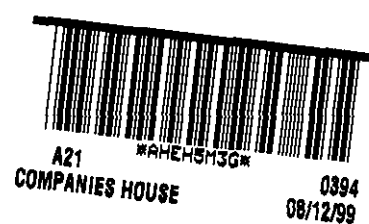


Registered no: 2522537

ROCK MECHANICS TECHNOLOGY LIMITED

**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 1999**



ROCK MECHANICS TECHNOLOGY LIMITED

CONTENTS

| | Pages |
|-----------------------------------|--------------|
| Directors and advisers | 1 |
| Directors' report | 2 - 3 |
| Report of the auditors | 4 |
| Profit and loss account | 5 |
| Balance sheet | 6 |
| Notes to the financial statements | 7 - 13 |

ROCK MECHANICS TECHNOLOGY LIMITED

ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 1999

Directors

Mr J B Lott
Dr W Gale (Australian)
Mr W E Hindmarsh
Mr A S Keane (appointed 3 February 1999)
Mrs A Burton (resigned 31 December 1998)

Secretary and Registered Office

Mrs D Craze
P O Box 18
Mill Lane
Huthwaite
Sutton-in-Ashfield
Nottinghamshire
NG17 2NS

Auditors

Myrus Smith
Times House
Throwley Way
Sutton
Surrey
SM1 4AF

Bankers

National Westminster Bank PLC
PO Box 23
Portland Square
Sutton-in-Ashfield
Nottinghamshire
NG17 1AS

ROCK MECHANICS TECHNOLOGY LIMITED

REPORT OF THE DIRECTORS

INTRODUCTION

The Directors present their annual report and the audited financial statements for the year ended 31st March 1999.

MANAGING DIRECTOR'S REVIEW

The Company provides a comprehensive range of underground consultancy and research services and supplies geotechnical instrumentation equipment for mines throughout the world.

The Company has many years proven expertise in providing the following services and products for a diverse range of national and international mining projects:

- Rockbolt / cablebolt / ribbolt design for underground roadways
- Mine layout geometries for pillar stability and longwall gateroad stability
- Longwall face support assessment via underground monitoring
- Stress control strategies
- Manufacture and supply of specialised geotechnical instrumentation
- Measurement and monitoring of coalmine ground stresses and roadway deformation.

FUTURE DEVELOPMENTS

The Company is actively seeking to develop and acquire additional skills and resources to grow internationally and would like to thank our staff for the professional service which they provide to our clients and for their commitment to the continuing growth and development of the business.

RESULT AND DIVIDEND

Profit after taxation in the year 1998/99, was £55,000 compared with £77,000 in the previous year.

The directors recommend payment of a dividend of £110,000 (1998 £110,000) and the balance of £55,000 will be deducted from revenue reserves (1998 £33,000).

DIRECTORS

The following directors held office during the year.

| | |
|------------------------|---------------------------|
| Mr J B Lott | Chairman |
| Mr W E Hindmarsh | Managing Director |
| Dr W Gale (Australian) | |
| Mr A S Keane | Appointed 3 February 1999 |
| Mrs A Burton | Resigned 31 December 1998 |

No Director had any beneficial interest in the shares of the Company or in the shares of any subsidiary/associated company at any time during the year.

ROCK MECHANICS TECHNOLOGY LIMITED

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 and 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.

State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

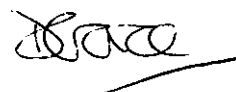
Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 the 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.

REGISTERED AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution proposing the reappointment of Myrus Smith as Auditors to the Company will be put to the Annual General Meeting.

BY ORDER OF THE BOARD



Mrs D Craze
Company Secretary
15 October 1999

Registered Office:

P O Box 18
Mill Lane
Huthwaite
Sutton-in-Ashfield
Nottinghamshire
NG17 2NS

ROCK MECHANICS TECHNOLOGY LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF ROCK MECHANICS TECHNOLOGY LIMITED

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective Responsibilities of Directors and Auditors

As described on page 3 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.

