

Anglo Pacific Group PLC

Report and Accounts

1998

Anglo Pacific Group PLC

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Anglo Pacific Group PLC

DIRECTORS

P.M. BOYCOTT (*Chairman*)

M. CHANARIN

H. MICHAELIS (*Corporate Development Director*)

W.M. RUSHBROOKE

B.M. WIDES (*Finance Director*)

SECRETARY

V. SIMMONS

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AUDITORS

KIDSONS IMPEY
Breckenridge House, 274 Sauchiehall Street, Glasgow G2 3EH

BANKERS

BARCLAYS BANK PLC
Hanover Square Corporate Banking Centre
8/9 Hanover Square
London W1A 4ZW

REGISTRARS

COMPUTERSHARE SERVICES plc
Owen House
8 Bankhead Crossway North
Edinburgh EH11 4BR

STOCKBROKERS

BELL LAWRIE WHITE & CO
48 St Vincent Street
Glasgow G2 5TS

Anglo Pacific Group PLC

Annual Report 1998

CHAIRMAN'S REVIEW

I am pleased to say the Group's results are much improved compared to last year. We will be paying a dividend on 30th July 1999 of 0.1p net per share to shareholders on the register on 2nd July 1999.

Anglo Pacific Group PLC made a profit before tax of £895,000 compared with £297,000 for 1997 after accelerated depreciation and provision reversals from last year's results are excluded. This is an increase of 301%. Turnover has increased by 8.4% from £4,024,000 to £4,362,000.

Our focus during the last twelve months has been the increase in the productive capacity of both wet and dry plants at Fife Silica Sands. Such expansion helps us produce and sell substantially more higher value products. Sales of wet sand to glass bottle manufacturers are robust despite less demand for glass containers. The market has responded well to our new high value products. We have continued to prove up our silica sand mineral deposit at Burrowine Moor in terms of extensive drilling of the resource. Furthermore, we have expanded and improved our planning permissions.

At Ledmore Marble we continue to research and develop the market for our products, but are determined to keep costs down in our search to achieve a good return from this resource. The potential demand for high value decorative and landscape products is substantial.

We continue to improve the resource at Shetland Talc. We have renegotiated the leases and other local agreements. Several outside parties are interested in jointly developing or buying this deposit.

The royalty income from the two Australian coal mines has increased compared to last year. The Crinum mine, operated by Broken Hill Proprietary, has achieved record levels of production albeit with lower world coal prices and a weak Australian dollar. The Gordonstone mine, which had been the subject of an employee lockout by its previous owners, Atlantic Richfield, was sold to RTZ at the end of last year. RTZ has restarted limited production and hopes to work up to full production levels later on in the year.

We retain an interest in Brancote Holdings PLC which has been affected by the low rating of the mining sector and the outlook for base metal prices and the price of gold. Brancote's activities are focused on its Argentine gold interests which are being developed by new management.

During this last year we have completed the overhaul of the Group's financial, security, business software and operating systems. We have refurbished and re-let the Edinburgh office. These actions have helped to reduce overheads. During the year Kidsons Impey were appointed as our new Auditors and Bell Lawrie White and Co. as our Financial Advisers and Sponsoring Broker.

At the AGM held on 9th July 1998, shareholders inter alia gave the Company authority to buy its own shares in the market and to reduce its share capital subject to certain conditions. After the Company took further professional advice it was found that it was not necessary to implement the capital reduction nor to apply to the High Court as the values of the various assets held by the Anglo Pacific Group PLC, and in particular Fife Silica Sands, had been written down in the last ten years under the previous management to well below their original cost. These write downs had been made against revenue reserves. By reinstating original costs, because there had been no permanent impairment of the assets in question, the revenue reserves deficit has been eliminated.

Anglo Pacific Group PLC

Annual Report 1998

CHAIRMAN'S REVIEW

We can now pay dividends and buy our own shares. In August 1998 we spent £168,000 on 1,225,000 shares at prices of between 13p and 14p per share.

I would like to thank all our staff and my fellow Directors for their hard work and dedication during a year of management change and expansion in operations.

Because of the investment made in operating plant and product development, we are confident of improving results by the sale of more higher value added products. We will continue to look at potential acquisitions.

P.M. BOYCOTT

Chairman

16th March 1999

Anglo Pacific Group PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31st DECEMBER 1998

The directors present their report together with audited consolidated accounts of the Group for the year ended 31st December 1998.

Summary of activities

The activities of the Group, conducted mainly through its subsidiary undertakings, are summarised below:—

Gordon Resources Limited

The Group via its Australian subsidiary Gordon Resources Limited owns a royalty entitlement to the output from the Gordonstone and Crinum underground mines in Queensland. The Group royalty is at a rate of 2% on the Free on Rail value of coal sold from each mine.

Fife Silica Sands Limited

The Group's subsidiary Fife Silica Sands Limited owns a sand quarry at Burrowine Moor Quarry in Fife, Scotland. Output from the quarry is sold mostly to glass bottle manufacturers with a limited amount of high value sand being sold for specialist uses such as to water companies for filtration. Sand is also sold locally for use in the cement and asphalt industries.

Ledmore Marble Limited

The Group via its subsidiary Ledmore Marble Limited owns a marble quarry at Ledmore Junction in Sutherland, Scotland. Output from the quarry has been sold for road construction, for use as harling, to garden centres as decorative stone and in marble blocks to the building and construction industry.

Other investments

- (a) Shetland Talc Limited, a Group subsidiary, owns a talc deposit in Shetland.
- (b) The Group owned at 31st December 1998 863,000 shares in Brancote Holdings PLC (approx 4.2% of that company's issued share capital) with an option to buy a further 1,836,195 shares on or before 13th May 1999 at a price of 55p. On 16th March 1999 Brancote had a one for one rights issue when the Group increased its shareholding to 1,726,000 shares (approx. 3.9% of the enlarged share capital). Brancote, which has recently appointed a new Managing Director, has a 40% interest in an operating copper mine in Northern Queensland and further interests in some 60 mining exploration properties, mostly joint ventured with major international mining groups. Of these, Brancote's main focus is on its Argentinian gold properties.
- (c) Anglo Pacific Brancote Limited is jointly owned by Anglo Pacific Group PLC and Brancote Holdings PLC. There is a joint venture agreement between the companies for Anglo Pacific Brancote Limited to be used for joint mining projects, although no activities have yet commenced or funds advanced.

