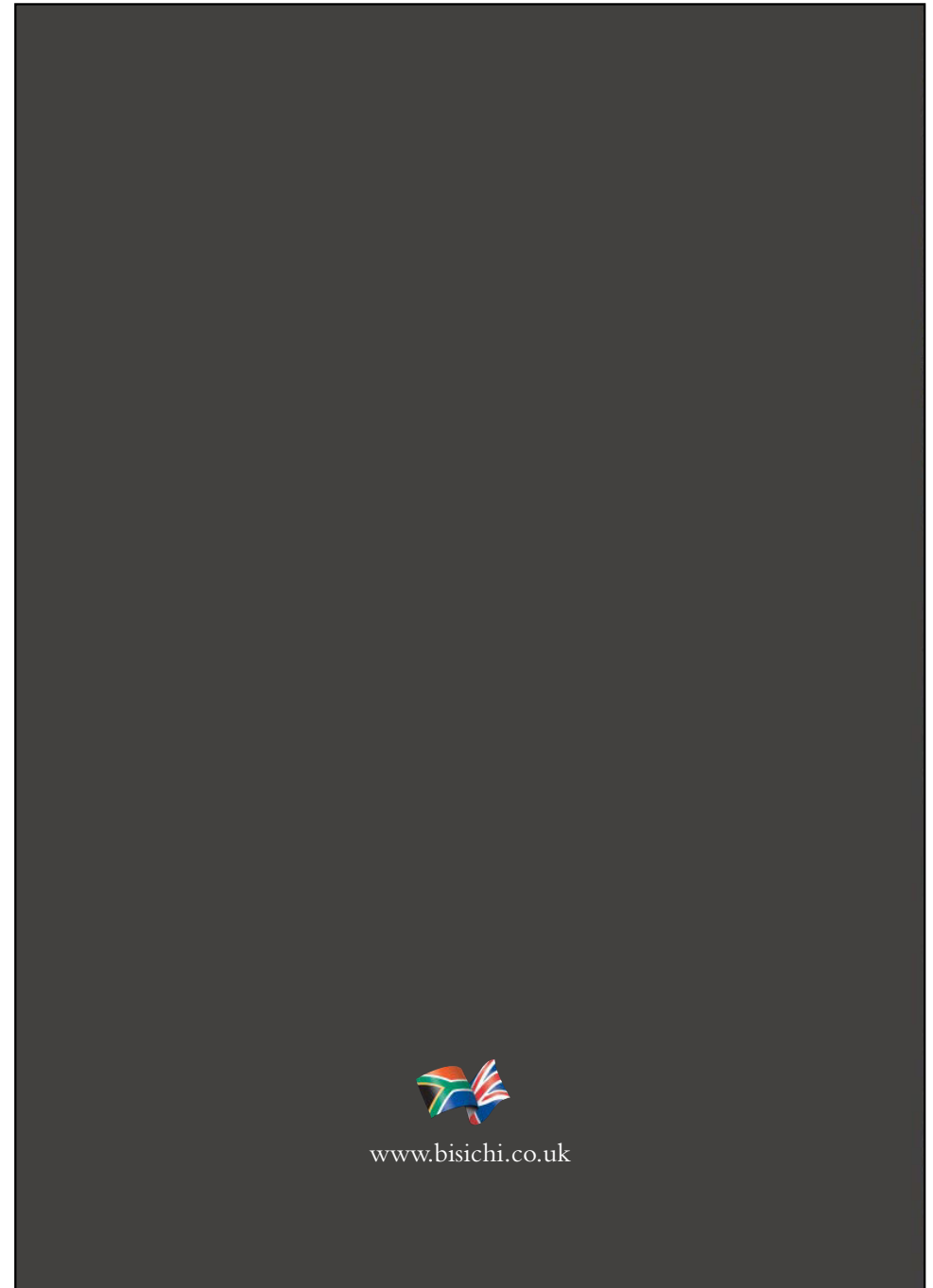
Third Fold

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First Fold



www.bisichi.co.uk



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