

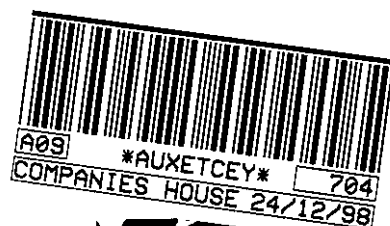
MINING JOURNAL BOOKS LIMITED

Company No. 1172046

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 1997



KINGSTON
SMITH

Chartered Accountants

Mining Journal Books Limited
Report of the Directors
For the year ended 31 December 1997

The directors submit their Report and Accounts for the year ended 31st December 1997.

Principal Activities

The activities of the company consist of the publication of books and associated matters. During the year it continued as agent for Mining Journal's subscription sales and for other publishers' books. In 1996 it entered into a new agreement with Mining Journal Limited to publish its material in electronic media form under licence.

Results and Dividends

The operations of the company for the year resulted in a profit of £83,980 (1996 : profit £60,832) after deduction of all expenses. The directors have paid a dividend of £85,000 (1996 - £Nil) during the year.

Directors

The following directors served on the Board in the year:

C.G. Hinde
M.J. West
L.C.G.C. Williams

None of the above has a beneficial interest in the issued shares of the company.

The directors interest in the shares of the ultimate parent company, Mining Journal Limited, are shown in that company's accounts.

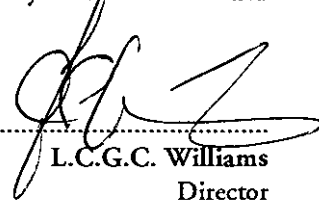
Auditors

Kingston Smith have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act 1985 it is proposed that they be re-appointed auditors to the company for the ensuing year.

Small Company Rules

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities.

By Order of the Board


L.C.G.C. Williams
Director

60 Worship Street
London EC2A 2HD

22nd December 1998

Mining Journal Books Limited

Directors' Responsibilities and Report of the Auditors

Statement of Directors' Responsibilities

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 of the profit or loss of the company 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;
- prepare the financial statements on the 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 statements comply with Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Auditors to the Members of Mining Journal Books Limited

We have audited the accounts on pages 3 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective Responsibilities of Directors and Auditors

As described above the company's directors are responsible for the preparation of the 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 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 31st December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 as applicable to small companies.



KINGSTON SMITH
Chartered Accountants
and Registered Auditors

Devonshire House
60 Goswell Road
London EC1M 7AD

Date: 22nd December 1998

Mining Journal Books Limited
Profit and Loss Account
For the year ended 31st December 1997

	Note	1997 £	1996 £
Turnover		268,740	210,208
Cost of sales		<u>(113,236)</u>	<u>(90,080)</u>
Gross Profit		155,504	120,128
Administrative expenses		<u>(47,238)</u>	<u>(48,228)</u>
Operating Profit	7	108,266	71,900
Interest Receivable and Similar Income		8,355	5,254
Interest payable and similar charges		<u>(3,035)</u>	<u>(3,250)</u>
Profit on Ordinary Activities before Taxation		113,586	73,904
Tax on profit on ordinary activities	6	<u>(29,606)</u>	<u>(13,072)</u>
Profit for the Year		83,980	60,832
Dividend on equity shares	9	<u>(85,000)</u>	<u>-</u>
(Withdrawn Loss)/Retained Profit for the Financial Year		<u><u>(1,020)</u></u>	<u><u>60,832</u></u>

There were no recognised gains or losses other than the profit for the two financial years.

The attached notes form part of these accounts.

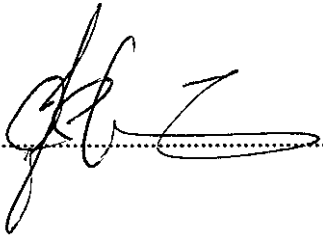
Mining Journal Books Limited

Balance Sheet as at 31st December 1997

	Note	1997 £	1996 £
Current Assets			
Debtors	2	2,295	8,681
Cash at bank and in hand		<u>240,268</u>	<u>150,449</u>
		242,563	159,130
Creditors: Amounts falling due within one year	3	<u>(111,295)</u>	<u>(26,842)</u>
Net Current Assets		131,268	132,288
Creditors: Amounts falling due after more than one year	4	<u>(50,000)</u>	<u>(50,000)</u>
Net Assets		<u><u>81,268</u></u>	<u><u>82,288</u></u>
 Capital and Reserves			
Share capital	5	100	100
Profit and loss account	5	<u>81,168</u>	<u>82,188</u>
Equity Shareholders' Funds		<u><u>81,268</u></u>	<u><u>82,288</u></u>

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities.