Group results for the year

The consolidated profit and loss account is set out on page 14 of the accounts.

The retained profit for the year of £1,801,000 was transferred to the profit and loss account and served to reduce the accumulated deficit brought forward.

Dividends

The directors recommend a dividend of 0.1p (1997: nil) per ordinary share to be paid on 30th July 1999 to shareholders on the register at close of business on 2nd July 1999.

Directors and their interests

The names of the directors who held office during the year under review are shown below:—

P.M. Boycott

M. Chanarin (*appointed 17th March 1998*)

Anglo Pacific Group PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31st DECEMBER 1998

H. Michaelis
W.M. Rushbrooke
B.M. Wides
Professor D. Miltz (*deceased 2nd March 1998*)
The Earl of Dundonald (*resigned 16th March 1998*)

The Group maintains insurance for its directors and officers against certain liabilities in relation to the Group.

M. Chanarin was appointed to the board on 17th March 1998. He has degrees in Science, Arts and a Master of Business Administration (MBA). He has had extensive business experience in the UK in the fields of local and international finance, as well as manufacturing, distribution and service industries.

The beneficial interests of the directors in office at 31st December 1998 in the share capital of the company are as follows:—

Director	Number of Ordinary Shares	
	31st December 1998	31st December 1997
P.M. Boycott	1,679,810	1,579,810
M Chanarin	250,000	—
H. Michaelis	1,884,000	1,788,000
B.M. Wides	2,164,695	2,064,695
W.M. Rushbrooke	—	—

No other director had any interest in the issued share capital of the company at the end of the year. No director was interested in any shares of subsidiary companies at any time during the year. There have been no changes in directors' interests in shares of the company and its subsidiaries between the end of the year and the date of this report.

Share Option Scheme

The following directors in office at 31st December 1998 held options to subscribe for Ordinary Shares in the company, under The Anglo Pacific Group PLC Unapproved Executive Share Option Scheme:—

	No. of Shares		Exercisable between	Exercise price
	1998	1997		
P.M. Boycott	500,000	500,000	10/12/00–10/12/04	18p
	500,000	500,000	10/12/02–10/12/04	18p
H. Michaelis	500,000	500,000	10/12/00–10/12/04	18p
	500,000	500,000	10/12/02–10/12/04	18p
B.M. Wides	500,000	500,000	10/12/00–10/12/04	18p
	500,000	500,000	10/12/02–10/12/04	18p

All options were granted on 10th December 1997 but none have been exercised by directors during the year or up to the date of this report.

There was no difference in the market price and the exercise price on the date the share options were granted.

The market price of the shares at 30th December 1998 was 12¹/₄ p and the range during the year was 12¹/₄ p to 22¹/₂ p.

Anglo Pacific Group PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31st DECEMBER 1998

Purchase and Cancellation of Own Shares

During the year under review the company purchased and subsequently cancelled 1,225,000 of its own 10p ordinary shares, for an aggregate consideration of £168,000 (average price 13.7p per share), representing 1.4% of the total called up share capital.

Substantial interests

The company has been notified of the following interests of 3% or more in the Share Capital of the company at 17th March 1999:—

	Ordinary Shares of 10p each	Representing
Standard Bank London Ltd	11,552,000	13.68%
IKEA Finance S.A.	6,158,000	7.29%
Ransomes Dock Ltd	4,198,100	4.97%
Lattitude Investments Ltd	3,301,598	3.91%

Donations

During the year donations totalling £1,000 (1997—nil) were made by the Group.

No political donations were made during the year (1997—nil).

Supplier Payment Policy

The Company's policy with regard to the payment of suppliers is to:—

- agree the terms of payment at the start of business with that supplier;
- ensure that the suppliers are made aware of the terms of payment;
- pay in accordance with its contractual and legal obligations.

During the year to 31st December 1998 the Company took an average of 94 days to settle its bills with suppliers.

Income and Corporation Taxes Act 1988

So far as the directors are aware, the company is not, and was not at the end of the financial year, a close company in terms of the Income and Corporation Taxes Act 1988.

Year 2000

Many computer and digital systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the year 2000 and beyond.

The Group has reviewed its potential exposure to the year 2000 problem. This review included all major production and IT systems. All business critical production systems have been confirmed as either correctly handling the millennium date change or not date dependant. The Group uses only standard software packages and these have also been confirmed as correctly handling the year 2000 date change. No significant costs have been incurred in modifying or replacing non-compliant equipment or software.

The Group does not foresee any significant problems resulting from year 2000 related failures by our suppliers and customers. Business operations are not dependant on any single supplier and on the basis of discussions held with major customers, their own year 2000 preparations are at an advanced stage.

The Environment

The Group remains committed to its Environmental Policy and collaborates fully with statutory authorities, local communities and special interest groups to minimise effects of its activities on the natural and human environment associated with its operations.

Anglo Pacific Group PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31st DECEMBER 1998

Statement of directors' responsibilities

The directors are required by UK company law to prepare accounts for each financial year that give a true and fair view of the state of affairs of the company and the Group as at the end of the financial year and of the profit or loss of the Group for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the accounts for the year ended 31st December 1998. The directors also confirm that applicable accounting standards have been followed and the accounts have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Registered Office:
29 Albemarle Street,
London W1X 3FA

By Order of the Board
V. Simmons
Company secretary
30th March 1999

Anglo Pacific Group PLC

CORPORATE GOVERNANCE STATEMENT

Compliance

The Board confirms that the company complies with the Combined Code published by the Committee on Corporate Governance other than in respect of the areas disclosed in the following report:

The Board of Directors

The Board currently comprises an executive Chairman, Finance Director and Corporate Development Director. In addition there are two non-executive directors. New director appointments are considered formally by the Board. All directors are subject to election by shareholders at the first opportunity after their appointment. The directors do not consider that a separate nomination committee would be beneficial in a group of this size. Directors are able to take both independent professional advice and appropriate training in furtherance of their duties at the company's expense. Individual directors, in conjunction with other Board members, may take training tailored to their own requirements. At this stage due to the size of the Group the Board does not pursue a detailed schedule of areas for training its directors.

