

**ROCK MECHANICS TECHNOLOGY
LIMITED**

ANNUAL REPORT

**YEAR ENDED
31 MARCH 2005**



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ROCK MECHANICS TECHNOLOGY LIMITED

Company Number: 2522537

ANNUAL REPORT

YEAR ENDED 31 MARCH 2005

ROCK MECHANICS TECHNOLOGY LIMITED

COMPANY INFORMATION

Directors	J B Lott Dr W Gale Mrs J E Johns Dr D Bigby Dr P F R Altounyan A Riby
Secretary	D Watson
Company Number	2522537
Registered Office	PO Box 18 Mill Lane Huthwaite Nottinghamshire NG17 2NS
Auditors	PKF (UK) LLP Regent House Clinton Avenue Nottingham NG5 1AZ

ROCK MECHANICS TECHNOLOGY LIMITED

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ROCK MECHANICS TECHNOLOGY LIMITED

DIRECTORS' REPORT YEAR ENDED 31 MARCH 2005

The directors submit their report and the financial statements for the year ended 31 March 2005.

The profit for the year, after taxation, amounted to **£47,000** (2004 - £53,000).

Principal activity and business review

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

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

- Rockbolt / cablebolt / ribbolt design for underground roadways and civil engineering tunnels
- Mine layout geometries for pillar stability and longwall gateroad stability
- Longwall face support assessment via underground instrumentation
- Stress control strategies
- Manufacture and supply of specialised geotechnical instrumentation
- Measurement and monitoring of underground stresses and roadway deformation
- Research for the European Commission and government agencies

The company has a branch in South Africa.

Directors

The directors who served during the year were:

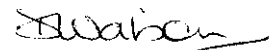
J B Lott
Dr W Gale
W E Hindmarsh (resigned 31 December 2004)
A S Keane (resigned 30 June 2004)
Mrs J E Johns
Dr D Bigby
Dr P F R Altounyan
A Riby (appointed 16 February 2005)

Dr W Gale owns 51% of the issued share capital of one of the parent companies, Strata Control Technology Pty Limited. Messrs Lott and Riby own 30.6% and 10% respectively of the issued share capital of IMC Group Enterprises Limited, the ultimate parent company of IMC Group Holdings Limited. IMC Group Holdings Limited and Strata Control Technology Pty Limited, jointly own Rock Mechanics Technology Limited.

Auditors

On 20 January 2005, KPMG LLP resigned as auditors and PKF (now PKF (UK) LLP) were appointed in their place. A resolution for the re-appointment of PKF (UK) LLP as auditor of the company is to be proposed at the Annual General meeting.

By order of the board



D Watson
Secretary

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 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 judgments 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 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.

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ROCK MECHANICS TECHNOLOGY LIMITED**

We have audited the financial statements of Rock Mechanics Technology Limited for the year ended 31 March 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report, and for no other purpose. *To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.*

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 1985. 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 regarding directors' remuneration and transactions with the company is not disclosed.*

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 judgments 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 the company's affairs as at 31 March 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PKF (UK) LLP
Registered Auditors

Nottingham, UK
16 September 2005

ROCK MECHANICS TECHNOLOGY LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2005

	Notes	2005 £000	2004 £000
TURNOVER	2	1,769	1,677
Cost of sales		<u>(1,164)</u>	<u>(1,113)</u>
GROSS PROFIT		605	564
Administrative expenses		<u>(542)</u>	<u>(496)</u>
OPERATING PROFIT	3	63	68
Interest receivable		1	2
Interest payable	6	<u>(5)</u>	<u>(3)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		59	67
TAXATION	7	<u>(12)</u>	<u>(14)</u>
PROFIT FOR THE FINANCIAL YEAR		47	53
DIVIDENDS	8	<u>-</u>	<u>(235)</u>
		<u>47</u>	<u>(182)</u>

All amounts relate to continuing operations.

There were no recognised gains or losses for the year other than those included in the profit and loss account.

There was no material difference between the reported result and the result calculated on an unmodified historical cost basis.

ROCK MECHANICS TECHNOLOGY LIMITED


BALANCE SHEET

31 MARCH 2005

	Notes	2005 £000	2004 £000
FIXED ASSETS			
Tangible	9	22	25
CURRENT ASSETS			
Stocks	10	108	105
Debtors	11	701	659
Cash at bank and in hand		20	121
		<u>829</u>	<u>885</u>
CREDITORS: amounts falling due within one year	12	<u>(384)</u>	<u>(465)</u>
NET CURRENT ASSETS		<u>445</u>	<u>420</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>467</u>	<u>445</u>
CREDITORS: amounts falling due after more than one year	13	<u>(75)</u>	<u>(100)</u>
NET ASSETS		<u><u>392</u></u>	<u><u>345</u></u>
CAPITAL AND RESERVES			
Called up share capital	14	150	150
Capital redemption reserve		100	100
Profit and loss account	15	142	95
SHAREHOLDERS' FUNDS	16	<u><u>392</u></u>	<u><u>345</u></u>

The financial statements were approved by the board on

Signed on behalf of the board of directors



Mrs J E Johns

Director

ROCK MECHANICS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Turnover

Turnover comprises the invoiced value of goods and services performed and is stated net of value added tax.