Approved by the board on 22nd December 1998

Lawrence Williams  Director

Mining Journal Books Limited

Notes to the Accounts

For the year ended 31st December 1997

1 Accounting Policies

Accounting Convention

The accounts are prepared under the historical cost convention and in accordance with accounting standards applicable to small companies.

Deferred Taxation

Deferred tax is accounted for under the liability method in respect of the taxation effect of all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

Turnover

Turnover represents the invoiced amount of books, publications and associated matters sold and commissions received. It is stated net of value added tax and is attributable to the one principal activity of the company.

2 Debtors

	1997	1996
	£	£
Trade debtors	2,295	369
Amounts owed by group undertaking	-	8,312
	<u>2,295</u>	<u>8,681</u>

3 Creditors: Amounts falling due within one year

	1997	1996
	£	£
Trade creditors	5,862	2,795
Amounts owed to group undertaking	62,168	-
Corporation tax	25,317	13,072
Other creditors	12,846	10,075
Accruals	5,102	900
	<u>111,295</u>	<u>26,842</u>

4 Creditors: Amounts falling due after more than one year

	1997	1996
	£	£
Long term loan	<u>50,000</u>	<u>50,000</u>

This is an unsecured loan from Andrew House Limited at an interest rate related to interest received on equivalent cash investments. There are no formal terms of repayment however the above represents the minimum amount which does not fall due for repayment prior to 1st January 1999.

Mining Journal Books Limited
Notes to the Accounts
For the year ended 31st December 1997 (Continued)

5 Share Capital, Movement on Reserves and Reconciliation of Movements in Shareholders' Funds

	Share Capital £	Profit and Loss Account £	Total Shareholders Funds £
Balance at 1st January 1996	100	21,356	21,456
Profit attributable to the shareholders of the company	-	60,832	60,832
Balance at 31st December 1996	100	82,188	82,288
Profit attributable to the shareholders of the company	-	83,980	83,980
Dividends payable	-	(85,000)	(85,000)
Balance at 31st December 1997	100	81,168	81,268

The authorised share capital comprises 100 ordinary shares of £1 each (1996: 100) of which 100 have been allotted, issued and are fully paid (1996: 100).

6 Tax on Profit on Ordinary Activities

	1997 £	1996 £
Based on the profit for the year		
Corporation tax @ 21.75% (1996: 24.25%)	24,751	13,072
Prior year underprovision	4,855	-
	29,606	13,072

7 Operating Profit

	1997 £	1996 £
This is stated after charging:		
Auditors' remuneration	1,000	900
Management fees (see note 8)	39,394	42,000

8 Management Fees

This relates to the indirect costs invoiced to the company by its holding company. It includes an element of directors' emoluments and staff salaries.

9 Dividend

	1997 £	1996 £
Paid dividend of the £1 ordinary shares		
£850 per share (1996: Nil)	85,000	-

10 Immediate Parent Undertaking and Ultimate Controlling Party

The immediate parent undertaking in Mining Journal Limited, a company incorporated in Great Britain.

The ultimate controlling party is Lawrence Williams by virtue of his ownership of 54.9% of the issued share capital of that company.

Mining Journal Books Limited
Notes to the Accounts
For the year ended 31st December 1997 (Continued)

11 Related Party Transactions

- (i) During the year the company paid interest of £2,770 (1996 - £3,215) to Andrew House Limited, a company in which C.G. Hinde, M.J. West and L.C.G.C. Williams are all directors. This was in respect of a loan, the balance of which at 31st December 1997 was £61,827 (1996 - £59,058).
- (ii) The company sold services worth £50,000 (1996 - £50,000) and incurred expenses of £66,524 (1996 - £59,420) in transactions with Mining Journal Limited, its parent company. It also paid a management fee in the year of £39,394 (1996 - £42,000). As at 31st December 1997 the balance owed to Mining Journal Limited was £62,168 (1996 - owed by Mining Journal Limited £8,312).