The current non-executive directors do not have specific terms of appointment. The Board are currently examining this area and are considering what terms of appointment are appropriate. Under the terms of the company's Memorandum and Articles of Association, all directors retire by rotation on the basis of one-third of their number each year, and require to be re-appointed by the shareholders at an Annual General Meeting.

The day to day management of the Group is delegated to the executive directors including the Chairman, save for certain matters reserved for consideration by the Board. There is no specific list of matters for the Board's consideration but the executive directors report and refer to the Board at regular intervals on all matters relating to the running of the Company. All of the non-executive directors are considered by the Board to be independent. Given the size of the Group it is not considered necessary to appoint a separate Chief Executive Officer or senior independent non-executive director.

The Board meets at least six times a year on a planned basis. Each Board member receives monthly trading results. Prior to each meeting, directors are sent an agenda and backup papers on individual agenda items. Directors may request additional Board papers.

Audit Committee

Since the death of Professor D. Miltz on 2nd March 1998, the company has one executive director and two non-executive directors constituting the audit committee as opposed to the recommended three non-executive directors. Whilst this does not comply with recommended practice the directors believe it is neither practicable nor desirable for the audit committee to include more than two non-executive directors given the size of the Group. The audit committee's terms of reference are consistent with those recommended under the Combined Code.

The audit committee comprises P.M. Boycott, executive Chairman and the two non-executive directors, M. Chanarin and W.M. Rushbrooke. The committee meets as required, in particular, prior to the release of the Group's annual audited financial statements to review the scope of the audit and audit procedures, the format and content of the audited financial statements and their notes, and the accounting principles applied in preparing the audited financial statements. The committee will also review any proposed changes in accounting policies, any recommendations from the Group's auditors regarding improving internal financial controls, as well as the adequacy of resources within the Group's finance function.

Anglo Pacific Group PLC

CORPORATE GOVERNANCE STATEMENT

Remuneration Committee

Since the death of Professor D. Miltz on 2nd March 1998, the remuneration committee has comprised of B.M. Wides, Finance Director, M. Chanarin and W.M. Rushbrooke, both non-executive directors. The principal function of the committee is to determine the policy on remuneration for its executive directors, senior management and company secretary, including their service contracts, salaries, benefits in kind, performance related awards and compensation or termination payments. In exercising its responsibilities, the committee has access to professional advice.

The remuneration committee does not consist exclusively of non-executive directors with no personal financial interest and no day-to-day involvement in running the business. Given the fact that the majority of the committee is made up of non-executives, the committee do not believe there are any conflicts of interest.

Relations with Shareholders

The Annual General Meeting (AGM) is used as a forum to communicate with private investors and the Board encourages their participation. Shareholders may ask questions on resolutions proposed at the meeting and about the business in general. The Chairmen of the audit and remuneration committees are available to answer questions. Where appropriate, the Board maintains ongoing contact with institutional shareholders including regular meetings.

Internal Financial Controls

The directors are responsible for ensuring that the Group maintains a system of internal financial controls, including suitable monitoring procedures. The system is designed to ensure the maintenance of proper accounting records and the reliability of financial information used internally and externally. Any system of internal control can only provide reasonable, but not absolute assurance, against misstatement or loss. During the year the Group's internal financial control and monitoring procedures included:

- clear responsibilities on the part of operating and financial management for the maintenance of financial controls and the production of accurate and timely financial information;
- the control of key financial risks through clear authorisation levels and proper segregation of duties and
- detailed monthly budgeting and reporting results, balance sheets and cash flows, with regular review by management of variances from budgets.

The directors confirm that they have reviewed the effectiveness of the system of internal financial control in place during the year.

Going Concern

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Anglo Pacific Group PLC

REMUNERATION COMMITTEE REPORT

Remuneration Policy

The committee's policy is to attract, retain and motivate quality senior management with a competitive salary package. The principal components of the package are salary and performance related bonus awards for individuals at the discretion of the committee. The company does not currently provide pension benefits to its senior employees and management. However this matter is currently under review.

The Anglo Pacific Group PLC Unapproved Executive Share Option Scheme, was set up during 1997 and continues the Company's policy to incentivise directors by share options rather than market rates of remuneration. Directors' share options at 31st December 1998 are disclosed in the directors' report.

The emoluments and fees of the executive directors are set out in note 4 of the accounts. All such fees are agreed by the full board with no individual director determining or approving his own remuneration.

The committee confirms that it complies with Section 1 of the Combined Code in determining the company's policy on remuneration of its executive directors, including service contracts and compensation. Details of each director's remuneration are set out in note 4 of the accounts. Details of the directors' share ownership and options are set out in the Directors' Report on page 6.

Service Contracts and Notice Periods

The Chairman and all other executive directors do not have service contracts as they are major investors in the Group. The Board is currently in the process of introducing service contracts. In accordance with the articles of association, the directors retire by rotation and, being eligible, offer themselves for re-election.

W.M. Rushbrooke
Chairman, Remuneration Committee
30th March 1999

Anglo Pacific Group PLC

REPORT OF THE AUDITORS TO THE MEMBERS OF ANGLO PACIFIC GROUP PLC

We have audited the financial statements on pages 14 to 30 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 18 and 19.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 8 of the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the London Stock Exchange and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. 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 or the Listing Rules regarding directors' remuneration and transactions with the company is not disclosed.

We review whether the statement on pages 9 and 10 reflects the company's compliance with those provisions of the Combined Code specified for our review by the Stock Exchange, and we report if it does not. We are not required to form an opinion on the effectiveness of the company's corporate governance procedures or its internal controls.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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 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 and the group's affairs as at 31st December 1998 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Kidsons Impey
Registered Auditors
Chartered Accountants
Glasgow
30th March 1999

Anglo Pacific Group PLC

PRO FORMA CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 1998

Excluding accelerated depreciation credit and release of the restructuring provision.

	1998	1997
	£000's	£000's
Operating profit	1,226	270
Profit on ordinary activities before tax	<u>895</u>	<u>297</u>

The above pro forma is presented to assist comparisons with prior year figures.

