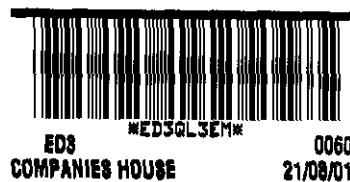


AMENDING

**MODAL MINING LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000**

IWE Accounting Services Limited
3 Beach Road
Newton
Porthcawl
Bridgend County Borough
CF36 5NH



MODAL MINING LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2000

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS:

G. Ll. Williams
N. A. J. Walls
L. J. Joseph

SECRETARY:

N. A. J. Walls

REGISTERED OFFICE:

Suite F1, Britannic House
Britannic Way
Llandarcy
Neath
Neath Port Talbot County Borough

BANKERS:

Barclays Bank plc
14 King Street
Truro
Cornwall

(Signature)
BRIDGEND AND THE VARI
PORHCRAW - BRANICH

SOLICITORS:

David and Snape
Lias Road
Porthcawl
Mid Glamorgan

ACCOUNTANTS:

IWE Accounting Services Limited
3 Beach Road
Newton
Porthcawl
Bridgend County Borough
CF36 5NH

MODAL MINING LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2000

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1.	Directors' Report
2.	Accountants Report
3.	Profit and Loss Account
4.	Balance Sheet
5 and 6.	Notes to the Accounts
7.	Detailed Profit and Loss Account (This does not form part of the statutory accounts)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2000

DIRECTORS REPORT

The directors submit their report, together with the accounts for the year ended 30 June 2000.

PRINCIPLE ACTIVITIES

The principle activity of the company is the development of a mine in South Wales.

DIRECTORS

The following were directors throughout the year and their interests, as defined by the Companies Act, in the shares of the company at the beginning and end of the year were:-

	Number of Ordinary Shares of £1 each
G. Ll. Williams	82
N. A. J. Walls	82
L. J. Joseph	30

STATEMENT OF DIRECTORS RESPONSIBILITIES

We are required under company law to prepare financial accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial accounts we are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

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

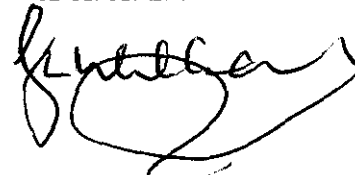
SMALL COMPANY

The directors have prepared this report in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

21 The Burrows
Newton
Porthcawl
Mid Glamorgan

BY ORDER OF THE BOARD

SECRETARY


DIRECTOR.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2000

ACCOUNTANTS REPORT TO THE SHAREHOLDERS

In accordance with instructions given to us, we have prepared the financial statements set out on pages 3 to 6 from the accounting records of Modal Mining Limited and information and explanations supplied to us by the management of the company. We have not audited the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

IWE Accounting Services Limited
3 Beach Road
Newton
Porthcawl
Bridgend County Borough
CF36 5NH

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2000

PROFIT AND LOSS ACCOUNT

	Note	2000 £	1999 £
Administrative Expenses	2	(104)	(233)
Loss on Ordinary Activities Before Taxation		(104)	(233)
Tax on Ordinary Activities		-	-
Loss on Ordinary Activities After Taxation Retained for the Year	5	(104)	(233)
Statement of Accumulated Losses			
Accumulated Losses At 1 July		(2,344)	(2,111)
Loss for the Year		(104)	(233)
Accumulated Losses At 30 June		(2,448)	(2,344)

The turnover and operating profit for the year has been derived from the continuing operations of the company.

The company has no recognised gains and losses other than those in the profit and loss account.

The loss on ordinary activities before taxation and the loss transferred to reserves for the year above are stated at historical cost.

The notes on pages 5 and 6 form an integral part of these accounts.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2000

BALANCE SHEET

	Notes	2000		1999	
		£	£	£	£
CURRENT ASSETS					
Debtors	2	33,247		33,247	
Cash at Bank and in Hand		40		94	
		<u>33,287</u>		<u>33,341</u>	
CREDITORS: Amounts Falling Due Within One Year	3	(35,535)		(35,485)	
NET CURRENT LIABILITIES			(2,248)		(2,144)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(2,248)</u>		<u>(2,144)</u>
SHAREHOLDERS FUNDS					
Share Capital	4		200		200
Profit and Loss Account	5		(2,448)		(2,344)
			<u>(2,248)</u>		<u>(2,144)</u>

The financial statements were approved by the directors on 23 April 2001.

For the year in question, the company was entitled to exemption from an audit under section 249A(1) of the Companies Act 1985. No notice has been deposited under section 249B(2) of the Act in relation to the accounts for the financial year. The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985.
- (b) preparing accounts which give a true and fair view of the state of affairs of the company, at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of that Act relating to accounts, so far as applicable to the company.

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies.


MR G. LL. WILLIAMS - DIRECTOR

The notes on pages 5 and 6 form an integral part of these accounts.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2000

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Basis of Accounting

The accounts have been prepared under the historical cost accounting convention

Turnover

Turnover is the total amount, excluding value added tax, receivable by the company for goods sold and services provided.

Deferred Taxation

Deferred taxation is provided only on those timing differences that, in the opinion of the directors, will give rise to a liability in the foreseeable future. The provision is calculated on the liability method at corporation tax rates ruling at the balance sheet date.

2. DEBTORS

Amounts falling due within one year:-
Other debtors

2000
£

33,247

1999
£

33,247

3. CREDITORS

Amounts falling due within one year:-
Other creditors

35,535

35,285

4. CALLED UP SHARE CAPITAL

Ordinary Shares of £1 each

2000

No.

1,000

1999

No.

1,000

Authorised

Allotted, called up and fully paid

200

200

MODAL MINING LIMITED

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2000**NOTES TO THE ACCOUNTS****5. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS**

	Share Capital £	Profit and Loss Account £	Total £
As at 1 July 1999	200	(2,344)	(2,144)
(Loss) for the Financial Year	-	(104)	(104)
As at 30 June 2000	200	(2,448)	(2,248)

13. CAPITAL COMMITMENTS

There are no capital commitments at 30 June 2000 (1999 - NIL)

15. ULTIMATE CONTROL

The company is under the joint control of Mr G. Ll. Williams and Mr N. A. J. Walls who each own 41% of the issued share capital of the company.

MODAL MINING LIMITED

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2000**DETAILED PROFIT AND LOSS ACCOUNT**

	2000 £	1999 £
OPERATING EXPENSES		
Bank charges	39	33
Accountants fees	50	200
Annual Companies House fee	15	-
LOSS BEFORE TAXATION	<u>104</u>	<u>233</u>