

MIDLAND RESOURCES UK LIMITED

ABBREVIATED ACCOUNTS

31ST DECEMBER, 1999





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AUDITORS' REPORT TO MIDLAND RESOURCES UK LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 2 to 5 together with the financial statements of the company for the period ended 31st December, 1999 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 2 to 5 are properly prepared in accordance with those provisions.


AGN SHIPLEYS

Registered Auditors

5th May 2000

MIDLAND RESOURCES UK LIMITED

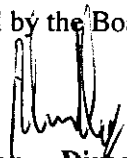
ABBREVIATED BALANCE SHEET

31ST DECEMBER, 1999

	Notes	1999 £	1998 £
FIXED ASSETS			
Tangible assets	2	67,269	132,644
Investments	3	193,473	-
CURRENT ASSETS			
Debtors		81,837	95,133
Cash at bank and in hand		<u>175,850</u>	<u>49,659</u>
		257,687	144,792
CREDITORS : Amounts falling Due within one year		<u>(256,277)</u>	<u>(275,227)</u>
NET CURRENT LIABILITIES		<u>1,410</u>	<u>(130,435)</u>
NET ASSETS		<u><u>£262,252</u></u>	<u><u>£2,209</u></u>
CAPITAL AND RESERVES			
Called up share capital	4	250,000	100
Profit and loss account		<u>12,152</u>	<u>2,109</u>
EQUITY SHAREHOLDERS' FUNDS		<u><u>£262,252</u></u>	<u><u>£2,209</u></u>

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

Approved by the Board on 5th May 2000


M T Pryor - Director

MIDLAND RESOURCES UK LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
31ST DECEMBER, 1999

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 1985, as amended, and with applicable Accounting Standards. Any material departures from Accounting Standards are described below.

1.1 Turnover

Turnover is the aggregate value of sums received and receivable for consultancy fees and commissions.

1.2 Depreciation

Depreciation is provided on all tangible fixed assets in order to write off the cost of the fixed assets over their estimated useful lives as follows :-

Leasehold improvements	: 20% straight line
Computer equipment	: 33 $\frac{1}{3}$ % straight line
Fixtures and fittings	: 20% straight line
Motor vehicle	: 20% on the written down value.

1.3 Investments

Investments are stated at cost less provision for any permanent diminution in value.

1.4 Operating Leases

Rental payments under operating leases are charged directly to the profit and loss account on a straight line basis over the lease term.

1.5 Deferred Taxation

No provision has been made for deferred taxation as, in the opinion of the directors, such a provision is unlikely to arise in the foreseeable future.

1.6 Finance Leases

Assets held under finance leases and hire purchase contracts are recorded as fixed assets and depreciated in accordance with 1.2 above. A creditor is recognised for the obligation to repay the capital element of future lease payments. This is released over the term of the lease.

1.7 Cash Flow Statement

The company is a small company as defined by sections 246 and 247 of the Companies Act 1985. It has therefore taken advantage of the exemption conferred by Financial Reporting Standard Number 1 (Revised 1996) not to prepare a cash flow statement.

1.8 Foreign Currency Translation

The company's trading activities are denominated in U.S. Dollars, although fees are receivable and accounting records are maintained in sterling.

The total of the monies realised by the company in the period has been translated into sterling at the rate ruling at the balance sheet date, thus giving rise to an exchange difference. All differences have been taken to the profit and loss account. This treatment is not in accordance with Statement of Standard Accounting Practice No. 20, Foreign Currency Translation. In the opinion of the directors this departure is not material to the financial position of the company and compliance with the standard would be excessively onerous.

MIDLAND RESOURCES UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS - CONTINUED

31ST DECEMBER, 1999

1. ACCOUNTING POLICIES (cont.)

1.9 Pension Costs

The company operates a defined contribution pension scheme. All pension costs are written off to the profit and loss account when they are incurred.

2. TANGIBLE FIXED ASSETS	1999	1998
	£	£
Cost		
At 1st January, 1999	169,232	-
Additions	7,513	169,232
Disposals	(58,000)	-
At 31st December, 1999	<u>118,745</u>	<u>169,232</u>
Depreciation		
At 1st January, 1999	36,588	-
Charge for year	26,488	36,588
Disposals	(11,600)	-
At 31st December, 1999	<u>51,476</u>	<u>36,588</u>
Net Book Value		
At 31st December, 1999	<u>£67,629</u>	<u>£132,644</u>
At 1st January, 1999	<u>£132,644</u>	<u>-</u>
3. INVESTMENTS	1999	1998
	£	£
Cost at 1 st January, 1999	-	-
Acquisitions	<u>193,473</u>	-
Cost at 31 st December, 1999	<u>£193,473</u>	<u>£nil</u>

During the year, the company acquired 9% of the ordinary share capital of Joint Stock Commercial Bank "Industrialbank", a company registered in the Ukraine.

MIDLAND RESOURCES UK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS - CONTINUED

31ST DECEMBER, 1999

4. SHARE CAPITAL	1999	1998
Authorised		
1,000,000 Ordinary shares of £1 each	£1,000,000 =====	£1,000 =====
Allotted, called up and fully paid		
250,000 Ordinary shares of £1 each	£250,000 =====	£100 =====