

HOLYWELL MINING GROUP LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997



BISSELL & BROWN
Registered Auditor and
Chartered Accountants

1 Lower Tower Street, Newtown,
Birmingham B19 3NH

HOLYWELL MINING GROUP LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 1997

1. The directors herewith present their report and the financial statements for the year ended 31 December 1997.

2. ACTIVITY OF THE COMPANY

The company did not trade during the year.

3. DIRECTORS

The directors who served during the year and the interests in shares of those serving at the end of the year were as follows:-

	At 31 December 1997	At 31 December 1996
	<u>£1 Ordinary Shares</u>	<u>£1 Ordinary Shares</u>
D.R. Little Esq	4,500	4,500
Mrs P.B.M. Little	3,500	3,500
D.R. Little Esq and Mrs P.B.M. Little as trustees for children	2,000	2,000
A.D. Little Esq	-	-

4. AUDITOR

A resolution to re-appoint Bissell & Brown as auditor is to be proposed at the forthcoming Annual General Meeting.

This report, which has been prepared taking advantage of the special provisions of Part VII of the Companies Act 1985 relating to Small Companies, was approved by the Board on the date below and signed on their behalf.

Date 25 June 1998

Signed *Phyllis B. Little*

REPORT OF THE AUDITOR

TO THE SHAREHOLDERS OF HOLYWELL MINING GROUP LIMITED

We have audited the financial statements on pages 3 to 6 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of Directors and Auditor

The company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1997 and of its result for the year then ended and have been properly prepared in accordance with those provisions of the Companies Act 1985 that are applicable to small companies.



BISSELL & BROWN
Registered Auditor and
Chartered Accountants,
1 Lower Tower Street,
Newtown
Birmingham B19 3NH

Date 25 June 1998

HOLYWELL MINING GROUP LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1997

	<u>Note</u>	<u>1997</u> <u>£</u>	<u>1996</u> <u>£</u>
<u>TURNOVER</u>	3	-	-
Cost of sales		-	-
		-----	-----
<u>GROSS PROFIT</u>		-	-
Distribution costs and Administration expenses		-	-
		-----	-----
<u>OPERATING PROFIT</u>	4	-	-
Interest receivable and payable		-	-
		-----	-----
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		-	-
Taxation		-	-
		-----	-----
<u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u>		-	-
Dividend		-	-
		-----	-----
<u>RETAINED PROFIT FOR THE YEAR</u>		-	-
		=====	=====

STATEMENT OF RESERVES

Retained profits

	<u>£</u>	<u>£</u>
Brought forward	(621,315)	(621,315)
Retained for the year	-	-
	-----	-----
<u>CARRIED FORWARD</u>	(621,315)	(621,315)
	=====	=====

HOLYWELL MINING GROUP LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 1997

	<u>Note</u>	<u>1997</u> £	<u>1996</u> £
<u>CURRENT ASSETS</u>			
Debtors	5	-	-
Cash at bank and in hand		-	69
		-----	-----
		-	69
<u>CREDITORS:</u>			
Amounts falling due within one year	6	(611,315)	(611,384)
		-----	-----
<u>NET CURRENT LIABILITIES</u>		(611,315)	(611,315)
		-----	-----
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		(611,315)	(611,315)
<u>CREDITORS:</u>			
Amounts falling due after more than one year		(-)	(-)
Provisions for liabilities and charges	7	(-)	(-)
		-----	-----
		(611,315)	(611,315)
		-----	-----
<u>CAPITAL AND RESERVES</u>			
Called up share capital	2	10,000	10,000
Profit and loss account		(621,315)	(621,315)
		-----	-----
		(611,315)	(611,315)
		-----	-----

Advantage is taken in the preparation of these financial statements of the special exemptions applicable to Small Companies provided by Part VII of the Companies Act 1985. In the directors opinion, the company is entitled to those exemptions as a small company.

These accounts were approved by the Board of Directors on 25 June 1998.

..... Director

HOLYWELL MINING GROUP LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1997

1. ACCOUNTING POLICIES:

The following principal accounting policies have been used consistently.

(a) Basis of Accounting:

These accounts have been prepared under the historical cost accounting rules.

2. <u>SHARE CAPITAL:</u>	<u>1997</u> <u>£</u>	<u>1996</u> <u>£</u>
<u>Authorised:</u>		
Ordinary shares of £1 each	10,000	10,000
	<hr/>	<hr/>
<u>Allotted:</u>		
Ordinary shares of £1 each fully paid	10,000	10,000
	<hr/>	<hr/>
3. <u>TURNOVER</u>	<u>1997</u> <u>£</u>	<u>1996</u> <u>£</u>
UK	-	-
Non UK	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
4. <u>OPERATING PROFIT</u>	<u>1997</u> <u>£</u>	<u>1996</u> <u>£</u>
Operating profit is arrived at after charging:-		
Depreciation	-	-
Auditors remuneration	-	-
Directors remuneration	-	-
	<hr/>	<hr/>
5. <u>DEBTORS</u>	<u>1997</u> <u>£</u>	<u>1996</u> <u>£</u>
Trade debtors	-	-
Prepayments and accrued income	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
There are no amounts due after one year.		

HOLYWELL MINING GROUP LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1997

6. <u>CREDITORS: - Within one year</u>	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Trade creditors	611,315	611,384
Taxation and social security	-	-
Directors current accounts	-	-
Corporation tax	-	-
	<hr/>	<hr/>
	611,315	611,384
	<hr/>	<hr/>

There are no amounts payable after one year.

7. DEFERRED TAXATION

Analysis of provision and potential liability:-	<u>1997</u>	<u>1996</u>
	Full potential liability	Full potential liability
	<u>made</u>	<u>made</u>
	<u>£</u>	<u>£</u>
Accelerated capital allowances	-	-
	<hr/>	<hr/>

8. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There are no capital commitments.

9. BANKING FACILITIES

The company is party to an unlimited multilateral guarantee to its bankers Midland Bank PLC, together with its associated companies, Holywell Group International Limited, Holywell Engineering Limited and Holywell Engineering Group Limited.

10. CASH FLOW STATEMENT

The company has taken advantage of the small companies exemption under provisions of FRS1 and accordingly has not prepared a cash flow statement.