

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

Michael Heller, Chairman

- 72 percent increase on profit before tax compared to the first half of the year
- Profit growth accelerated in second half of the year as a result of increased production and a 50% increase in Black Wattle's average selling price for coal over the equivalent period in 2003
- Continuous miner acquired, installed & now fully operational resulting in increased coal production to 105,000 tonnes per month
- Export prices fixed for 3 years and domestic prices for supply to the ferrochrome industry fixed for 12 months
- Increased export allocation at Richards Bay Coal Terminal for 2005/6
- Shareholders funds increased by 30% to £14.5 million



"I am pleased to be able to inform shareholders that 2004 has been another successful year for Bisichi Mining PLC, with group profits on ordinary activities before taxation increasing by 34% to £1,976,000."

Michael Heller, Chairman

Chairman's statement

I am pleased to be able to inform shareholders that 2004 has been another successful year for Bisichi Mining PLC, with group profits on ordinary activities before taxation increasing by 34% to £1,976,000 (2003: £1,475,000). In particular, I would like to draw shareholders' attention to the performance of the company in the second half of 2004 in which we achieved a 72 percent increase on our profit before tax compared to the first half of the year. This significant acceleration of profit growth is attributable to actions taken by Bisichi Mining's management over the past 18 months to fix the export price of our coal, to increase coal production, to secure premium domestic and export markets, to strengthen our operational capabilities at the mine and to a reduction in the depreciation charge as the result of some assets being fully depreciated.

Coal mining continues to be our core activity and, during 2004, we achieved a number of

important commercial and operational milestones that are now beginning to have a significant impact on the business. These include:

February 2004 - Endulwini Resources, our South African partner, was awarded an initial export capacity at the Richards Bay Coal Terminal ("RBCT") of 272,000 metric tonnes per annum for a multi-year period. This export capacity has since been increased to 317,000 metric tonnes per year commencing 1 April 2005.

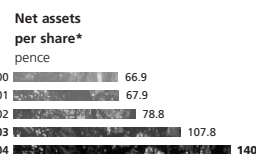
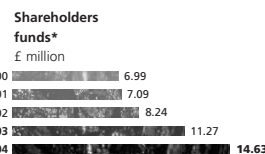
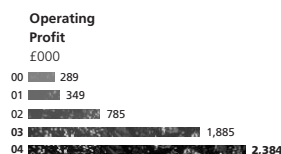
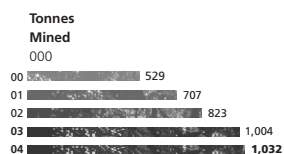
April 2004 - we entered into a three-year coal supply agreement with a leading international trading company to export Black Wattle's coal through RBCT on a US\$ FOB basis.

June 2004 - we fixed our export coal price through to 31 March 2007. In that same month, we also took the opportunity to fix our domestic coal supply contract to the ferrochrome industry for 12 months.

July 2004 - we signed a ZAR 25 million facility with ABSA Bank in South Africa to finance the purchase of a Vost Alpine continuous miner and related equipment. The continuous miner commenced operation in October, and, after a start-up period, is now operating at near to anticipated production levels.

The net result of these important commercial decisions has meant an increase of 50 per cent in Black Wattle's average selling price for the last six months when compared with the same period in the previous year. At the time of writing this statement, Black Wattle had shipped over 230,000 metric tonnes of RBCT export steam coal from the mine's recently constructed railway siding at Utkyk. More details about our direct mining activities are contained in the Mining Review which follows. Finally, in November 2004, Bisichi Mining appointed Evolution Securities Limited as its brokers and advisers.





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

Your company's next challenge is to leverage its successful position in South Africa in order to generate sustainable growth in our core markets and to develop opportunities in related markets.

A number of issues will affect the speed of growth in our core markets, all of which we are currently addressing. In the short term, we will continue to increase coal production at Black Wattle by improving production methods and by commencing the open cast mining of some of our reserves. In the longer term, we will acquire additional reserves at other locations within South Africa; in this regard the Mineral and Petroleum Resources Development Act ("MPRDA") promulgated in May 2004, with its "use it or lose it" provisions, is particularly well-timed for us. With our successful mining track record, our financial reputation, our proven management skills, our empowerment credentials, and the strong long-term relationship with our local business partner, we are confident that we will be well placed to acquire such new reserves

within the framework set out in the MPRDA; we are already aware of a growing number of such opportunities.

In the meantime, our UK property assets managed by London & Associated Properties PLC and our equity portfolio held by our 100% owned subsidiary, Mineral Products Ltd, continue to grow, providing us with a firm asset base and a reserve of cash. Shareholder funds now stand at £14.5 million, compared to £11.2 million last year, an increase of 30 per cent.

As a reflection of the strong performance achieved by Bisichi Mining in 2004, your directors are recommending a dividend of 2.0p, compared to 1.8p per share in the previous year.

This will be paid on 15 August 2005 to shareholders on the register as of 20 May 2005.

In closing, I would like to thank the staff of Bisichi Mining, its subsidiaries both in the United Kingdom and the Republic of South Africa and our associates in South Africa, for their contribution and continued commitment to your company and its prospects for growth. I believe that 2005 is going to be another year of opportunity for your company and, with a proven management and business structure, that it will be another very successful year.

Michael Heller

Michael Heller
Chairman
1 March 2005



As can be seen in the Chairman's statement, 2004 was another year of record profitability at our principal direct mining operation, the Black Wattle Colliery. More importantly, in 2004 we achieved a number of significant improvements in mining methods and took advantage of positive changes in overall market conditions. The benefits of these achievements will have a positive effect on the business for many years to come.

Production

In the 2004 interim results statement, shareholders were informed that Black Wattle had successfully financed and installed a continuous mining section. As a result of this, our conventional sections were reduced from three to two and the continuous mining section began to operate fully in October of this year. This has led to an immediate increase in production. Inevitably, such a complex machine and new mining method require a start-up period to allow for changes to working methods and for fine tuning the machine's operation. I am pleased to report that, on a shift-by-shift basis, the machine is now starting to cut near to its expected potential.

During the start-up period, we made a number of improvements to the continuous miner including changing the cutting head and lowering the height of the boom by 800mm. We are currently planning to improve the travelling roads to the section and put in place underground stores to support the operation of the machine. The continuous mining section, combined with the two conventional sections, is currently producing around 105,000 tonnes per month, but we are confident that the three sections combined will produce significantly more tonnage in the near future.

Mining review



"In 2004 we achieved a number of significant improvements in mining methods and took advantage of positive changes in overall market conditions."

Andrew Heller, Managing Director



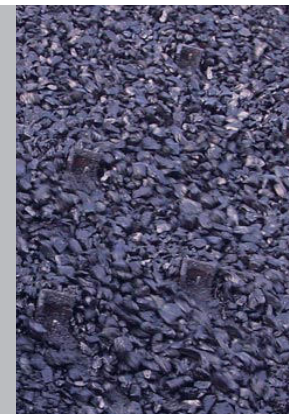
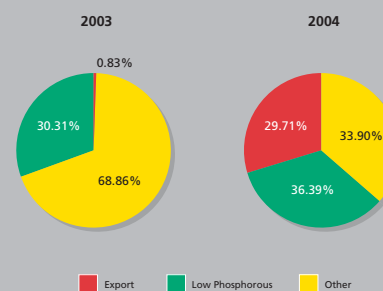
Mining operating profits in the second half of the year increased by 112 per cent to £1,258,000. However, shareholders will note that there was also a substantial increase in our mining costs. This increase is directly attributable to our decision to mine as much coal as possible, including coal that under other circumstances we would have left in the ground, in order to take the fullest possible advantage of prevailing market conditions.

