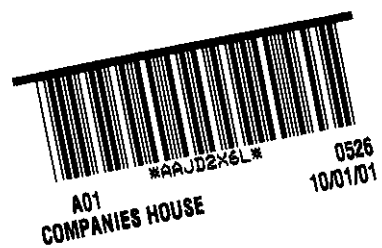


**Rock Mechanics Technology Limited**

**Directors' report and financial  
statements**

Registered number 2522537

31 March 2000



## **Financial statements**

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## **Company information**

|                          |  |
|--------------------------|--|
| <b>Chairman</b>          | JB Lott  |
| <b>Directors</b>         | JB Lott<br>Dr W Gale (Australian)<br>WE Hindmarsh<br>AS Keane  |
| <b>Secretary</b>         | D Watson   |
| <b>Registered office</b> | PO Box 18<br>Mill Lane<br>Huthwaite<br>Sutton-in-Ashfield<br>Nottinghamshire<br>NG17 2NS                           |
| <b>Registered number</b> | 2522537  |
| <b>Auditors</b>          | KPMG<br>St Nicholas House<br>Park Row<br>Nottingham<br>NG1 6FQ   |
| <b>Bankers</b>           | National Westminster Bank Plc<br>PO Box 23<br>Portland Square<br>Sutton-in-Ashfield<br>Nottinghamshire<br>NG17 1AS |

## **Directors' report**

### **Introduction**

The directors submit their annual report and the audited financial statements for the year ended 31 March 2000.

### **Results and dividend**

The profit on ordinary activities of the company after taxation amounted to £3,000 (1999: £55,000). After deducting dividends on preference shares, the loss of £1,000 (1999: £55,000) has been transferred from reserves.

The directors recommend the payment of a dividend of £4,000 on the preference shares only for the period prior to redemption on 16 September 1999 (1999: £110,000 on all shares).

### **Activities and business 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 of 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 instrumentation
- Stress control strategies
- Manufacture and supply of specialised geotechnical instrumentation
- Measurement and monitoring of coalmine ground stresses and roadway deformation

### **Future developments**

The company will continue to explore business opportunities in the UK and overseas markets.

### **Directors**

The directors, none of whom is beneficially interested in the shares of the company, or the parent company, who served during the year, were as follows:

|              |                        |
|--------------|------------------------|
| JB Lott      | Chairman               |
| WE Hindmarsh | Managing Director      |
| Dr W Gale    | (Australian)           |
| AS Keane     | (alternate to JB Lott) |

## **Directors' report** *(continued)*

### **Year 2000**

The company has so far been unaffected by the Year 2000 problem, but remains vigilant. The directors are of the opinion that the problem will not affect the going concern of the company barring any unforeseen circumstances.

All expenses incurred in dealing with this issue have been written off to the profit and loss account as incurred, apart from those expenses of a capital nature which have been accounted for as fixed assets.

### **Auditors**

Messrs. Myrus Smith, Chartered Accountants, resigned during the year and KPMG were appointed in their place. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



**D Watson**  
*Company Secretary*

### **Registered office**

PO Box 18  
Mill Lane  
Huthwaite  
Sutton-in-Ashfield  
Notts NG17 2NS

6 October 2000

## **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 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 a 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

St Nicholas House  
Park Row  
Nottingham  
NG1 6FQ

## **Report of the auditors to the members of Rock Mechanics Technology Limited**

We have audited the financial statements on pages 6 to 14.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board 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 regarding directors' remuneration and transactions with the company is not disclosed.

### **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 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

6 October 2000

*Chartered Accountants  
Registered Auditors*

**Profit and loss account**  
*for the year ended 31 March 2000*

|   | <i>Notes</i> | <b>2000</b><br><b>£000</b> | 1999<br>£000 |
|---|--------------|----------------------------|--------------|
| <b>Turnover</b>   | 2            | 1,277                      | 1,563        |
| Cost of sales   |              | (901)                      | (1,055)      |
|   |              | <hr/>                      | <hr/>        |
| <b>Gross profit</b>   |              | 376                        | 508          |
| Other operating costs                                       | 3            | (380)                      | (426)        |
|   |              | <hr/>                      | <hr/>        |
| <b>Operating (loss)/profit</b>                              |              | (4)                        | 82           |
| Interest payable  | 6            | (14)                       | (3)          |
|   |              | <hr/>                      | <hr/>        |
| <b>(Loss)/profit on ordinary activities before taxation</b> | 7            | (18)                       | 79           |
| Tax on (loss)/profit on ordinary activities                 | 8            | 21                         | (24)         |
|   |              | <hr/>                      | <hr/>        |
| <b>Profit on ordinary activities after taxation</b>         |              | 3                          | 55           |
| Dividends   | 9            | (4)                        | (110)        |
|   |              | <hr/>                      | <hr/>        |
| <b>Loss for the year</b>                                    | 16           | (1)                        | (55)         |
|   |              | <hr/> <hr/>                | <hr/> <hr/>  |

There were no recognised gains or losses in either the current or preceding years other than those disclosed in the profit and loss account.