PRO FORMA CONSOLIDATED BALANCE SHEET AT 31st DECEMBER 1998 INCORPORATING VALUATIONS

Incorporating an external valuation of the Australian royalty interests into the financial statements as at 31st December 1998 gives the position set out below:—

	Statutory accounts	Pro forma adjustments	Total pro forma
	£000's	£000's	£000's
Fixed assets			
Tangible assets	12,110	—	12,110
Investments	2,905	12,510	15,415
	<u>15,015</u>	<u>12,510</u>	<u>27,525</u>
Net current liabilities	(514)	—	(514)
Total assets less current liabilities	14,501	12,510	27,011
Long term liabilities	(4,787)	—	(4,787)
Net assets	<u>9,714</u>	<u>12,510</u>	<u>22,224</u>
Capital and reserves			
Called up share capital	8,446	—	8,446
Share premium account	2,431	—	2,431
Capital redemption reserve	122	—	122
Revaluation reserve	1,606	12,510	14,116
Foreign currency translation reserve	136	—	136
Profit and loss account—deficit	(3,027)	—	(3,027)
Equity shareholders' funds	<u>9,714</u>	<u>12,510</u>	<u>22,224</u>

Explanation of pro forma consolidated balance sheet adjustments

The £12.5 million adjustment to investments represents the difference between the carrying value of the Gordonstone and Crinum coal royalty and an external valuation undertaken by independent professional valuers during December 1998.

The pro forma consolidated profit and loss account and balance sheet do not constitute part of the statutory accounts as at 31st December 1998 and are therefore unaudited.

Anglo Pacific Group PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 1998

	Notes	1998 £000's	1997 £000's
Turnover	2	4,362	4,024
Cost of sales		(3,840)	(3,828)
Gross profit		522	196
Administrative expenses		(696)	(885)
Exploration and development costs		—	(125)
Accelerated depreciation credit	10	1,029	1,961
Royalty income from fixed asset investment		1,350	1,018
Other operating income		50	66
Operating profit	3	2,255	2,231
Release of provision for fundamental restructuring	15	405	78
Interest receivable		2	6
Interest payable	6	(374)	(409)
Gain on foreign exchange		41	430
Profit on ordinary activities before tax	2	2,329	2,336
Taxation on profit on ordinary activities	7	(444)	(294)
Profit for the financial year		1,885	2,042
Dividends		(84)	—
Retained Profit for the financial year		1,801	2,042
Earnings per ordinary share	8	2.21p	2.44p
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES		1998	1997
		£000's	£000's
Profit for the financial year		1,885	2,042
Increase in revaluation reserve	18	1,606	—
Currency translation (losses)/gains on foreign currency investments	18	(25)	51
Total recognised gains and losses relating to the year		3,466	2,093

All turnover relates to continuing operations and there were no discontinued operations or acquisitions during the year.

**A PRO FORMA CONSOLIDATED PROFIT AND LOSS ACCOUNT IS
PRESENTED ON PAGE 13.**

Anglo Pacific Group PLC

CONSOLIDATED BALANCE SHEET AND COMPANY BALANCE SHEET AT 31st DECEMBER 1998

	Notes	Group		Company	
		1998 £000's	1997 £000's	1998 £000's	1997 £000's
Fixed assets					
Tangible assets	10	12,110	8,182	146	117
Investment in subsidiary undertakings	11	—	—	17,957	6,784
Investments	11	2,905	2,905	393	393
		<u>15,015</u>	<u>11,087</u>	<u>18,496</u>	<u>7,294</u>
Current assets					
Stocks	12	267	148	—	—
Debtors	13	1,329	2,070	58	72
Cash at bank and in hand		19	22	11	—
		<u>1,615</u>	<u>2,240</u>	<u>69</u>	<u>72</u>
Current liabilities					
Creditors—amounts falling due within one year	14	(2,129)	(3,117)	(318)	(1,592)
Net current liabilities		<u>(514)</u>	<u>(877)</u>	<u>(249)</u>	<u>(1,520)</u>
Total assets less current liabilities		<u>14,501</u>	<u>10,210</u>	<u>18,247</u>	<u>5,774</u>
Long term liabilities					
Creditors—amounts falling due after more than one year	15	(4,676)	(3,590)	(3,783)	(3,128)
Provisions for liabilities and charges	16	(111)	(120)	—	—
		<u>9,714</u>	<u>6,500</u>	<u>14,464</u>	<u>2,646</u>
Capital and reserves					
Called up share capital	17	8,446	8,568	8,446	8,568
Share premium account	17	2,431	2,431	2,431	2,431
Capital redemption reserve	18	122	—	122	—
Revaluation reserve	18	1,606	—	—	—
Foreign currency translation reserve	18	136	161	83	82
Profit and loss account—(deficit)/surplus	19	(3,027)	(4,660)	3,382	(8,435)
Equity shareholders' funds	20	<u>9,714</u>	<u>6,500</u>	<u>14,464</u>	<u>2,646</u>

Approved at a Board Meeting held on 30th March 1999.

B.M. Wides Director
P.M. Boycott Director

**A PRO FORMA CONSOLIDATED BALANCE SHEET IS PRESENTED
ON PAGE 13.**

Anglo Pacific Group PLC

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st DECEMBER 1998

	Notes	1998		1997	
		£000's	£000's	£000's	£000's
Net cash inflow from operating activities	1		2,063		475
Returns on investments and servicing of finance					
Interest received	2			6	
Interest paid		(311)		(395)	
Interest paid on finance leases		(34)		(14)	
Net cash outflow from return on investments and servicing of finance			(343)		(403)
Taxation					
Overseas tax paid		(260)		(547)	
UK Advance corporation tax		(11)		—	
UK Income tax		(66)		—	
			(337)		(547)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(877)		(210)	
Receipts from sales of tangible fixed assets		207		23	
Cash receipts from sale of property and mining interests		—		53	
Purchase of equity investments		—		(393)	
Net cash outflow from capital expenditure and financial investment			(670)		(527)
Net cash inflow/(outflow) before management of liquid resources and financing			713		(1,002)
Management of liquid resources			—		—
Financing					
Receipts from issue of share capital		—		800	
Payments to acquire own shares		(168)		—	
Capital element of finance lease repayments		(230)		(167)	
Proceeds from borrowings		3,750		3,500	
Repayment of borrowings		(3,029)		(3,500)	
Net cash inflow from financing			323		633
Increase/(decrease) in cash	2		<u>1,036</u>		<u>(369)</u>

The notes to the Consolidated Cash Flow Statement are on page 17.