For example, two of the three sections depleted the areas that they were in but, as we were able to continue to mine these areas profitably, we decided not to pull out and sterilise any of the coal which would otherwise have been left behind. Once the reserves in these sections were fully exploited, they were relocated. As part of that relocation process, at times the sections were mining in areas of very low yields. We are now out of those low yields and it is an indication of the strength of the management on the mine that we have been able to achieve such increases in profitability in the second half of 2004 whilst dealing with these issues.

Black Wattle has additional reserves that can be mined by opencast methods. The surface rights to many of these reserves are owned by Middelburg Town Council ("the Town Council"). We are pleased to report to shareholders that, at the end of 2004, the Town Council gave us permission to mine these reserves by opencast methods and we will shortly be applying to the Mines Department for permission to mine these reserves. This process can take some time to complete and we will keep shareholders informed of our progress. Opencast mining in these reserves will be a substantially cheaper production method than underground mining and will enable us to increase overall production at even higher margins.



Sales split by product



Marketing

One of the key drivers of Black Wattle's sustained earnings growth is the quality of the markets into which we sell our coal. Black Wattle's revenue is primarily derived from two very different markets – a US\$ based income from long term export sales via Richards Bay Coal Terminal ("RBCT") and a ZAR-based income from long term contracts to supply low phosphorous coal to the domestic ferrochrome market. Although unrelated, both markets have witnessed significant growth in 2004, resulting in record profitability for the mine.

Our presence in both the export market and the low phosphorous market is the result of a deliberate strategy to improve consistently our coal production and processing capabilities. We are now able to change our supply balance between those markets when it is commercially sensible to do so. This ability differentiates us from most South African export-oriented mines where sales revenues are in US\$ and costs are in ZAR. Because our revenue is received in both currencies, we are less affected by sharp movements in the US\$/ZAR exchange rate.

As our exports have grown, we now sell very little steam coal into the domestic market and the pie chart above demonstrates the significant changes we have made to our coal sales profile between 2003 and 2004.

Coal which was previously sold at a discount as raw duff is now washed and exported via RBCT. At the time of writing this report, we have completed 85% of our first year's allocation at RBCT. As we advised shareholders at the time of the interim results, our partner Endulwini Resources was awarded 272,000 tonnes of export allocation at RBCT for Black Wattle coal in the year ended 31st March 2005, as part of the tonnage made available to Black Economic Empowerment companies. We are very pleased to report that Endulwini Resources has recently been awarded a 16.5 percent increase in its RBCT export allocation for the period 1 April 2005 – 31 March 2006, an increase of some 45,000 tonnes. A significant proportion of our RBCT export off-take has been fixed for three years at a US\$ price.

Low phosphorous coal remains in short supply in South Africa and Black Wattle is one of the largest single producers of this key input into the ferrochrome production process. In July 2004, we negotiated a substantial increase in the price of our low phosphorous coal and we are confident that prices will remain strong throughout 2005.

As a result of all of these changes our average selling price for the last six months of 2004 was 50 percent higher than the last six months of 2003.



In 2004 Black Wattle received an Environmental Award from Spoornet, the South African national railway company, for the "Most Improved Coal Loading Site" for its Uitkyk Rail Siding.



Ore reserves

The total in situ ore reserve at Black Wattle currently stands at a conservative 14 million tonnes. As the Chairman has reported, we are actively looking to acquire substantial additional reserves at other locations within the Middelburg and Witbank area. The passing of the new Minerals Act gives us every confidence that we, as a black empowered mining operation, will be able to acquire the reserves that we require in the coming years.

Awards

In 2004 Black Wattle received an Environmental Award from Spoornet, the South African national railway company, for the "Most Improved Coal Loading Site" for its Uitkyk Rail Siding.

In addition, Black Wattle was once again named one of the "Impumalelo 300: South Africa's Leading Empowerment Companies" for the year.

People

We are very pleased to report three new senior appointments at the mine. Nokuhle Madolo, an internationally-educated resource legal specialist who serves as a director of Endulwini Resources, advises us on all matters concerning the new MPRDA and related issues. Noel Mkazi has recently been appointed Human Resources Manager at Black Wattle, and will be responsible for implementing the legislated equity and social development policies at the mine. Finally, Tom Kearney, Commercial Director of Bisichi, has also been appointed a director of Black Wattle.

Prospects

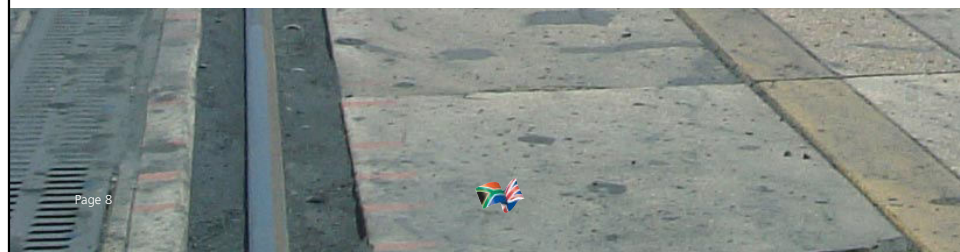
Looking back over the past ten years of our operations at Black Wattle, the prospects for 2005 have never looked so full of promise. Our fixed export coal price, coupled with a strong market for low phosphorous coal, will ensure that we will have a very high average selling price throughout the year. The continuous miner is a substantial factor in our projected production and we are confident that we will reach our optimal production targets. The strong working relationship that we have with Endulwini Resources in South Africa – and in particular, with Mr. Siphos Dube, Ms. Duku Mogoai, and Ms. Nokuhle Madolo – continues to open up opportunities in the mining sector. When we add to all of this the skills of our General Manager at Black Wattle, Mr. Robert Grobler, we have good reason to view the coming year with considerable confidence.

Andrew Heller
Managing Director
1 March 2005



"With over 265,000 tonnes of coal shipped from Black Wattle to date, 2004 was a very successful year for exports. We look forward to exporting even greater tonnage in 2005."

Tom Kearney, Commercial Director





"Another record performance from the Black Wattle Colliery and Bisichi's investment property portfolio."

Robert Corry, Chairman, Black Wattle Colliery

Directors' report

Activities and review of business

The company continues its mining and property investment activities. Income for the year was derived from 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 2004 are shown on pages 23 to 41.

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

Dividend

The directors recommend the payment of a dividend of 2.0p 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 15 August 2005 to shareholders registered at the close of business on 20 May 2005.

Investment properties

The investment property portfolio is stated at its open market value of £14,990,000, at 31 December 2004, 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, T M Kearney and J A Sibbald.