In both the current and preceding years, the company made no material acquisitions and had no discontinued operations.

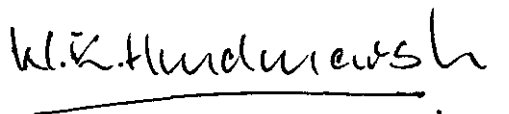
In both the current and preceding years, there was no material difference between the profit reported in the profit and loss account and the profit on an unmodified historical cost basis.



**Balance sheet**  
*as at 31 March 2000*

|   | Notes | £000         | 2000<br>£000 | £000         | 1999<br>£000 |
|---|-------|--------------|--------------|--------------|--------------|
| <b>Fixed assets</b>                                   |       |              |              |              |              |
| Tangible fixed assets                                 | 10    |              | 46           |              | 89           |
| <b>Current assets</b>                                 |       |              |              |              |              |
| Stocks  | 11    | 166          |              | 143          |              |
| Debtors   | 12    | 581          |              | 944          |              |
| Cash  |       | 1            |              | -            |              |
|   |       | <u>748</u>   |              | <u>1,087</u> |              |
| <b>Creditors: amounts falling due within one year</b> | 13    | <u>(389)</u> |              | <u>(670)</u> |              |
| <b>Net current assets</b>                             |       |              | <u>359</u>   |              | <u>417</u>   |
| <b>Net assets</b>                                     |       |              | <u>405</u>   |              | <u>506</u>   |
| <b>Capital and reserves</b>                           |       |              |              |              |              |
| Called up share capital                               | 14    |              | 150          |              | 250          |
| Capital redemption reserve                            | 15    |              | 100          |              | -            |
| Profit and loss account                               | 16    |              | 155          |              | 256          |
| Equity shareholders' funds                            |       | 405          |              | 406          |              |
| Non-equity shareholders' funds                        |       | -            |              | 100          |              |
| <b>Shareholders' funds</b>                            | 17    |              | <u>405</u>   |              | <u>506</u>   |

These financial statements were approved by the board of directors on 6 October 2000 and were signed on its behalf by:

  
**WE Hindmarsh**  
*Managing Director*

## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

#### ***Basis of accounting***

These financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom. A summary of the more important policies, which have been consistently applied, is set out below.

#### ***Turnover***

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding value added tax and trade discounts.

#### ***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.

#### ***Fixed assets***

Tangible assets have been 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 the cost of fixed assets over the expected useful economic lives of the assets concerned. The rates used are:

|                         |     |
|-------------------------|-----|
| Plant and machinery     | 20% |
| Furniture and equipment | 20% |
| Motor vehicles          | 25% |

#### ***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.

#### ***Foreign currencies***

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, except where the transactions are covered by forward exchange contracts, when the contracted rate is used. All exchange differences are dealt with in the profit and loss account.

#### ***Pension costs***

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

## Notes (continued)

### 1 Accounting policies (continued)

#### *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.

### 2 Turnover

The turnover and operating profit for the year was derived from the company's principal activity, and includes directly attributable expenses.

### 3 Other operating costs

|                         | 2000<br>£000 | 1999<br>£000 |
|-------------------------|--------------|--------------|
| Administrative expenses | 371          | 420          |
| Distribution costs      | 9            | 6            |
|                         | <u>380</u>   | <u>426</u>   |

### 4 Directors' emoluments

|  | £000      | £000     |
|--|-----------|----------|
| <i>The aggregate emoluments paid to directors, excluding pension contributions, in the year were</i> |           |          |
| Remuneration   | 28        | -        |
| Benefits in kind   | 4         | -        |
|  | <u>32</u> | <u>-</u> |

The emoluments of the highest paid director, excluding pension contributions, were £28,000 (1999: nil).