Anglo Pacific Group PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st DECEMBER 1998

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

	1998	1997
	£000's	£000's
Operating profit	2,255	2,231
Depreciation (note 10)	301	510
Accelerated depreciation credit (note 10)	(1,029)	(1,961)
Loss on sale of tangible fixed assets	43	12
(Increase)/decrease in stocks	(119)	22
Decrease/(increase) in debtors	717	(572)
(Decrease)/increase in creditors	(105)	233
Net cash inflow from operating activities	<u>2,063</u>	<u>475</u>

2. Reconciliation of net cash flow to movement in net debt

	1998	1997
	£000's	£000's
Increase/(decrease) in cash in the period	1,036	(369)
Cash outflow from change in debt and lease financing	(1,384)	(376)
Change in net debt resulting from cash flows	(348)	(745)
Translation difference, net	41	430
Movement in net debt in the period	(307)	(315)
Net debt at 1st January	(4,499)	(4,184)
Net debt at 31st December	<u>(4,806)</u>	<u>(4,499)</u>

3. Analysis of net debt

	At 1st January 1998	Finance lease advances	Transfers	Cash Flows	Exchange Movement	At 31st December 1998
	£000's	£000's	£000's	£000's	£000's	£000's
Cash in hand, at bank	22	—	—	(3)	—	19
Overdraft	(1,070)	—	—	1,039	—	(31)
Leasing and hire purchase within one year	(134)	(278)	(129)	222	—	(319)
Leasing and hire purchase after one year	(247)	(615)	129	8	—	(725)
Borrowings	(3,070)	—	—	(721)	41	(3,750)
	<u>(4,499)</u>	<u>(893)</u>	<u>—</u>	<u>545</u>	<u>41</u>	<u>(4,806)</u>

Anglo Pacific Group PLC

NOTES TO THE ACCOUNTS

1. Accounting policies and convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom. A summary of significant accounting policies is set out below.

Basis of consolidation

The Group profit and loss account and balance sheet combine the accounts of the company and its subsidiaries.

Turnover

The turnover of the Group comprises the amounts receivable from external customers for goods sold excluding value added tax.

Exploration and development expenditure

Costs of exploration and development are expensed to the profit and loss account except where a project is ongoing and is considered viable. These costs are considered part of the development of the producing assets and are capitalised as tangible fixed assets and depreciated on a unit of production basis.

Fixed asset investments

Investments disclosed as fixed assets in the consolidated balance sheet of the Group comprise interests in producing assets held by a subsidiary company and an equity investment in a mining exploration company.

Investments in subsidiary companies are classified as fixed assets and included in the balance sheet of the Company.

All categories of investment are included at cost unless they are regarded as permanently impaired, where they are included at the lower of cost or valuation.

Advances to subsidiary undertakings are added to fixed asset investments in the Company's accounts.

Tangible fixed assets

Tangible fixed assets are included at cost except that producing assets are included at valuation. Assets are depreciated over their estimated useful economic lives. Depreciation rates and methods are set out below:

Producing assets, including land	Unit of production
Fixtures and fittings	4 to 10 years straight line
Plant and machinery	4 to 10 years straight line

Stocks

Stocks of raw materials, consumables and finished goods are valued at the lower of cost and net realisable value. Cost includes direct materials, overheads and labour costs.

Anglo Pacific Group PLC

NOTES TO THE ACCOUNTS

1. Accounting policies and convention (continued)

Taxation

The tax charge is based on the profit for the year adjusted for disallowable items and timing differences to the extent that they are unlikely to result in an actual tax liability in the foreseeable future. Timing differences arise from the recognition for tax purposes of certain items of income and expenditure in a different accounting period from that in which they are recognised in the accounts. The corporation tax effect of timing differences as reduced by the tax benefit of any accumulated losses is treated as a deferred tax liability.

Foreign currency

Assets and liabilities expressed in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions during the year are translated at exchange rates ruling at the date of transaction. Exchange movements arising from the retranslation of the opening net investment in foreign subsidiaries at the year end rate are taken directly to the foreign currency translation reserve.

Leased assets

Fixed assets acquired under finance leases are capitalised and the related leasing obligations included in creditors.

Rentals under operating leases are charged against income on a straight-line basis over the term of the lease.

2. Turnover, profit before tax and net operating assets

The directors consider that the Group's only activity is the exploration, mining and development of industrial minerals. Accordingly all the turnover and the profit before taxation are attributable to this activity.

Geographical Analysis

	1998		1997	
	Turnover £000's	Profit before tax £000's	Turnover £000's	Profit before tax £000's
United Kingdom	4,362	1,161	4,024	1,516
Australia	—	1,168	—	820
	<u>4,362</u>	<u>2,329</u>	<u>4,024</u>	<u>2,336</u>
Net assets		1998		1997
		£000's		£000's
United Kingdom		7,302		3,253
Australia		2,412		3,247
		<u>9,714</u>		<u>6,500</u>

Anglo Pacific Group PLC

NOTES TO THE ACCOUNTS

3. Operating profit	1998	1997
	£000's	£000's
The operating profit is stated after charging/(crediting):—		
Distribution costs	2,082	1,629
Depreciation of tangible fixed assets (note 10)	301	510
Accelerated depreciation credit (note 10)	(1,029)	(1,961)
Charges in respect of assets held under finance leases	47	14
Operating leases	22	36
Auditors' remuneration—audit fees (Company—£10,000)	29	38
—non-audit services	16	69
	<u>16</u>	<u>69</u>

4. Directors' remuneration

The emoluments of directors who held office during the years ended 31st December 1998 and 1997 were:—