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

Andrew Heller has been a director since 1998. He is a chartered accountant and has been employed by the group since 1994 under a contract of employment determinable at three months notice.

John Sibbald has been a director since 1988. He is a retired chartered accountant. Most of his career was in stockbroking specialising in mining and international investment.

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 1 March 2005:

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.

Neil Kirtan - 315,000 shares representing 3.01 per cent of the issued capital.





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	
	31.12.2004	01.01.2004	31.12.2004	01.01.2004
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	-	-
T M Kearney	35,000	25,000	-	-
J A Sibbald	-	-	-	-

There have been no changes in the above shareholdings since 31 December 2004.

Details of the options to subscribe for new ordinary shares of the company granted to the directors are contained under "Share option schemes" in the remuneration report on page 19.

Corporate governance

The company has adopted the Guidance for Smaller Quoted Companies published by the Quoted Companies Alliance (QCA) in 2004. The QCA provides guidance to companies outside the FTSE 350 index, referred to generally as SQCs. The QCA's guidance covers the implementation of the Revised Combined Code on Corporate Governance for SQCs and the paragraphs below set out how the company has applied this guidance during the year. The company has complied with the QCA's guidance throughout the year.

Principles of corporate governance

The group's board appreciates the value of good corporate governance not only in the areas of accountability and risk management but also as a positive contribution to business prosperity. It believes that corporate governance involves more than a simple "box ticking" approach to establish whether a company has

met the requirements of a number of specific rules and regulations. Rather, the issue is one of applying corporate governance principles in a sensible and pragmatic fashion having regard to the individual circumstances of the group's business. The key objective is to enhance and protect shareholder value.



"I would like to thank the staff of Bisichi Mining, its subsidiaries both in the United Kingdom and the Republic of South Africa and our associates in South Africa, for their contribution and continued commitment to your company and its prospects for growth."

Michael Heller, Chairman



Board structure

During the year the board comprised the executive chairman, the managing director, one other executive director, and two non-executive directors. Their details appear on page 16.

The board is responsible to shareholders for the proper management of the group. A statement of directors' responsibilities in respect of the accounts is set out on page 21. The non-executive directors have a particular responsibility to ensure that the strategies proposed by the executive directors are fully considered. To enable the board to discharge its duties, all directors have full and timely access to all relevant information and there is a procedure for all directors, in furtherance of their duties, to take independent professional advice, if necessary, at the expense of the group. The board has a formal schedule of matters reserved to it and meets bi-monthly. It is responsible for overall group strategy, approval of major capital expenditure projects and consideration of significant financing matters.

The following committees, which have written terms of reference, deal with specific aspects of the group's affairs.

- The nomination committee is chaired by C A Joll and comprises the non-executive directors and the executive chairman. The committee is responsible for proposing candidates for appointment to the board, having regard to the balance and structure of the Board. In appropriate cases recruitment consultants are used to assist the process. All Directors are subject to re-election at least every three years.
- The remuneration committee is responsible for making recommendations to the board on the company's framework of executive remuneration and its cost. The committee determines the contract terms, remuneration and other benefits for each of the executive directors, including performance related bonus schemes, pension rights and compensation payments. The board itself determines the remuneration of the non-executive directors.

The committee comprises the non-executive directors. It is chaired by C A Joll. The report on directors' remuneration is set out on pages 18 and 19.

- The audit committee comprises the two non-executive directors and is chaired by C A Joll. Its prime tasks are to review the scope of external audit, to receive regular reports from PKF and to review the half-yearly and annual accounts before they are presented to the board, focusing in particular on accounting policies and areas of management judgment and estimation. The committee is responsible for monitoring the controls which are in force to ensure the integrity of the information reported to the shareholders. The committee acts as a forum for discussion of internal control issues and contributes to the board's review of the effectiveness of the group's internal control and risk management systems and processes. The committee also considers the need for an internal audit function.



Black Wattle was again named one of the "Impumalelo 300: South Africa's Leading Empowerment Companies" for 2004.



It advises the board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and discusses the nature and scope of the audit with the external auditors. The committee, which meets formally at least once a year, provides a forum for reporting by the group's external auditors. Meetings are also attended, by invitation, by the managing director and group finance director.

The audit committee also undertakes a formal assessment of the auditors' independence each year which includes:

- a review of non-audit services provided to the group and related fees;
- discussion with the auditors of a written report detailing all relationships with the company and any other parties that could affect independence or the perception of independence;

- a review of the auditors' own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and
- obtaining written confirmation from the auditors that, in their professional judgement, they are independent.

The audit committee report is set out on page 20.

An analysis of the fees payable to the external audit firm in respect of both audit and non-audit services during the year is set out in note 3 to the financial statements.

Assessment of directors' performance
The performance of the non-executive directors is made by the chairman and the managing director and is discussed with the senior independent director. Their recommendations are discussed at the nomination committee prior to proposals for re-election being recommended to the board.

The performance of executive directors is discussed and assessed by the remuneration committee.

The directors will take outside advice in reviewing performance when they consider this necessary.



Bisichi Mining has sponsored a number of projects at the Evergreen Primary School located in the Steve Tshwete Municipality, including the reconstruction of the school's kitchen and dining facilities, the building of a new perimeter fence, and the re-grading of the local soccer pitch.



Independent Directors

The senior independent non-executive director is Christopher Joll. The other independent non-executive director is John Sibbald.

MJ2 Limited is a company in which Christopher Joll is a minority shareholder and director. MJ2 provides financial public relations services to the company on an ad hoc basis in relation to specific transactions. John Sibbald has been a director for over nine years. For these reasons the criteria for independence set out in the Revised Combined Code are not entirely met. Despite this, the board considers that Mr Joll and Mr Sibbald are independent.

The independent directors regularly meet prior to board meetings to discuss corporate governance issues.

Internal control

The directors are responsible for the group's system of internal control and reviewing its effectiveness.

The board has designed the group's system of internal control in order to provide the directors with reasonable assurance that its assets are safeguarded, that transactions are authorised and properly recorded and that material errors and irregularities are either prevented or would be detected within a timely period. However, no system of internal control can eliminate the risk of failure to achieve business objectives or provide absolute assurance against material misstatement or loss.

The key elements of the control system in operation are:

- The board meets regularly with a formal schedule of matters reserved to it for decision and has put in place an organisational structure with clear lines of responsibility defined and with appropriate delegation of authority;
- There are established procedures for planning, approval and monitoring of capital expenditure and information systems for monitoring the group's financial performance against approved budgets and forecasts;
- The departmental heads are required annually to undertake a full assessment process to identify and quantify the risks that face their businesses and functions, and assess the adequacy of the prevention, monitoring and modification practices in place for those risks. In addition, regular reports about significant risks and associated control and monitoring procedures are made



Bisichi Mining is committed to social development and local community support at its Black Wattle Colliery.



to the executive directors. The process adopted by the group accords with the guidance contained in the document "Internal Control Guidance for Directors on the Combined Code" issued by the ICAEW. The audit committee receives reports from external auditors on a regular basis and from executive directors of the group. During the period, the audit committee has reviewed the effectiveness of the system of internal control as described above. The board receives periodic reports from all committees.