(c) Cash flow statement

Under FRS 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

(d) Development costs

Expenditure on enquiries and proposals are written off as incurred except in those instances where it can be demonstrated that these are reimburseable 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) Tangible Fixed Assets

Tangible fixed assets are stated at cost, after adjusting for additions and disposals during the year, less accumulated depreciation to date. Depreciation is calculated on a straight line basis so as to write off cost, less their estimated residual value, of fixed assets over the expected useful lives of the assets concerned. The rates used are:

Plant and equipment	20 %
Office equipment	20-50 %
Motor vehicles	20 %

(f) Stocks

Raw materials and finished goods are stated at the lower of cost and net realiseable value as follows:

Raw materials	- purchase costs
Finished goods	- cost of direct materials plus labour

(g) Amounts recoverable on contracts

Attributable profit on long term contracts is recognised once their outcome can be assessed with reasonable certainty. The profit recognised reflects the proportion of the work completed to date on the contract.

In accordance with the provisions of SSAP 9 (revised): "Amounts Recoverable on Contracts" represents the value of work done at the lower of cost plus attributable profit and net realiseable value, for which no invoice has been raised, but which is reflected within activity in the profit and loss account.

(h) Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the profit and loss account.

ROCK MECHANICS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

1 ACCOUNTING POLICIES (continued)

(i) Finance leases and hire purchase

Assets acquired under finance leases or hire purchase are treated as tangible fixed assets and depreciation is provided accordingly. The present value of future rentals is shown as a liability and the interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the capital balance outstanding.

(j) Operating leases

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

(k) Deferred taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is recognised, without discounting, in respect of all timing differences which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

(l) Pension costs

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

2 TURNOVER

Turnover is attributable to one class of business.

Turnover is analysed by geographical market as follows:

	2005 £000	2004 £000
United Kingdom	712	555
Europe	721	774
Africa	195	163
USA and Canada	67	12
Asia and Australia	74	173
Total	<u>1,769</u>	<u>1,677</u>

3 OPERATING PROFIT

The operating profit is stated after :

	2005 £000	2004 £000
Depreciation of tangible fixed assets:		
- owned by the company	13	14
Audit fees	6	6
Operating lease rentals:		
- plant & machinery	15	32
- land and buildings	49	52
	<u>83</u>	<u>104</u>

Non audit fees charged in the year amounted to £4,000 (2004: £1,000).

ROCK MECHANICS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

4 DIRECTORS' EMOLUMENTS AND BENEFITS

	2005 £000	2004 £000
Directors' emoluments	212	233
Contributions to money purchase pension schemes	16	16

The number of directors accruing benefits under pension schemes were:

	No	No
Money purchase schemes	3	3

The highest paid director received emoluments and benefits as follows:

	2005 £000	2004 £000
Emoluments, excluding pension contributions	67	71
Contributions to money purchase pension schemes	6	6

5 STAFF COSTS

Staff costs, including directors' emoluments, were as follows:

	2005 £000	2004 £000
Wages and salaries	752	740
Social security costs	67	71
Other pension costs	59	53
	878	864

The average monthly number of employees, including executive directors, during the year was:

	No	No
Administrative	5	5
Technical and technical support	24	25
	29	30

6 INTEREST PAYABLE

	2005 £000	2004 £000
Interest payable on shareholder loans	5	3

ROCK MECHANICS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

7 TAXATION

(a) Analysis of charge in year

	2005 £000	2004 £000
UK corporation tax		
Current tax on income for the year	11	12
Adjustments in respect of prior periods	1	1
Total UK taxation	12	13
Foreign tax		
Current tax on income for the year	-	1
Tax on profit on ordinary activities	12	14

(b) Factors affecting the tax charge for the year

The tax assessed for the year is greater than would be expected by multiplying profit on ordinary activities by the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2005 £000	2004 £000
Profit on ordinary activities before tax	59	67
Profit on ordinary activities multiplied by the standard rate of corporation tax of 19% (2004: 19%)	11	13
Effects of:		
Disallowed expenditure	1	1
Capital allowances in excess of depreciation	(1)	(1)
Adjustments in respect of prior years	1	1
Current tax charge for the year	12	14

(c) Factors that may affect future tax charges

There is an unrecognised deferred tax asset of £17,000 (2004: £7,000) arising mainly from the tax written down value of fixed assets exceeding the net book amount shown in the accounts together with unutilised tax losses of the South African branch. The recovery of the deferred tax asset is dependent upon future profits, capital expenditure and expenditure not deductible for tax purposes.