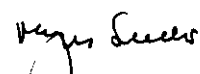
Basis of Opinion

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 affairs of the Company as at 31st March 1998 and of its profit and total recognised gains for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


MYRUS SMITH

Chartered Accountants
Registered Auditor

Times House
Throwley Way
Sutton, Surrey
SM1 4AF
15 October 1999

ROCK MECHANICS TECHNOLOGY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 1999

| | <u>Notes</u> | <u>1999</u> £000 | <u>1998</u> £000 |
|-------------------------------|--------------|---------------------|---------------------|
| Turnover | 1 | 1,563 | 1,663 |
| Cost of sales | | 1,055 | 1,047 |
| | | <hr/> | <hr/> |
| Gross Profit | | 508 | 616 |
| Other operating costs | 2 | 426 | 510 |
| | | <hr/> | <hr/> |
| Operating Profit | | 82 | 106 |
| Interest payable | 5 | (3) | (6) |
| | | <hr/> | <hr/> |
| Profit before taxation | 6 | 79 | 100 |
| Taxation | 7 | 24 | 23 |
| | | <hr/> | <hr/> |
| Profit after taxation | | 55 | 77 |
| Dividends payable | 8 | 110 | 110 |
| | | <hr/> | <hr/> |
| Retained Loss | | (55) | (33) |
| | | <hr/> <hr/> | <hr/> <hr/> |

The company has no recognised gains and losses other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents,

The notes on pages 7 to 13 form part of these financial statements.

ROCK MECHANICS TECHNOLOGY LIMITED

BALANCE SHEET AS AT 31ST MARCH 1999

| | <u>Notes</u> | <u>1999</u> £000 | <u>1998</u> £000 |
|---|--------------|---------------------|---------------------|
| FIXED ASSETS | | | |
| Tangible assets | 9 | 89 | 169 |
| CURRENT ASSETS | | | |
| Debtors | 11 | 944 | 625 |
| Stocks and work in progress | 12 | 143 | 217 |
| | | <hr/> | <hr/> |
| | | 1087 | 842 |
| CREDITORS: Amounts due within one year | 13 | 670 | 450 |
| | | <hr/> | <hr/> |
| NET CURRENT ASSETS | | 416 | 392 |
| | | <hr/> | <hr/> |
| NET ASSETS | | 506 | 561 |
| | | <hr/> | <hr/> |
| Financed By: | | | |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 14 | 250 | 250 |
| Profit and loss account | 15 | 256 | 311 |
| | | <hr/> | <hr/> |
| SHAREHOLDER'S FUNDS | 16 | 506 | 561 |
| | | <hr/> | <hr/> |
| <hr/> | | | |
| Equity Shareholders funds | | 406 | 461 |
| Non - Equity Shareholders funds | | 100 | 100 |

The accounts were approved by the board of directors on 15 October 1999 and were signed on its behalf by:

W. E. Hindmarsh
 W E Hindmarsh – Managing Director

The notes on pages 7 to 13 form part of these financial statements

ROCK MECHANICS TECHNOLOGY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1999

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The accounts have been prepared in accordance with applicable accounting standards in the United Kingdom.

The accounts have been prepared on the historical cost basis of accounting.

(b) Changes in Accounting Policies

There have been no changes in accounting policies during 1998/99.

(c) Turnover

Turnover, which excludes value added tax, represents the total amount receivable by the Company in the ordinary course of business.

(d) Development Costs

Expenditure on enquiries and proposals are written off as incurred except in those instances where it can be demonstrated that these costs are reimbursable to the company. The costs of the enquiry or proposal stage of a particular contract are not included in the valuation of work in progress on that contract.

(e) Depreciation

Depreciation is calculated to write off the cost of fixed assets in equal annual instalments over their estimated useful lives on the following basis:

| | | |
|-------------------------|---|-----|
| Plant and Machinery | - | 20% |
| Equipment and Furniture | - | 20% |
| Motor Vehicles | - | 25% |

(f) Deferred Taxation

Deferred taxation is provided on the liability method only where it can be shown that it will become payable within the foreseeable future.

(g) Foreign Currency

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Assets and Liabilities in foreign currencies are translated into Sterling at rates of exchange ruling at the end of the financial year. All exchange differences are dealt with in the Profit and Loss Account.

(g) Pension Costs

The Company operates a defined contribution pension scheme for eligible employees. Pension costs are charged against profits as incurred.

ROCK MECHANICS TECHNOLOGY LIMITED

NOTES TO THE ACCOUNTS (continued)

h) Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

i) Turnover

- (a) Turnover includes directly attributable expenses.
- (b) An analysis of the turnover by geographical markets has not been presented.