There are no significant issues disclosed in the report and financial statements for the year ended 31 December 2004 and up to the date of approval of the report and financial statements that have required the board to deal with any related material internal control issues. The directors confirm that the board has reviewed the effectiveness of the system of internal control as described during the 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.

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 22.6 days trade purchases (2003 - 9.6 days).

Going concern

The directors confirm that they have a reasonable expectation that the group has 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

The company is not a close company as defined by the Income and 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
1 March 2005



Management team



Michael Heller
Chairman
Bisichi Mining PLC

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 Butler Kelly Ltd and The Room Ltd. He is also chairman of MJ2 Ltd., a financial public relations consultancy.

Thomas M Kearney MA
(*Commercial Director*)

- * **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.

- Member of the nomination committee
- † Senior independent director
- * Member of the nomination, remuneration and audit committees

Secretary

Michael C 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
Tom Kearney

General mine manager
Robert Grobler

Director of property
Mike J Dignan FRICS

Auditors
PKF

Principal bankers
UK

National Westminster Bank PLC
South Africa
ABSA Bank (SA)
First National Bank (SA)
Standard Bank (SA)

Corporate solicitors

UK
Olswang, London
South Africa
Routledge Modise Moss Morris,
Johannesburg
Tugendhaft Wapnick Banchetti and
Partners, Johannesburg

Stockbrokers
Evolution Securities

Registrars and transfer office
Capita Registrars
The Registry
34 Beckenham Road
Beckenham, Kent BR3 4TU
Telephone: 0870 162 3100
E-mail: ssd@capitaregistrars.com
Website: www.capitaregistrars.com

Company registration number
112155 (Incorporated in England and Wales)

Web site
www.bisichi.co.uk
E-mail
admin@bisichi.co.uk





Andrew Heller
Managing Director
Bisichi Mining PLC
and Black Wattle
Colliery

Robert Corry
Chairman
Black Wattle Colliery

Tom Kearney
Commercial Director
Bisichi Mining PLC,
Director
Black Wattle Colliery

Wayne G Koonin
Finance Director
South Africa
Bisichi Mining PLC

Sipho Dube
Director
Black Wattle Colliery

Duku Mogoai
Director
Black Wattle Colliery

Robert Grobler
General Manager
Black Wattle Colliery

Five year financial summary

	2004 £000	2003 £000	2002 £000	2001 £000	2000 £000
Consolidated profit and loss account					
Turnover	11,548	8,781	5,310	4,060	3,695
Operating profit	2,384	1,885	785	349	289
Profit before tax	1,976	1,475	628	220	82
Consolidated balance sheet					
Intangible assets	-	47	132	216	301
Investment properties	14,990	13,060	11,360	8,080	7,775
Fixed asset investments	1,920	1,744	1,408	1,109	924
	16,910	14,851	12,900	9,405	9,000
Current asset investments	403	419	490	474	424
	17,313	15,270	13,390	9,879	9,424
Other assets less liabilities	(2,807)	(4,103)	(5,194)	(2,936)	(2,614)
Consolidated shareholders funds per balance sheet	14,506	11,167	8,196	6,943	6,810
Adjustment of current asset investments to market value	123	99	41	150	182
Consolidated shareholders funds*	14,629	11,266	8,237	7,093	6,992
Net assets per ordinary share*	140.0p	107.8p	78.8p	67.9p	66.9p
Dividends per share	2.00p	1.80p	1.50p	1.00p	1.00p

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



Remuneration report

The remuneration committee is pleased to present its report for the year ended 31 December 2004.

The remuneration committee is a formally constituted committee and is comprised exclusively of non-executive directors. The members of the committee are Christopher Joll (chairman) and John Sibbald.

Remuneration policy for executive directors and non-executive directors

The principal function of the remuneration committee is to determine, on behalf of the board, the remuneration and other benefits of the executive directors and senior executives, including pensions, share options and service contracts. The company's policy is to ensure that the executive directors are rewarded competitively in relation to other companies in order to retain and motivate them. The emoluments of each executive director comprises basic salary, a bonus at the discretion of the remuneration committee, provision of a car, premiums paid in respect of individual defined contribution pension arrangements, health insurance premium and share options.

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.

Service and employment contracts

All executive directors have full time contracts of employment with the company. Non-executive directors have contracts of service. No director has a contract of employment or contract of service with the company, its joint venture or associated companies with a fixed term which exceeds twelve months. All directors' contracts, as amended from time to time, have run from the date of appointment. Details of the directors standing for re-election are given under 'Directors' in the directors' report.

The policy is not to grant employment contracts or contracts of service in excess of six months and there are no provisions for termination payments. A summary of terms of service and employment is as follows:

	Start date of contract	Unexpired term	Notice period
Executive directors			
M A Heller	November 1972	Continuous	6 months
A R Heller	January 1994	Continuous	3 months
T M Kearney	November 2003	Continuous	12 weeks
Non-executive directors			
C A Joll	February 2001	Continuous	3 months
J A Sibbald	October 1988	Continuous	3 months

The following information has been audited:

Directors' remuneration

	Salaries and fees £000	Bonus £000	Pensions £000	Benefits £000	2004 Total £000	2003 Total £000
Chairman						
M A Heller	2	-	-	-	2	3
Executive directors						
A R Heller	200	50	17	23	290	235
T M Kearney	100	75	9	1	185	37
	300	125	26	24	475	272
Non-executive directors						
C A Joll	20	-	-	-	20	15
J A Sibbald	2	-	-	2	4	4
	22	-	-	2	24	19
Total remuneration for directors' services during the year					501	294



Pension schemes and incentives

Two (1993 - one) directors have benefits under money purchase pension schemes. Contributions in 2004 were £26,000 (2003-£15,000) as set out in the table above. Directors are not entitled to benefits under any bonus or incentive schemes apart from the share option schemes details of which are set out below. Bonuses are awarded by the remuneration committee when merited. Performance bonuses were awarded by the Remuneration Committee to two executive directors during 2004.

Share option schemes

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 (First Scheme). The remuneration committee proposed, and the board approved that a second unapproved scheme should be set up. Options were provisionally granted under this scheme, subject to approval by members at a general meeting to be held before 1 July 2005 (Second Scheme).

	Option price*	1 January 2004	Number of share options Granted in 2004	31 December 2004	Exercisable from	to
First Scheme						
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
Second Scheme**						
A R Heller	149p		80,000	80,000	23/9/2007	22/9/2014
T M Kearney	149p		120,000	120,000	23/9/2007	22/9/2014

* Middle market price at date of issue

** Provisionally allotted subject to approval of the members (see "Share option schemes" above)

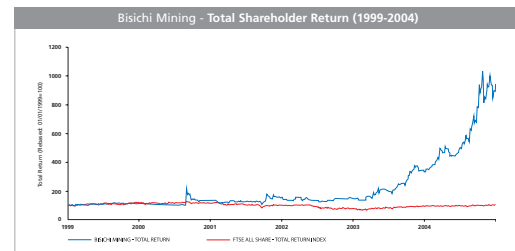
The exercise of options under the Unapproved Share Option Scheme is subject to the satisfaction of objective performance conditions specified by the remuneration committee, which will conform to institutional shareholder guidelines and best practice provisions in force from time to time. The remuneration committee has not yet set these guidelines for the first scheme, and performance conditions for the second scheme will be proposed at a forthcoming general meeting.