## Notes (continued)

### 5 Employees

|   | 2000<br>Number | 1999<br>Number |
|---|----------------|----------------|
| <i>The average number of persons employed, including executive directors, during the year was as follows:</i> |                |                |
| Administrative  | 4              | 4              |
| Technical and technical support   | 17             | 18             |
|   | <u>21</u>      | <u>22</u>      |
|   | <u>£000</u>    | <u>£000</u>    |
| <i>An analysis of the overall employment costs (including executive directors) is as follows:</i>             |                |                |
| Wages and salaries  | 569            | 575            |
| Social security costs   | 55             | 56             |
| Other pension costs   | 53             | 57             |
|   | <u>677</u>     | <u>688</u>     |

### 6 Interest payable and similar charges

|                                       | £000      | £000     |
|---------------------------------------|-----------|----------|
| Bank interest                         | 8         | 3        |
| Interest payable on shareholder loans | 6         | -        |
|                                       | <u>14</u> | <u>3</u> |

### 7 Profit on ordinary activities before taxation

|   | £000          | £000          |
|---|---------------|---------------|
| <i>The profit before taxation is stated after charging:</i> |               |               |
| Auditors' remuneration - audit services                     | 4             | 9             |
| - non-audit services  | -             | -             |
| Depreciation - owned assets                                 | 42            | 78            |
| - leased assets   | 2             | 2             |
| Hire of plant and machinery - operating leases              | 8             | 13            |
| Loss on disposal of fixed assets                            | -             | -             |
| Rental charge for premises                                  | 46            | 46            |
|   | <u>      </u> | <u>      </u> |

### 8 Taxation

|   | £000      | £000        |
|---|-----------|-------------|
| <i>Based on the loss for the year:</i>                      |           |             |
| UK Corporation tax recoverable/(payable) at 30% (1999: 21%) | 1         | (22)        |
| Over/(under) provision in prior year                        | 20        | (2)         |
|   | <u>21</u> | <u>(24)</u> |

## Notes (continued)

### 9 Dividends payable

|                                  | 2000<br>£000 | 1999<br>£000 |
|----------------------------------|--------------|--------------|
| Ordinary dividends declared      | -            | 100          |
| 10% cumulative preference shares | 4            | 10           |
|                                  | <u>4</u>     | <u>110</u>   |

### 10 Tangible fixed assets

|                                  | Motor<br>vehicles<br>£000 | Plant and<br>equipment<br>£000 | Office<br>equipment<br>£000 | Total<br>£000    |
|----------------------------------|---------------------------|--------------------------------|-----------------------------|------------------|
| <i>Cost:</i>                     |                           |                                |                             |                  |
| At 1 April 1999                  | 73                        | 227                            | 98                          | 398              |
| Additions                        | -                         | -                              | 1                           | 1                |
| Disposals                        | -                         | -                              | (7)                         | (7)              |
| At 31 March 2000                 | <u>73</u>                 | <u>227</u>                     | <u>92</u>                   | <u>392</u>       |
| <i>Accumulated depreciation:</i> |                           |                                |                             |                  |
| At 1 April 1999                  | 47                        | 191                            | 71                          | 309              |
| Charge for year                  | 9                         | 22                             | 13                          | 44               |
| Disposals                        | -                         | -                              | (7)                         | (7)              |
| At 31 March 2000                 | <u>56</u>                 | <u>213</u>                     | <u>77</u>                   | <u>346</u>       |
| <i>Net book value:</i>           |                           |                                |                             |                  |
| <b>Owned assets</b>              | <b>17</b>                 | <b>12</b>                      | <b>13</b>                   | <b>42</b>        |
| <b>Leased assets</b>             | <b>-</b>                  | <b>2</b>                       | <b>2</b>                    | <b>4</b>         |
| <b>At 31 March 2000</b>          | <b><u>17</u></b>          | <b><u>14</u></b>               | <b><u>15</u></b>            | <b><u>46</u></b> |
| <br>Owned assets                 | <br>26                    | <br>32                         | <br>24                      | <br>82           |
| Leased assets                    | -                         | 4                              | 3                           | 7                |
| At 31 March 1999                 | <u>26</u>                 | <u>36</u>                      | <u>27</u>                   | <u>89</u>        |

### 11 Stocks

|                  | 2000<br>£000 | 1999<br>£000 |
|------------------|--------------|--------------|
| Raw materials    | 25           | 33           |
| Work in progress | 118          | 98           |
| Finished goods   | 23           | 12           |
|                  | <u>166</u>   | <u>143</u>   |

## Notes (continued)

### 12 Debtors

|                                  | 2000<br>£000 | 1999<br>£000 |
|----------------------------------|--------------|--------------|
| Trade debtors                    | 403          | 471          |
| Amounts due from group companies | 74           | 329          |
| Other debtors                    | 11           | 69           |
| Corporation tax reclaimable      | 29           | 28           |
| Prepayments and accrued income   | 64           | 47           |
|                                  | <u>581</u>   | <u>944</u>   |