	Salary	Fees	Benefits	1998	1997
	£	£	£	Total	Total
				£	£
<i>Present Directors</i>					
P.M. Boycott	27,917	—	—	27,917	33,333
M. Chanarin	—	—	—	—	—
H. Michaelis	18,320	—	—	18,320	33,333
W.M. Rushbrooke	—	—	—	—	—
B.M. Wides	27,917	—	—	27,917	33,333
	<u>74,154</u>	<u>—</u>	<u>—</u>	<u>74,154</u>	<u>99,999</u>
<i>Past Directors</i>					
G.N. Kennedy	—	—	—	—	3,000
O.L. Griffiths	—	—	—	—	66,979
D.D. de Beer	—	—	—	—	2,254
Earl of Dundonald	5,833	—	—	5,833	49,050
Professor D. Miltz	3,125	—	—	3,125	11,041
G.J. Robbertze	—	—	—	—	1,560
R.A.D. Wilson	—	—	—	—	1,560
	<u>8,958</u>	<u>—</u>	<u>—</u>	<u>8,958</u>	<u>135,444</u>
Total directors' remuneration	<u>83,112</u>	<u>—</u>	<u>—</u>	<u>83,112</u>	<u>235,443</u>

The directors' interests in shares of the company are set out in the directors' report on page 6. The company did not make either pension contributions on behalf of or performance related awards to any director.

Anglo Pacific Group PLC

NOTES TO THE ACCOUNTS

5. Staff

	1998	1997
	£000's	£000's
Wages and salaries	822	776
Social security costs	78	67
	<u>900</u>	<u>843</u>

The average number of persons (including executive directors) employed by the Group during the year was:—

	1998	1997
	Number	Number
Production	23	18
Marketing	3	3
Technical	6	4
Administration	6	7
	<u>38</u>	<u>32</u>

Pensions

The Group contributes to a defined contribution pension scheme for certain UK-based employees of the Group. The assets of the scheme are held separately from those of the company in an independently administered fund.

6. Interest payable

	1998	1997
	£000's	£000's
Interest on convertible debt	—	128
On bank overdrafts and other loans	327	267
Hire purchase interest	47	14
	<u>374</u>	<u>409</u>

The convertible debt was repaid in full on 21st May 1997.

7. Taxation on profit on ordinary activities

	1998	1997
	£000's	£000's
Overseas corporation tax for the year	442	260
Overseas deferred taxation (note 16)	(9)	34
UK irrecoverable advance corporation tax	11	—
	<u>444</u>	<u>294</u>

No mainstream corporation tax was payable in the United Kingdom in 1998 and 1997 due to losses incurred in the current and prior years.

Anglo Pacific Group PLC

NOTES TO THE ACCOUNTS

8. Earnings per ordinary share

The earnings per ordinary share is calculated on the Group's profit after tax of £1,885,000 (1997—£2,042,000) and the weighted average number of shares in issue during the year of 85,279,622 (1997—83,686,705). The exercise of the options would not have a material effect on the earnings per share calculation.

9. Results of Anglo Pacific Group PLC

Included in the consolidated profit attributable to the shareholders of Anglo Pacific Group PLC is a profit of £11,985,000 (1997—loss of £15,000), which has been dealt with in the accounts of the holding company. Anglo Pacific Group PLC has taken advantage of the Companies Act dispensation allowing it not to publish a separate profit and loss account.

10. Tangible assets

Group

	Producing assets £000's	Fixtures and fittings £000's	Plant and machinery £000's	Total £000's
Cost:				
At 1st January 1998	17,687	150	3,693	21,530
Revaluation	1,314	—	—	1,314
Transfer from other debtors	83	—	—	83
Additions	181	14	1,565	1,760
Disposals	—	—	(312)	(312)
At 31st December 1998	<u>19,265</u>	<u>164</u>	<u>4,946</u>	<u>24,375</u>
Depreciation:				
At 1st January 1998	10,937	119	2,292	13,348
Charge for the year	2	15	284	301
Eliminated on revaluation	(292)	—	—	(292)
Eliminated on disposals	—	—	(63)	(63)
Reversal of accelerated depreciation	(1,029)	—	—	(1,029)
At 31st December 1998	<u>9,618</u>	<u>134</u>	<u>2,513</u>	<u>12,265</u>
Net book value:				
At 31st December 1998	<u>9,647</u>	<u>30</u>	<u>2,433</u>	<u>12,110</u>
At 31st December 1997	<u>6,750</u>	<u>31</u>	<u>1,401</u>	<u>8,182</u>

Anglo Pacific Group PLC

NOTES TO THE ACCOUNTS

10. Tangible assets (continued)

Producing assets includes land and buildings with a cost of £2,210,000 and accumulated depreciation of £1,286,000.

The historical cost of producing assets was £17,951,000 (1997—£17,687,000) and accumulated depreciation based thereon would have amounted to £11,031,000 (1997—£10,937,000).

The net book value of plant and machinery includes an amount of £1,160,705 (1997—£457,459) in respect of assets held under finance leases. Depreciation charged in the year on assets held under finance leases included in the charge for the year was £65,068 (1997—£61,437).

The Group's tangible fixed assets are carried at cost less depreciation with the exception of the producing assets at Fife Silica Sands Limited and Ledmore Marble Limited. The producing asset at Fife Silica Sands Limited was valued by Gerald Eve, Property Advisers, as at 17th July 1998 on an open market existing use basis at £7.5 million, excluding producing plant and equipment and net current assets related to the property. The producing asset at Ledmore Marble Limited is included at Directors valuation of £1.9 million. The incorporation of valuations at 31st December has resulted in the reversal of the final part of the 1995 accelerated depreciation charges as follows:

	1998	1997
	£000's	£000's
Depreciation charge for the year	—	247
Accelerated depreciation—valuation	1,029	1,714
	<u>1,029</u>	<u>1,961</u>

During 1998 the balance of the 1995 accelerated depreciation charge was reversed through the profit and loss account. If further valuations increase the carrying value of the properties, these will be taken to the revaluation reserve.

Included in producing assets is a transfer of £83,473 representing professional fees that were shown as other debtors in 1997. In the opinion of the directors it is more appropriate to include these in producing assets and amortise over the life of the related asset. This transfer took place at cost.