The middle market price of Bisichi Mining PLC ordinary shares at 31 December 2004 was 208.5p (2003-75.0p). During the year the share price ranged between 75.0p and 230.0p.

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 following graph illustrates the company's performance compared with a broad equity market index over a five year period. Performance is measured by total shareholder return. 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
C A Joll, Chairman - remuneration committee
 8-10 New Fetter Lane,
 London EC4A 1AF
 1 March 2005



Audit Committee Report

The committee's terms of reference have been approved by the board and follow published guidelines.

The audit committee comprises the two non-executive directors and is chaired by C A Joll. Christopher Joll is an experienced financial PR executive and John Sibbald is a retired chartered accountant.

The Audit Committee's prime tasks are to :

- Review the scope of external audit, to receive regular reports from PKF and to review the half-yearly and annual accounts before they are presented to the board, focusing in particular on accounting policies and areas of management judgment and estimation;
- Monitor the controls which are in force to ensure the integrity of the information reported to the shareholders;
- Act as a forum for discussion of internal control issues and contribute to the board's review of the effectiveness of the group's internal control and risk management systems and processes;
- Consider annually the need for an internal audit function;
- Advise the board on the appointment of external auditors and rotation of the audit partner every five years, and on their remuneration for both audit and non-audit work;
- Discuss the nature and scope of their audit work;
- Undertake a formal assessment of the auditors' independence each year which includes:
 - a review of non-audit services provided to the group and related fees;
 - discussion with the auditors of a written report detailing all relationships with the company and any other parties that could affect independence or the perception of independence;
 - a review of the auditors' own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and
 - obtaining written confirmation from the auditors that, in their professional judgement, they are independent.

Meetings

The committee meets annually following the external audit and prior to the publication of the annual results. This meeting is attended by the external audit partner, managing director, group finance director and company secretary. Prior to bi-monthly board meetings the members of the committee meet on an informal basis to discuss any relevant matters which may have arisen. Additional formal meetings are held as necessary.

During the past year the committee:

- Met with the external auditors, and discussed their report to the Audit Committee.
- Approved the publication of annual and interim financial results;
- Considered and approved the annual review of internal controls;
- Decided that there was no current need for an internal audit function;
- Agreed the independence of the auditors and approved their fees for both audit and non-audit services as set out in note 3 to the financial statements.

External Auditors

PKF held office throughout the year. In the United Kingdom the company is provided with extensive administration and accounting services by London & Associated Properties plc which has its own audit committee and employs a separate firm of external auditors, Baker Tilly. In South Africa PKF Johannesburg is the external auditor to the South African companies, and the work of that firm is reviewed by PKF London.

8-10 New Fetter Lane
 London EC4A 1AF
C A Joll, Chairman - audit committee
 1 March 2005



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 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.

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 2004 by the company as detailed in our Valuation Report dated 28 February 2005.

Having regard to the foregoing, we are of the opinion that the open market value as at 31 December 2004 of the interests owned by the Company was £11,940,000, being made up as follows:

	£000
Freehold	10,490
Leasehold	1,450
	11,940

London
28 February 2005

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 2004 by the company as detailed in our Valuation Report dated 4 February 2005.

Having regard to the foregoing, we are of the opinion that the open market value as at 31 December 2004 of the interests owned by the Company was £3,050,000, being made up as follows:

	£000
Freehold	350
Leasehold	2,700
	3,050

Leeds
4 February 2004

Towlers
Chartered Surveyors



Independent Auditors' report

Independent Auditors' Report to the Members of Bisichi Mining PLC

We have audited the financial statements of Bisichi Mining PLC for the year ended 31 December 2004 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 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 remuneration report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the directors' responsibility statement.

Our responsibility is to audit the financial statements and the part of the 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 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 nine provisions of the 2003 FRC 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 remuneration report, the chairman's statement, the mining review, the audit committee 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 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 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 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 2004 and of the group's profit for the year then ended; and
- the financial statements and the part of the remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985.

London, UK
1 March, 2005

PKF
Registered Auditors



Consolidated profit and loss account

for the year ended 31 December 2004

	Notes	2004 £000	2003 £000
Group and share of joint ventures turnover		13,267	9,090
Less: joint ventures		(1,719)	(309)
Group turnover	1	11,548	8,781
Operating costs	2	(9,164)	(6,896)
Operating profit	1	2,384	1,885
Share of operating (loss) / profit in joint venture	13	(34)	10
Interest receivable		25	9
Interest payable	5	(399)	(429)
Profit on ordinary activities before taxation	3	1,976	1,475
Taxation on profit on ordinary activities	6	(307)	(436)
Profit after taxation		1,669	1,039
Minority interest		(437)	(40)
Profit for the financial year		1,232	999
Dividend	8	(209)	(188)
Retained profit for the financial year	23	1,023	811
Earnings per share - basic	9	11.79 p	9.56 p
Earnings per share - diluted	9	11.48 p	9.45 p

All amounts derive from continuing operations.



Balance sheets

for the year ended 31 December 2004

	Notes	2004 £000	Group 2003 £000	Company 2004 £000	2003 £000
Fixed assets					
Intangible assets	10	-	47	-	-
Tangible assets	11	20,036	16,255	15,028	13,113
Investment in joint ventures	12 & 13			164	164
Share of gross assets		2,947	2,616		
Share of gross liabilities		(1,411)	(1,208)		
Share of net assets		1,536	1,408		
Other investments	12	384	336	1,277	1,237
		21,956	18,046	16,469	14,514
Current assets					
Stocks - goods for resale		36	50	-	-
Debtors	15	2,776	1,977	2,430	2,768
Investments (Market value £526,000 (2003 - £518,000))	16	403	419	-	-
Bank balances		950	126	276	46
		4,165	2,572	2,706	2,814
Creditors					
Amounts falling due within one year	17	(5,643)	(5,058)	(2,922)	(3,032)
Net current liabilities		(1,478)	(2,486)	(216)	(218)
Total assets less current liabilities		20,478	15,560	16,253	14,296
Creditors					
Amounts falling due after one year	18	(5,580)	(4,452)	(4,040)	(4,280)
Provisions for liabilities and charges	20	(58)	(57)	(33)	(31)
		14,840	11,051	12,180	9,985
Capital and reserves					
Called up share capital	22	1,045	1,045	1,045	1,045
Revaluation reserve	23	9,663	7,729	9,066	7,198
Other reserve	23	86	86	-	-
Retained earnings	23	3,712	2,307	2,069	1,742
Shareholders' funds		14,506	11,167	12,180	9,985
Minority interest	21	334	(116)	-	-
		14,840	11,051	12,180	9,985

These financial statements were approved by the board of directors on 1 March 2005 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 2004

	Group	
	2004 £000	2003 £000
Profit for the year	1,232	999
Revaluation of investment properties	1,868	1,619
- company		
- joint venture	192	360
Tax on disposal of investment properties in joint venture	(22)	(28)
Exchange adjustments	278	209
Total net gains relating to the year	3,548	3,159