### 13 Creditors: amounts falling due within one year

|                                       | £000       | £000       |
|---------------------------------------|------------|------------|
| Bank overdraft                        | 112        | 91         |
| Trade creditors                       | 79         | 110        |
| Amounts loaned by parent undertakings | 100        | -          |
| Amounts owed to group undertakings    | 40         | 261        |
| Corporation tax                       | -          | 21         |
| Other taxes and social security       | 20         | 27         |
| Preference dividend payable           | 7          | 10         |
| Ordinary dividend payable             | -          | 100        |
| Other creditors                       | 20         | 6          |
| Accruals and deferred income          | 11         | 42         |
| Leasing creditor                      | -          | 2          |
|                                       | <u>389</u> | <u>670</u> |

The bank overdraft is secured by a charge over the assets of the company. Interest is payable on shareholder loans at a rate of 10% per annum. No repayment terms have been set.

### 14 Share capital

|  | £000       | £000       |
|--|------------|------------|
| <i>Authorised, allotted and fully paid:</i>  |            |            |
| 75,000 'A' ordinary shares of £1 each  | 75         | 75         |
| 75,000 'B' ordinary shares of £1 each  | 75         | 75         |
|  | <u>150</u> | <u>150</u> |
| 100,000 10% non-voting, non-participating cumulative redeemable preference shares of £1 each | -          | 100        |
|  | <u>150</u> | <u>250</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.

## Notes (continued)

### 14 Share capital (continued)

The 10% non-voting, non-participating cumulative preference shares were redeemed at par on 16 September 1999 being the fifth anniversary of the issue of the shares. The preference shares were replaced by shareholder loans to the same value on which interest is payable at 10% per annum. No repayment terms have been set on these loans.

### 15 Capital redemption reserve

|                            | £000        |
|----------------------------|-------------|
| At 1 April 1999            | -           |
| Preference shares redeemed | 100         |
|                            | <hr/>       |
| At 31 March 2000           | 100         |
|                            | <hr/> <hr/> |

### 16 Profit and loss account

|                            | 2000<br>£000 | 1999<br>£000 |
|----------------------------|--------------|--------------|
| Opening balance            | 256          | 311          |
| Loss for the year          | (1)          | (55)         |
| Preference shares redeemed | (100)        | -            |
|                            | <hr/>        | <hr/>        |
| Closing balance            | 155          | 256          |
|                            | <hr/> <hr/>  | <hr/> <hr/>  |

### 17 Reconciliation of movement in shareholders' funds

|                                      | £000        | £000        |
|--------------------------------------|-------------|-------------|
| Profit for the year                  | 3           | 55          |
| Preference shares redeemed           | (100)       | -           |
| Dividends                            | (4)         | (110)       |
|                                      | <hr/>       | <hr/>       |
| Net reduction in shareholders' funds | (101)       | (55)        |
| Opening shareholders' funds          | 506         | 561         |
|                                      | <hr/>       | <hr/>       |
| Closing shareholders' funds          | 405         | 506         |
|                                      | <hr/> <hr/> | <hr/> <hr/> |

### 18 Capital commitments

|   | £000        | £000        |
|---|-------------|-------------|
| Contracted for but not provided in the financial statements | -           | -           |
|   | <hr/> <hr/> | <hr/> <hr/> |

## Notes (continued)

### 19 Operating lease rentals

|                                  | 2000<br>£000     | 1999<br>£000     |
|----------------------------------|------------------|------------------|
| <b>Land and buildings</b>        |                  |                  |
| <i>Commitments which expire:</i> |                  |                  |
| Within one year                  | -                | 21               |
| Between two and five years       | 11               | 11               |
|                                  | <u>11</u>        | <u>32</u>        |
|                                  | <u><u>11</u></u> | <u><u>32</u></u> |

### 20 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  
Nottinghamshire  
NG17 2NS

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

Management charges payable to the shareholders, which are based on the actual time costs incurred in providing support services, are as follows:

|                                       | £000             | £000             |
|---------------------------------------|------------------|------------------|
| IMC Group Holdings Limited            | 18               | 15               |
| Strata Control Technology Pty Limited | -                | -                |
|                                       | <u>18</u>        | <u>15</u>        |
|                                       | <u><u>18</u></u> | <u><u>15</u></u> |

At 31 March 2000, the amount outstanding in respect of the above was £18,000 and is included in creditors.

### 21 Pension scheme

The company operates a defined contribution scheme, the assets of which are held separately in an independently administered fund. The pension costs charge represents contributions payable by the company to the scheme and amounted to £53,000 (1999: £57,000). There were outstanding contributions of £nil (1999: £nil) at the year end.