Company	Fixtures and fittings	Plant and equipment	Total
	£000's	£000's	£000's
Cost:			
At 1st January 1998	143	204	347
Additions	14	65	79
Disposals	—	(4)	(4)
	<u>157</u>	<u>265</u>	<u>422</u>
At 31st December 1998			
Depreciation:			
At 1st January 1998	112	118	230
Charge for the year	15	34	49
Eliminated on disposals	—	(3)	(3)
	<u>127</u>	<u>149</u>	<u>276</u>
At 31st December 1998			
Net book value:			
At 31st December 1998	<u>30</u>	<u>116</u>	<u>146</u>
At 31st December 1997	<u>31</u>	<u>86</u>	<u>117</u>

Anglo Pacific Group PLC

NOTES TO THE ACCOUNTS

11. Fixed asset investments

Investments	Group £000's	Company £000's
Cost at 1st January and 31st December 1998	<u>2,905</u>	<u>393</u>

The Group's fixed asset investments comprise the Gordonstone and Crinum coal royalties and a 4.2% equity holding in Brancote Holdings PLC ("Brancote"). All fixed asset investments are stated at cost to the Group.

The Company commissioned a valuation of the coal royalty in December 1998 on a discounted cash flow basis which produced a valuation of £15.0 million (A\$40.5 million), a surplus of £12.5 million over the book amount. Were the coal royalty to be realised at the revalued amount there are £11.3 million (A\$30.4 million) of capital losses potentially available to offset against taxable gains.

This valuation is not incorporated in the statutory accounts but is reflected in the unaudited pro forma balance sheet on page 13.

The holding in Brancote is included at a cost of £393,000. Subsequent to the purchase of this holding, the market value of the shares has diminished. The directors have not recognised this impairment in the financial statements as they do not consider the decline in the market value of the shares to be permanent. The market value of the shares on 16th March 1999 (the date of the preliminary announcement) was £103,560.

Investment in subsidiary undertakings

	Shares in subsidiary undertakings £000's	Net advances to subsidiary undertakings £000's	Total £000's
Cost:			
At 1st January 1998	21,055	5,463	26,518
Repayment of loan	—	(797)	(797)
Reclassification	(2,641)	2,641	—
Loans made during the year	—	2,084	2,084
At 31st December 1998	<u>18,414</u>	<u>9,391</u>	<u>27,805</u>
Provisions:			
At 1st January 1998	16,382	3,352	19,734
Reversal of provisions	(9,886)	—	(9,886)
Provisions made during the year	—	—	—
At 31st December 1998	<u>6,496</u>	<u>3,352</u>	<u>9,848</u>
Net book value:			
At 31st December 1998	<u>11,918</u>	<u>6,039</u>	<u>17,957</u>
At 31st December 1997	<u>4,673</u>	<u>2,111</u>	<u>6,784</u>

Anglo Pacific Group PLC

NOTES TO THE ACCOUNTS

11. Fixed asset investments (continued)

The subsidiary undertakings whose results or financial position, in the opinion of the directors, principally affected the operations of the Group are shown below. All shareholdings are ordinary shares.

	(a) Country of registration and (b) Principal Country of operation	Principal activity	Proportion of shares held at 31st December 1998
Starmont Holdings Pty Ltd	Australia	Intermediate holding co	100%
Gordon Resources Ltd	Australia	Owner of coal royalty	100%*
Anglo European Minerals Ltd	England	Intermediate holding co	100%
Fife Silica Sands Ltd	Scotland	Extraction and processing of high grade silica sand	100%*
Ledmore Marble Ltd	(a) England (b) Scotland	Mineral exploration and development	100%*
Shetland Talc Ltd	Scotland	Mineral exploration	100%*

* Denotes held by subsidiary company.

12. Stocks

Group

	1998 £000's	1997 £000's
Raw materials and consumables	121	28
Finished goods	146	120
	<u>267</u>	<u>148</u>

13. Debtors

	1998		1997	
	Group £000's	Company £000's	Group £000's	Company £000's
Trade debtors	888	23	1,549	21
Other debtors	402	21	374	20
Prepayments	39	14	147	31
	<u>1,329</u>	<u>58</u>	<u>2,070</u>	<u>72</u>

Anglo Pacific Group PLC

NOTES TO THE ACCOUNTS

14. Creditors—amounts falling due within one year

	1998		1997	
	Group £000's	Company £000's	Group £000's	Company £000's
Bank overdraft	31	—	1,070	809
Leasing and hire purchase	319	6	134	2
Trade creditors	1,064	30	839	113
Other taxation and social security payable	305	3	181	4
Other creditors	28	12	116	96
Proposed dividend	84	84	—	—
Accruals and deferred income	189	74	391	284
Provision for fundamental restructuring (note 15)	15	15	174	72
Borrowings (note 15)	94	94	212	—
Amounts due to subsidiary undertakings	—	—	—	212
	<u>2,129</u>	<u>318</u>	<u>3,117</u>	<u>1,592</u>

The security for the bank overdraft is the same as for the Group's borrowings which are disclosed in note 15.

15. Creditors—amounts falling due after more than one year

	1998		1997	
	Group £000's	Company £000's	Group £000's	Company £000's
Borrowings	3,656	3,656	2,762	—
Amounts due to subsidiary undertakings	—	—	—	2,762
Other creditors	175	—	215	—
Leasing and hire purchase	725	7	247	—
Provision for fundamental restructuring	120	120	366	366
	<u>4,676</u>	<u>3,783</u>	<u>3,590</u>	<u>3,128</u>

The obligations under finance leases and hire purchase contracts shown above are repayable between one and five years.

Group and Company borrowings

The Group's bank borrowings were taken out on the 21st August 1998. The Group's previous borrowings provided by the HongKong Bank of Australia were repaid on that date. The principal terms of the Group's borrowings are as follows:

- 1) The debt is repayable over 5 years with repayments commencing 12 months after the facility is drawn down and was provided by Barclays Bank.
- 2) Interest is payable at a rate of 2.15% above Barclays Bank base rate.
- 3) A fixed and floating charge exists over the assets of Anglo Pacific Group PLC, and two subsidiary undertakings—Fife Silica Sands Limited and Ledmore Marble Limited.
- 4) A cross guarantee structure is in place between Fife Silica Sands Limited, Ledmore Marble Limited, Starmont Holdings Pty and Anglo Pacific Group PLC.