Note of historical cost profits and losses

for the year ended 31 December 2004

	2004 £000	2003 £000
Reported profit on ordinary activities before taxation	1,976	1,475
Share of realisation of property revaluation gains of previous years in joint venture	126	217
Historical cost profit on ordinary activities before tax	2,102	1,692
Retained historical cost profit for the year	1,127	1,000

Reconciliation of movement in shareholders' funds

for the year ended 31 December 2004

	2004 £000	2003 £000
Profit for the financial year	1,232	999
Dividend	(209)	(188)
	1,023	811
Other movements in shareholders' funds:		
Exchange adjustments	278	209
Revaluation of investment properties	1,868	1,619
Revaluation of investment properties in joint venture	192	360
Tax on disposal of investment properties in joint venture	(22)	(28)
Net addition to shareholders' funds	3,339	2,971
Opening shareholders' funds	11,167	8,196
Closing shareholders' funds	14,506	11,167



Group cash flow statement

for the year ended 31 December 2004

	Notes	2004 £000	2003 £000
Net cash inflow from operating activities	24	3,643	2,174
Dividend from joint venture		-	42
Returns on investments and servicing of finance			
Interest received		25	9
Interest paid		(399)	(429)
		(374)	(420)
Taxation			
Corporation tax paid		(466)	(178)
Capital investment and financial investment			
Payments to acquire fixed assets		(2,250)	(1,921)
Payments to acquire current asset investments		(49)	-
Receipts from sale of fixed assets		-	9
Receipts from sale of current asset investments		148	88
		(2,151)	(1,824)
Equity dividends paid		(188)	(157)
Cash inflow (outflow) before financing		464	(363)
Financing			
Loans drawn (repaid)		1,191	(126)
Increase (decrease) in cash in the year	25	1,655	(489)
Reconciliation of net cash flow to movement in net debt			
Increase (decrease) in cash in the year		1,655	(489)
Net cash flow from changes in debt		(1,191)	126
Movement in net debt in the year		464	(363)
Net debt at 1 January 2004		(6,584)	(6,221)
Net debt at 31 December 2004	25	(6,120)	(6,584)



Group accounting policies

for the year ended 31 December 2004

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 and Ninghi Marketing 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.

Leased assets and obligations

All leases are "Operating Leases" and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term. Rent free periods or other incentives received for entering into a lease are accounted for over the period of the lease so as to spread the benefit received over the lease term.

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.

Joint Ventures

Group turnover includes sales made by the group to joint ventures. The appropriate proportion of these sales are deducted in the calculation of the group's share of joint ventures turnover.



Notes to the financial statements

for the year ended 31 December 2004

1. Turnover, operating profit and net operating assets

	Turnover		Operating profit		Net operating assets	
	2004 £000	2003 £000	2004 £000	2003 £000	2004 £000	2003 £000
Mining	10,317	7,571	1,851	1,353	3,261	3,081
Goodwill	-	-	(47)	(85)	-	47
	10,317	7,571	1,804	1,268	3,261	3,128
Property	1,054	1,092	485	587	14,638	12,479
Share dealing	163	105	83	20	525	535
Other investments	14	13	12	10	-	-
Group	11,548	8,781	2,384	1,885	18,424	16,142
Joint venture					1,536	1,408
Net non-operating liabilities					(5,120)	(6,499)
					14,840	11,051
Analysis by origin:						
South Africa	10,317	7,571	1,804	1,268	3,198	3,066
United Kingdom	1,231	1,210	580	617	15,151	13,001
North America	-	-	-	-	30	30
Australia	-	-	-	-	45	45
Group	11,548	8,781	2,384	1,885	18,424	16,142
Joint venture					1,536	1,408
Net Non-Operating Liabilities					(5,120)	(6,499)
					14,840	11,051

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

	2004 £000	2003 £000
Mining	6,514	4,494
Royalties	121	107
Decrease in inventories	18	6
Other operating income	(1)	(1)
Property expenses	569	455
Share dealing expenses	80	86
Cost of sales	7,301	5,147
Administrative expenses	1,863	1,749
Net operating costs	9,164	6,896

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



Notes to the financial statements continued

3. Profit on ordinary activities

	2004 £000	2003 £000
Profit on ordinary activities is stated after charging:		
Directors' emoluments	475	279
Directors' pension costs	26	15
Remuneration of auditors for audit services	29	26
- UK		
- South Africa	11	10
Remuneration of auditors for non-audit services	1	1
Depreciation	644	857
Amortisation	47	85

Charges for non-audit services provided by the auditors in the year ended 31 December 2004 relate to the company's interim financial statements.

The directors consider the auditors were best placed to provide this service. The audit committee reviews the nature and extent of non-audit services to ensure that independence is maintained.

4. Directors' emoluments

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

5. Interest payable

	2004 £000	2003 £000
Overdrafts	30	39
Bank loans not wholly repayable within 5 years	256	253
Other loans	113	137
	399	429



6. Taxation

	2004 £000	2003 £000
(a) Based on the results for the year:		
Corporation tax at 30% (2003 : 30%)	272	463
Adjustment in respect of prior years - UK	26	(15)
Joint venture	7	1
Total current tax	305	449
Deferred taxation	2	(13)
	307	436

The effective rate of corporation tax is based on taxable profits of Bisichi Mining PLC and Mineral Products Limited only.

(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% (2003: 30%). The differences are explained below:

Profit on ordinary activities before taxation	1,976	1,475
Tax on profit on ordinary activities at 30%	593	443
Effects of:		
Expenses not deductible for tax purposes	20	31
Capital allowances for the year in excess of depreciation	(2)	(5)
Capital gains in excess of profit on disposal	(9)	(9)
Other differences	2	24
Loss relief	(314)	(8)
Adjustment to smaller companies rates	(11)	(12)
Adjustment in respect of prior years	26	(15)
Total current tax	305	449

7. Attribution of result to Bisichi Mining PLC

Dealt with in the financial statements of Bisichi Mining PLC	365	902
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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.

8. Dividend

	2004		2003	
	Per share	£000	Per share	£000
Proposed final dividend	2.00 p	209	1.80 p	188



Notes to the financial statements continued

9. Earnings and diluted earnings per share

Both the basic and diluted earnings per share calculations are based on a profit of £1,232,000 (2003: £999,000).

The basic earnings per share has been calculated on 10,451,506 (2003: 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 (2003: 10,451,506) plus the dilutive potential ordinary shares arising from share options of 280,664 (2003: 118,626) totalling 10,732,170 (2002: 10,570,132).