2. NET OPERATING EXPENSES

| | <u>1999</u> | <u>1998</u> |
|-------------------------|-------------|-------------|
| | £'000 | £'000 |
| Administrative expenses | 404 | 504 |
| Distribution costs | 6 | 6 |
| | <u>410</u> | <u>510</u> |

3. EMPLOYEES

(a) Staff costs, including Executive Directors:

| | <u>1999</u> | <u>1998</u> |
|----------------------------------|-------------|-------------|
| | £'000 | £'000 |
| Aggregate gross salaries | 575 | 647 |
| Employer's social security costs | 56 | 60 |
| Pension costs | 57 | 59 |
| | <u>688</u> | <u>766</u> |

The average number of persons employed by the company, including Executive Directors, during the year was:

| | <u>1999</u> | <u>1998</u> |
|---------------------------------|-------------|-------------|
| Technical and Technical Support | 18 | 21 |
| Administrative | 4 | 5 |
| | <u>22</u> | <u>26</u> |

ROCK MECHANICS TECHNOLOGY LIMITED

NOTES TO THE ACCOUNTS (continued)

4. EMOLUMENTS OF DIRECTORS

The emoluments of the Directors, including pension contributions, amounted to:

| | <u>1998</u> | <u>1998</u> |
|------------------|-------------|---------------|
| | £ | £ |
| Fees | - | - |
| Other emoluments | - | 35,782 |
| | <u>-</u> | <u>35,782</u> |

5. INTEREST PAYABLE AND SIMILAR CHARGES

| | <u>1999</u> | <u>1998</u> |
|--|-------------|-------------|
| | £'000 | £'000 |
| Repayable within 5 years, not by instalments | 2 | 6 |

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

| | <u>1999</u> | <u>1998</u> |
|--|-------------|-------------|
| | £'000 | £'000 |
| The profit before taxation is stated after charging: | | |
| Depreciation charge for the year: | | |
| Tangible owned fixed assets | 77 | 79 |
| Tangible leased fixed assets | 2 | 2 |
| Auditors' remuneration | 9 | 10 |
| Hire of plant and machinery | 13 | 14 |
| Rental charge for premises | 46 | 51 |
| | <u></u> | <u></u> |

7. TAXATION

| | <u>1999</u> | <u>1998</u> |
|-----------------------------------|-------------|-------------|
| | £'000 | £'000 |
| Corporation tax at 21% (1998 21%) | 22 | 23 |
| Under-provision prior year | 3 | - |
| | <u>25</u> | <u>23</u> |

ROCK MECHANICS TECHNOLOGY LIMITED

NOTES TO THE ACCOUNTS (continued)

8. DIVIDENDS PAYABLE

| | <u>1999</u> £'000 | <u>1998</u> £'000 |
|----------------------------------|----------------------|----------------------|
| Ordinary dividends declared | 100 | 100 |
| 10% cumulative preference shares | 10 | 10 |
| | <u>110</u> | <u>110</u> |

9. TANGIBLE FIXED ASSETS

| | <u>Motor Vehicles</u> £'000 | <u>Plant & Machinery</u> £'000 | <u>Office Equipment</u> £'000 | <u>Total</u> £'000 |
|-----------------------|------------------------------------|---|--------------------------------------|-----------------------|
| COST VALUATION | | | | |
| At 1st April 1998 | 73 | 228 | 98 | 399 |
| Additions | - | - | 1 | 1 |
| Disposals | - | (1) | (1) | (2) |
| At 31st March 1999 | <u>73</u> | <u>227</u> | <u>98</u> | <u>398</u> |
| DEPRECIATION | | | | |
| At 1st April 1998 | 34 | 147 | 49 | 230 |
| Additions | 13 | 45 | 22 | 80 |
| Disposals | - | (1) | - | (1) |
| At 31st March 1999 | <u>47</u> | <u>191</u> | <u>71</u> | <u>309</u> |
| NET BOOK VALUE | | | | |
| Owned Assets | | | | |
| Leased Assets | | | | |
| At 31st March 1999 | <u>26</u> | <u>36</u> | <u>27</u> | <u>89</u> |
| At 31st March 1998 | <u>39</u> | <u>81</u> | <u>49</u> | <u>169</u> |

10. CAPITAL COMMITMENTS

| | <u>1999</u> £'000 | <u>1998</u> £'000 |
|---|----------------------|----------------------|
| Contracted for but not provided in the accounts | - | 7 |

ROCK MECHANICS TECHNOLOGY LIMITED

NOTES TO THE ACCOUNTS (continued)

11. DEBTORS

| | <u>1999</u> | <u>1998</u> |
|--------------------------------------|-------------|-------------|
| | £'000 | £'000 |
| Amounts falling due within one year: | | |
| Trade debtors | 471 | 240 |
| Amounts owed by related companies | 329 | 310 |
| Other debtors | 69 | 28 |
| Prepayments | 47 | 31 |
| Corporation Tax reclaimable | 28 | 16 |
| | <hr/> | <hr/> |
| | 944 | 625 |
| | <hr/> | <hr/> |