Anglo Pacific Group PLC

NOTES TO THE ACCOUNTS

15. Creditors—amounts falling due after more than one year (continued)

The Group and Company recognised an exchange gain of £41,000 on repayment of Australian borrowings.

Group borrowings are repayable by instalments as follows:

	1998
	£000's
Within one year	94
One to two years	375
Two to five years	3,281
	<u>3,750</u>

Provision for fundamental restructuring

In 1995, the directors conducted a fundamental review of the Group's financial and operational structure. As a result of this review, activities at the Ledmore quarry and head office were significantly reduced. During the current year, the directors further developed plans to improve operating activities and therefore a portion of the provision has been released. The movement on the provision is analysed as follows:

	1998
	£000's
At 1st January	540
Released in the year	(348)
Utilised in the year	(57)
	<u>135</u>

Anglo Pacific Group PLC

NOTES TO THE ACCOUNTS

16. Provision for liabilities and charges

Deferred taxation

	Group £000's
At 1st January 1998	120
Transferred from the profit and loss account (note 7)	(9)
	<u>111</u>
At 31st December 1998	<u>111</u>

This provision represents the Group's full potential liability to deferred taxation and consists principally of timing differences in Australia. The company has no potential liability to deferred tax.

The Group has UK tax losses in the region of £6.9 million available for carry forward and offset against future taxable profits. The Group also has UK capital tax losses in the region of £8.2 million available for offset against capital gains. Australian capital losses are disclosed in note 11.

17. Called up share capital and share premium

	1998 £000's	1997 £000's
Authorised share capital		
500,000,000 (1997—500,000,000) ordinary shares of 10p each	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid share capital		
84,462,955 (1997—85,687,955) ordinary shares of 10p each	<u>8,446</u>	<u>8,568</u>
Share premium	<u>2,431</u>	<u>2,431</u>

Share option schemes

During the year no options were granted under the terms of the NS&GO Approved Share Option Scheme. The following shares were under option at the year end;

Period of option	Number of shares subject to option		Price per share
	1998	1997	
1997-2004	30,000	122,500	32p

A further 92,500 share options lapsed during the year.

Shares under option to directors in office at 31st December 1998 within the Anglo Pacific Group PLC Unapproved Executive Share Option Scheme are disclosed within the directors' report. The following shares were also under option within this scheme at the year end:

Period of option	Number of shares subject to option	Price per share
2000-2004	500,000	18p
2002-2004	500,000	18p

These options were granted on 10th December 1997.

Anglo Pacific Group PLC

NOTES TO THE ACCOUNTS

18. Reserves

Capital redemption reserve

	Group £000's	Company £000's
At 1st January 1998	—	—
Transfer from retained profits	122	122
At 31st December 1998	<u>122</u>	<u>122</u>

Revaluation reserve

	Group £000's	Company £000's
At 1st January 1998	—	—
Revaluations in the period	1,606	—
At 31st December 1998	<u>1,606</u>	<u>—</u>

Foreign currency translation reserve

	Group £000's	Company £000's
At 1st January 1998	161	82
Arising from retranslation of opening investment in foreign subsidiaries	(25)	1
At 31st December 1998	<u>136</u>	<u>83</u>

19. Profit and loss account—(deficit)/surplus

	1998		1997	
	Group £000's	Company £000's	Group £000's	Company £000's
At 1st January 1998	(4,660)	(8,435)	(6,702)	(8,420)
Retained profit/(loss) for the financial year	1,801	11,985	2,042	(15)
Ordinary shares redeemed	(168)	(168)	—	—
At 31st December 1998	<u>(3,027)</u>	<u>3,382</u>	<u>(4,660)</u>	<u>(8,435)</u>

20. Reconciliation of movements in equity shareholders' funds

	1998 £000's	1997 £000's
Profit for the financial year	1,801	2,042
Movement in foreign exchange reserve	(25)	51
Increase in share capital	—	400
Increase in share premium	—	401
Increase in revaluation reserve	1,606	—
Ordinary shares redeemed	(168)	—
Net increase in shareholders' funds	<u>3,214</u>	<u>2,894</u>
At 1st January	6,500	3,606
At 31st December	<u>9,714</u>	<u>6,500</u>

Anglo Pacific Group PLC

NOTES TO THE ACCOUNTS

21. Financial commitments

Obligations for capital repayments under finance leases comprise:—

	1998	1997
	£000's	£000's
In one year or less	319	136
Between one and five years	726	247
	<u>1,045</u>	<u>383</u>

Obligations for repayments under operating leases comprise:—

Annual commitments in respect of leases which expire: between one and five years	1998 £000's 22
	<u>22</u>

Subsidiary undertakings have commitments as detailed below:—

Fife Silica Sands Limited

A bond was granted to Dunfermline District Council for £200,000 in August 1988 relating to the extraction of minerals and the restoration to agricultural use of part of Burrowine Moor, Culross, Fife.

A bond was granted to the Forestry commission for £20,000 in December 1990, in respect of re-instating the site at Burrowine Moor Quarry, Bogside Wood, Devilla.

Ledmore Marble Limited

A bond was granted to the Secretary of State for Scotland for £50,000 in May 1988. The bond is in respect of a prospecting and option agreement to explore and search for minerals at Ledmore Forest, Sutherland.

Shetland Talc Limited

A bond was granted to Shetland Islands Council for £10,000 in respect of the installation of a Talc processing plant at Broonies Taing Sandwick, and the extraction of talc magnesite rock at Catpund, Cunningsburgh.

Anglo Pacific Group PLC

SHAREHOLDER STATISTICS

a) Size of Holding (at 17th March 1999)

Category	Number of Shareholders	%	Number of Shares	%
1– 1,000	703	41.04	447,857	0.53
1,001– 5,000	612	35.73	1,501,924	1.78
5,001–10,000	119	6.95	992,449	1.17
10,001–and over	279	16.28	81,520,725	96.52
	<u>1,713</u>	<u>100.00</u>	<u>84,462,955</u>	<u>100.00</u>

b) The percentage of total shares held by or on behalf of the twenty largest shareholders as at 17th March 1999 was 71.89%.