10. Intangible fixed assets

	2004 £000
Group	
Goodwill on acquisition of subsidiary:	
Cost at 1 January and 31 December 2004	675
Accumulated amortisation at 1 January 2004	628
Amortised in year	47
Accumulated amortisation at 31 December 2004	675
Net Book value as at 31 December 2004	-
Net book value as at 31 December 2003	47

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

11. 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 2004	18,621	9,335	3,725	5,178	339	44
Exchange adjustment	602	-	-	557	42	3
Additions	2,211	(9)	71	2,090	57	2
Revaluation	1,868	1,514	354	-	-	-
Cost or valuation at 31 December 2004	23,302	10,840	4,150	7,825	438	49
At valuation	14,990	10,840	4,150	-	-	-
At cost	8,312	-	-	7,825	438	49
	23,302	10,840	4,150	7,825	438	49
Accumulated depreciation at 1 January 2004	2,366	-	-	2,123	203	40
Exchange adjustment	256	-	-	233	21	2
Charge for the year	644	-	-	573	69	2
Accumulated depreciation at 31 December 2004	3,266	-	-	2,929	293	44
Net book value at 31 December 2004	20,036	10,840	4,150	4,896	145	5
Net book value at 31 December 2003	16,255	9,335	3,725	3,055	136	4



11. 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 2004	13,146	9,335	3,725	65	21
Additions	63	(9)	71	-	1
Revaluation	1,868	1,514	354	-	-
Cost or valuation at 31 December 2004	15,077	10,840	4,150	65	22
At valuation	14,990	10,840	4,150	-	-
At cost	87	-	-	65	22
	15,077	10,840	4,150	65	22
Accumulated depreciation at 1 January 2004	33	-	-	16	17
Charge for the year	16	-	-	16	-
Accumulated depreciation at 31 December 2004	49	-	-	32	17
Net book value at 31 December 2004	15,028	10,840	4,150	33	5
Net book value at 31 December 2003	13,113	9,335	3,725	49	4

Freehold and Long Leasehold properties were externally professionally valued at 31 December 2004 on an open market basis by:

	£'000
Allsop & Co, Chartered Surveyors	11,940
Towlers, Chartered Surveyors	3,050
	14,990

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 £4,673,000 (2003: £4,682,000) and long leasehold investment properties is £1,251,000 (2003: £1,180,000). Long leasehold properties are those for which the unexpired term at the balance sheet date is not less than 50 years.

All investment properties are held for use in operating leases.

Notes to the financial statements *continued*

12. Investments held as fixed assets

Group	Joint ventures		Other
	Assets £000		£000
At 1 January 2004	1,408		549
Additions	-		39
Exchange adjustment	-		9
Share of revaluation reserve of joint venture	192		-
Share of retained (loss) of joint ventures	(64)		-
At 31 December 2004	1,536		597
Provision for diminution in value			
As at 1 January and 31 December 2004	-		(213)
Net book value at 31 December 2004	1,536		384
Net book value at 31 December 2003	1,408		336

Company	Joint ventures Shares £000	Subsidiaries			
		Total £000	Shares £000	Loans £000	Others £000
Cost at 1 January 2004	164	2,081	1,024	701	356
Additions	-	87	-	87	-
Cost at 31 December 2004	164	2,168	1,024	788	356
Provision for impairment					
As at 1 January 2004	-	(844)	(631)	-	(213)
Charge in year	-	(47)	(47)	-	-
As at 31 December 2004	-	(891)	(678)	-	(213)
Net book value at 31 December 2004	164	1,277	346	788	143
Net book value at 31 December 2003	164	1,237	393	701	143

Other investments comprise £87,000 (2003: £87,000) shares and £56,000 (2003: £56,000) loans.

Group and Company	Group		Company	
	2004 £000	2003 £000	2004 £000	2003 £000
Net book value of investments listed on overseas Stock Exchanges	159	159	154	154
Market value of the overseas listed investments	17	17	16	16

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



13. Joint ventures

Group

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 (2003: £500,000) ordinary shares of £1 each.

The company owns 45% of the issued share capital of Ninghi Marketing Limited, an unlisted coal trading company. The company is incorporated in Great Britain and operates in England. It has issued share capital of £101 (2003: £101) ordinary shares of £1 each.

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

	Dragon 50% £000	Ninghi 45% £000	2004 £000	2003 £000
Turnover	103	2,959	3,062	309
Profit and loss				
Profit (loss) before tax	34	(68)	(34)	10
Taxation	(7)	-	(7)	(1)
Profit (loss) after taxation	27	(68)	(41)	9
Balance sheet				
Fixed assets	1,620	-	1,620	1,849
Current assets	1,076	251	1,327	767
Liabilities due within one year	(106)	(317)	(423)	(146)
Liabilities due after more than one year	(988)	-	(988)	(1,062)
Share of net assets at 31 December	1,602	(66)	1,536	1,408

14. 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.



Notes to the financial statements continued

15. Debtors

	2004 £000	Group 2003 £000	2004 £000	Company 2003 £000
Amounts falling due within one year:				
Trade debtors	1,860	1,362	-	-
Amounts due from subsidiary undertakings	-	-	2,000	2,431
Other debtors	639	343	400	289
Prepayments and accrued income	34	53	30	48
	2,533	1,758	2,430	2,768
Amounts falling due after one year				
Deferred tax (see note 20)	243	219	-	-
	2,776	1,977	2,430	2,768

16. Investments held as current assets

	2004 £000	Group 2003 £000
Market value of Listed Investments:		
Listed in Great Britain	474	466
Listed outside Great Britain	52	52
	526	518
Original cost of Listed Investments	403	419
Unrealised surplus of market value over cost	123	99

17. Creditors

	2004 £000	Group 2003 £000	2004 £000	Company 2003 £000
Amounts falling due within one year:				
Bank overdraft (secured)	443	1,305	443	1,257
Bank loan (secured)	484	201	320	160
Other loan (secured)	563	752	-	-
Trade creditors	507	606	-	-
Joint venture	991	144	991	144
Corporation tax	277	444	181	367
Other taxation and social security	38	44	38	44
Proposed dividend	209	188	209	188
Other creditors	393	502	390	501
Accruals and deferred income	1,738	872	350	371
	5,643	5,058	2,922	3,032

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.



18. Creditors

	Group		Company	
	2004 £000	2003 £000	2004 £000	2003 £000
Amounts falling due after more than one year:				
Medium term bank loans	4,078	4,338	4,040	4,280
Other loan	1,502	114	-	-
	5,580	4,452	4,040	4,280

19. Bank, other loans and financial instruments

The group has taken advantage of the exemption under FR513 that short term debtors and creditors be excluded from the following disclosures.

Financial assets maturity

On 31 December 2004, cash at bank and in hand amounted to £950,000 (2003: £126,000) which is invested in short term bank deposits maturing within one year bearing interest at the bank's variable rates.

	Group		Company	
	2004 £000	2003 £000	2004 £000	2003 £000
Bank and other loan instalments by reference to the balance sheet date:				
Within one year	1,047	953	320	160
From one to two years	1,779	165	240	160
From two to five years	3,801	647	3,800	480
Over five years	-	3,640	-	3,640
	6,627	5,405	4,360	4,440
Bank and other loan analysis by origin:				
United Kingdom	4,360	4,440	4,360	4,440
Southern Africa	2,267	965	-	-
	6,627	5,405	4,360	4,440

Borrowing facilities

At 31 December 2004 the Group was within its bank borrowing facilities. Overdrafts are renewable annually. Term loan repayments are as set out above. The group has undrawn facilities of £1,107,000 (2003: £278,000) which expire within one year.