12. STOCKS

| | <u>1999</u> | <u>1998</u> |
|------------------|-------------|-------------|
| | £'000 | £'000 |
| Raw materials | 33 | 26 |
| Work in progress | 98 | 170 |
| Finished goods | 12 | 21 |
| | <hr/> | <hr/> |
| | 143 | 217 |
| | <hr/> | <hr/> |

13. CREDITORS

| | <u>1999</u> | <u>1998</u> |
|--|-------------|-------------|
| | £'000 | £'000 |
| Amounts falling due within one year: | | |
| Bank Overdraft | 91 | 34 |
| Trade creditors | 110 | 66 |
| Amounts owed to related companies | 261 | 157 |
| Corporation tax | 21 | - |
| Other taxation and social security payable | 27 | 43 |
| Accruals and deferred income | 42 | 29 |
| Preference dividend payable | 10 | 10 |
| Ordinary dividend payable | 100 | 100 |
| Other creditors | 6 | 4 |
| Leasing creditor | 2 | 7 |
| | <hr/> | <hr/> |
| | 670 | 450 |
| | <hr/> | <hr/> |

ROCK MECHANICS TECHNOLOGY LIMITED

NOTES TO THE ACCOUNTS (continued)

14. SHARE CAPITAL

| | 1999 £'000 | 1998 £'000 |
|---|---------------|---------------|
| Authorised, Allotted, Issued and Fully Paid | | |
| Ordinary Shares of £1 each | | |
| “A” ordinary shares of £1 each | 75 | 75 |
| “B” ordinary shares of £1 each | 75 | 75 |
| | <hr/> | <hr/> |
| | 150 | 150 |
| 10% Non Voting, Non Participating Cumulative Redeemable | 100 | 100 |
| Preference shares of £1 each | <hr/> | <hr/> |
| | 250 | 250 |
| | <hr/> <hr/> | <hr/> <hr/> |

The “A” ordinary and “B” ordinary shares give the relevant shareholders rights in respect of the appointment of directors and other matters relating to voting procedures and rank pari-passu in respect of dividends and in respect of rights in winding up.

The 10% non-voting, non-participating cumulative Preference shares are due for redemption at the earlier of a reduction in the relevant shareholders interests below 50% of the total ordinary shares or the 12th August 1999 being the fifth anniversary of the issue of the shares. The shares are redeemable at par. The shares rank in preference in respect of a return of assets on liquidation or otherwise. Dividends are payable on the 30th June each year.

15. RESERVES

| | Profit & Loss Account |
|-------------------------------|--------------------------|
| | £'000 |
| At 1 st April 1998 | 311 |
| Retained loss for the year | (55) |
| | <hr/> |
| At 31st March 1999 | 256 |
| | <hr/> <hr/> |

ROCK MECHANICS TECHNOLOGY LIMITED

NOTES TO THE ACCOUNTS (continued)

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | <u>1999</u> £'000 | <u>1998</u> £'000 |
|--------------------------------------|----------------------|----------------------|
| Profit for the year | 55 | 77 |
| Dividends | (110) | (110) |
| | <hr/> | <hr/> |
| Net reduction in shareholder's funds | (55) | (33) |
| Opening shareholders' funds | 561 | 594 |
| | <hr/> | <hr/> |
| Closing shareholders' funds | 506 | 561 |
| | <hr/> | <hr/> |

17. OPERATING LEASE RENTALS

| | <u>1999</u> £'000 | <u>1998</u> £'000 |
|--------------------|----------------------|----------------------|
| Land and buildings | | |
| Commitments: | | |
| Next year | 21 | 27 |
| 2-5 years | 11 | 40 |
| | <hr/> | <hr/> |
| | 32 | 67 |
| | <hr/> | <hr/> |

18. RELATED COMPANIES

Rock Mechanics Technology Limited is jointly owned by the following companies:-

IMC Group Holdings Limited
PO Box 18
Mill Lane
Huthwaite
Sutton-in-Ashfield
NG17 2NS

Strata Control Technology Pty Ltd
Cnr Kembla & Beach Streets
Wollongong
NSW 2500
Australia

Management charges payable in the profit and loss account and in creditors relating to the above are as follows:-

| | <u>1999</u> £'000 |
|---------------------------------------|----------------------|
| IMC Group Holdings Limited | 15 |
| Strata Control Technology Pty Limited | - |
| | <hr/> |
| | 15 |
| | <hr/> |