8 DIVIDENDS

	2005 £000	2004 £000
Ordinary dividends	-	235
of which:		
Dividends on equity shares	-	235

ROCK MECHANICS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

9 TANGIBLE FIXED ASSETS

	Motor vehicles	Plant & equipment	Office equipment	Total
	£000	£000	£000	£000
Cost				
At 1 April 2004	31	237	133	401
Additions	-	-	10	10
At 31 March 2005	<u>31</u>	<u>237</u>	<u>143</u>	<u>411</u>
Depreciation				
At 1 April 2004	31	230	115	376
Charge for year	-	2	11	13
At 31 March 2005	<u>31</u>	<u>232</u>	<u>126</u>	<u>389</u>
Net book amount				
At 31 March 2005	<u>-</u>	<u>5</u>	<u>17</u>	<u>22</u>
At 31 March 2004	<u>-</u>	<u>7</u>	<u>18</u>	<u>25</u>

10 STOCKS

	2005 £000	2004 £000
Raw materials	58	58
Finished goods	50	47
	<u>108</u>	<u>105</u>

11 DEBTORS

	2005 £000	2004 £000
Due within one year		
Trade debtors	410	455
Amounts due from group undertakings	40	-
Other debtors	63	30
Amounts receivable on long term contracts	188	174
	<u>701</u>	<u>659</u>

ROCK MECHANICS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

12 CREDITORS

	2005 £000	2004 £000
Amounts falling due within one year		
Bank loans and overdrafts	37	-
Payments received on account	89	240
Trade creditors	128	98
Amounts owed to group undertakings	16	12
Corporation tax	11	14
Other tax and social security	42	33
Other creditors	6	5
Accruals and deferred income	55	63
	<u>384</u>	<u>465</u>

13 CREDITORS

Each shareholder has provided a loan of £37,500 at an interest rate equal to 0.25% above Natwest plc's base rate, repayable by the company over four years in half yearly instalments, subject to the company's reasonable cash flow requirements.

14 SHARE CAPITAL

	Authorised £000	Allotted, called up and fully paid No	£000
At 1 April 2004 and 31 March 2005			
Ordinary 'A' shares of £1 each	75	75	75
Ordinary 'B' shares of £1 each	75	75	75
	<u>150</u>	<u>150</u>	<u>150</u>

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.

15 RESERVES

	£000
Profit and loss account	
At 1 April 2004	95
Profit for the year	47
At 31 March 2005	<u>142</u>

ROCK MECHANICS TECHNOLOGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005

16 SHAREHOLDERS' FUNDS

	2005	2004
	£000	£000
Shareholders' funds at 1 April 2004	345	527
Profit for the year	47	53
Dividends	-	(235)
Shareholders' funds at 31 March 2005	392	345

17 OTHER COMMITMENTS

At 31 March 2005 the company had annual commitments under operating leases as follows:

	Land and buildings		Other	
	2005	2004	2005	2004
	£000	£000	£000	£000
Expiry date:				
Within one year	49	52	-	10
Between two and five years	-	-	15	22

18 CONTINGENT LIABILITIES

The company has issued bonds and guarantees to the value of £326,000 (2004: £358,000) in ordinary course of business. No liability is expected to arise from these bonds and guarantees.

19 TRANSACTIONS WITH RELATED PARTIES

The company is jointly owned by the following companies:

IMC Group Holdings Limited (incorporated in England)

Strata Control Technology Pty Limited (incorporated in Australia)

		2005	2004
		£000	£000
IMC Group Holdings Limited	Management charges	13	26
IMC Group Subsidiaries	Consultancy and other services	24	153
Associated Mining Consultants Limited	Consultancy and other services	16	-
		53	179

The management charges payable are based on the actual time costs incurred in providing the support services. No charges were raised by Strata Technology Pty Ltd.

All the above charges were outstanding at the end of the year.

ROCK MECHANICS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

20 PENSION COSTS

The company operates a defined contribution pension scheme with Friends Provident, the assets of which are separately held in independently administered funds. The pension cost represents contributions payable by the company to the scheme and amounted to £59,000 (2004 - £53,000). There were outstanding contributions of £6,000 (2004 - £4,000) at the year end.