Interest rate risk and hedge profile

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 2002 and is repayable from Black Wattle Colliery (pty) Limited and interest is payable at PRIME in South Africa. An interest rate swap has been entered into in line with the £4,360,000 UK loan at a fixed rate of 4.05%.

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.



Notes to the financial statements continued

19. Bank, other loans and financial instruments continued

Fair value of the group's financial liabilities:

	Book value £000	Market value £000	2004 Fair value adjustment £000	2003 Fair value adjustment £000
Loan	4,360	4,278	82	(58)
Tax at 30% (2003: 30%)			(25)	17
Post tax fair value adjustment			57	(41)
Post tax fair value adjustment - basic pence per share			0.55p	(0.39)p

The fair values were calculated by the directors as at 31 December 2004 and reflect the replacement value of the financial instruments used to manage the group's exposure to adverse rate movements.

Other financial assets, bank loans and overdrafts are at variable rates and there is therefore no material difference between book values and market values.

20. Provisions for liabilities and charges

	Group £000	Company £000
Deferred Taxation		
Balance at 1 January 2004	(162)	31
Exchange adjustment	(25)	-
Transfer to profit and loss account	2	2
	(185)	33
Shown in balance sheet as:		
Debtors (see note 15)	(243)	-
Provisions for liabilities and charges	58	33
	(185)	33

No provision has been made for the approximate taxation liability at 30% (2003: 30%) of £1,990,000 (2003: £1,524,000) which would arise if the investment properties were sold at the stated valuation.

No provision has been recognised in Black Wattle Colliery (pty) Limited for tax losses amounting to £49,000 (2003: £192,000)

	Group		Company	
	2004 £000	2003 £000	2004 £000	2003 £000
The deferred tax balance comprises the following:				
Accelerated capital allowances	33	31	33	31
Short-term timing differences	25	26	-	-
Tax losses carried forward	(243)	(219)	-	-
	(185)	(162)	33	31



21. Minority interest

The minority interest represents the share of the net accumulated profits in Black Wattle Colliery (pty) Limited attributable to the minority shareholder together with the nominal value of shares held by that shareholder.

22. Share Capital

	2004 £000	2003 £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

23. Reserves

	Revaluation reserve £000	Capital reserve on consolidation £000	Retained earnings £000
Company			
Balance at 1 January 2004	7,198	-	1,742
Exchange adjustment	-	-	171
Revaluation of investment property	1,868	-	-
Retained profit for the year	-	-	156
Balance at 31 December 2004	9,066	-	2,069
Share in subsidiary and joint venture			
Balance at 1 January 2004	531	86	565
Exchange adjustment	-	-	107
Revaluation of investment property	192	-	-
Realisation of revaluation reserve of joint venture	(126)	-	104
Retained profit for the year	-	-	867
Balance at 31 December 2004	597	86	1,643
Group at 31 December 2004	9,663	86	3,712
Group at 1 January 2004	7,729	86	2,307



Notes to the financial statements continued

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

	2004 £000	2003 £000
Operating profit	2,384	1,885
Depreciation charges	644	857
Goodwill amortised	47	85
Provision against current asset investment	6	19
Profit on sale of current asset investments	(89)	(35)
Decrease in stocks	18	3
Increase in debtors	(567)	(732)
Increase in creditors	1,200	92
Net cash inflow from operating activities	3,643	2,174

25. Analysis of changes in net debt

	At 1 January 2004 £000	Cash flows £000	Exchange adjustment £000	At 31 December 2004 £000
Bank balances	126	790	34	950
Overdrafts	(1,305)	865	(3)	(443)
	(1,179)	1,655	31	507
Debt due within one year	(953)	(83)	(11)	(1,047)
Debt due in after one year	(4,452)	(1,108)	(20)	(5,580)
	(6,584)	464	-	(6,120)

26. Related Party Transactions

	At 31 December 2004 Amounts owed to related party £000	During the year Amounts owed by related party £000	Costs recharged by (to) related party £000	Cash (received) from paid to related party £000
Related party:				
London & Associated Properties PLC (note (a))	195	-	261	390
Dragon Retail Properties Limited (note (b))	991	-	1	(846)
Ninghi Marketing Limited (note (c))	-	(38)	(309)	-
As at 31 December 2004	1,186	(38)	(47)	(456)
As at 31 December 2003	469	(17)	298	(64)

London & Associated Properties PLC is a substantial shareholder.

Dragon Retail Properties Limited is a joint venture and is treated as a fixed asset investment.

Ninghi marketing Limited is a joint venture and is treated as a fixed asset investment.



26. Related Party Transactions *continued***(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.

(c) Ninghi Marketing Limited

Ninghi Marketing Limited is a coal trading company, based in London.

27. Employees

	2004 Number	2003 Number
The average weekly number of employees of the group during the year were as follows:		
Production	215	221
Administration	15	14
	230	235
	£000	£000
Staff costs during the year were as follows:		
Salaries	2,623	2,013
Social security costs	15	15
Pension costs	26	15
	2,664	2,043

28. Capital commitments

Commitments for capital expenditure contracted for at the year end	27	151
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Notice of Annual General Meeting

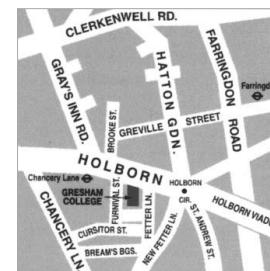
NOTICE is hereby given that the ninety-third annual general meeting of the company will be held at Gresham College, Barnard's Inn Hall, London EC1N 2HH on Thursday 23 June 2005 at 11.00 am for the transaction of the following business:

Ordinary business

- | | |
|--|-----------------------|
| 1 To receive and adopt the directors' report, annual accounts and auditors' report for the year ended 31 December 2004 | (Resolution 1) |
| 2 To approve the remuneration report for the year ended 31 December 2004 | (Resolution 2) |
| 3 To declare and approve a dividend of 2.0p per share. | (Resolution 3) |
| 4 To re-appoint as a director Mr Andrew Heller | (Resolution 4) |
| 5 To re-appoint as a director Mr John 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
1 March 2005

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.
 - A copy, or a memorandum of the terms, of every service contract between the company or any of its subsidiaries and any director of the company.



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 Thursday 23 June 2005 at 11.00 am at Gresham College, Barnard's Inn Hall, London EC1N 2HH 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	VOTE WITHHELD
1 To receive and adopt the directors' report, annual accounts and independent auditors' report for the year ended 31 December 2004.			
2 To approve the remuneration report for the year ended 31 December 2004			
3 To declare and approve a dividend of 2.0p per share.			
4 To re-elect as a director Mr Andrew Heller.			
5 To elect as a director Mr John 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 or signed by two directors or director and secretary 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 notorially 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.

Full Name (block capitals please)

Address

Signed this day of 2005 (Signature)



Second Fold

BUSINESS REPLY SERVICE
Licence No MB 122

2

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

Third Fold

Tuck inside facing flap

First Fold



"I believe that 2005 is going to be another year of opportunity for Bisichi and, with a proven management and business structure, that it will be another very successful year"

Michael Heller, *Chairman*



www.bisichi.co.uk