

**IMC GEOPHYSICS INTERNATIONAL
LIMITED**

ANNUAL REPORT

**YEAR ENDED
31 MARCH 2005**



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IMC GEOPHYSICS INTERNATIONAL LIMITED

Company Number: 3195445

ANNUAL REPORT

YEAR ENDED 31 MARCH 2005

IMC GEOPHYSICS INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors	M Elstob J M Holt J B Lott A Riby
Secretary	D Watson
Company Number	3195445
Registered Office	PO Box 18 Mill Lane Huthwaite Nottinghamshire NG17 2NS
Auditors	PKF (UK) LLP Regent House Clinton Avenue Nottingham NG5 1AZ

IMC GEOPHYSICS INTERNATIONAL LIMITED

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IMC GEOPHYSICS INTERNATIONAL 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 **£276,000** (2004 - £NIL).

Principal activity and review of the business

The company acts as an agency company for certain contracts which are performed by IMC Geophysics Limited, a fellow subsidiary, providing geophysical services to clients in the oil, gas and mineral exploration, civil engineering and environmental sectors.

Directors

The directors who served during the year and their interests in the company's issued share capital at the balance sheet date and at the start of the year (or date of appointment, if later) were:

	Ordinary £1 B shares	
	2005	2004
M Elstob	240	-
J M Holt	240	-
J B Lott	-	-
A S Keane (resigned 30 June 2004)		

Mr A Riby was appointed a director to the company on 1st May 2005.

The interests of Messrs J B Lott and A Riby in the shares of the ultimate parent company are disclosed in those financial statements.

By order of the board



D Watson
Secretary

14 September 2005

IMC GEOPHYSICS INTERNATIONAL 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
IMC GEOPHYSICS INTERNATIONAL LIMITED**

We have audited the financial statements of IMC Geophysics International Limited for the year ended 31 March 2005 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement 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

IMC GEOPHYSICS INTERNATIONAL LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 MARCH 2005**

	Notes	2005 £000	2004 £000
TURNOVER	2	4,509	-
Cost of sales		(4,116)	-
		<hr/>	<hr/>
OPERATING PROFIT		393	-
Interest receivable	3	1	-
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		394	-
TAXATION	4	(118)	-
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR		276	-
		<hr/> <hr/>	<hr/> <hr/>

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.

IMC GEOPHYSICS INTERNATIONAL LIMITED

BALANCE SHEET

31 MARCH 2005

	Notes	2005 £000	2004 £000
CURRENT ASSETS			
Debtors	5	989	-
Cash at bank and in hand		101	-
		<u>1,090</u>	<u>-</u>
CREDITORS: amounts falling due within one year	6	(714)	-
NET CURRENT ASSETS		<u>376</u>	<u>-</u>
CAPITAL AND RESERVES			
Called up share capital	7	1	-
Share premium account	8	99	-
Profit and loss account	8	276	-
SHAREHOLDERS' FUNDS	9	<u>376</u>	<u>-</u>

The financial statements were approved by the board on

14th September 2005

Signed on behalf of the board of directors

J B Lott
J B Lott

Director

IMC GEOPHYSICS INTERNATIONAL LIMITED

CASH FLOW STATEMENT YEAR ENDED 31 MARCH 2005

	2005 £000	2004 £000
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	393	-
Increase in debtors	(989)	-
Increase in creditors	596	-
	<hr/>	<hr/>
Net cash inflow from operating activities	-	-
	<hr/>	<hr/>
CASH FLOW STATEMENT (note 10)		
Returns on investments and servicing of finance	1	-
	<hr/>	<hr/>
Financing	100	-
	<hr/>	<hr/>
Increase in cash	101	-
	<hr/>	<hr/>
Reconciliation of net cash flow to movement in net funds (note 11)		
Increase in cash in the year	101	-
	<hr/>	<hr/>
Net funds at 31 March 2005	101	-
	<hr/>	<hr/>

IMC GEOPHYSICS INTERNATIONAL 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.

(b) Turnover

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

(c) Amounts recoverable on contracts

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

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

Full provision is made for losses on all contracts in the year in which the loss is first foreseen.

(d) 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 the 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. All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

(e) 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.

(f) 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.

IMC GEOPHYSICS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

2 TURNOVER

Turnover is attributable to one class of business.

Turnover is analysed by geographical market as follows:

	2005 £000	2004 £000
United Kingdom	1,573	-
European Union	6	-
Rest of World	2,930	-
Total	<u>4,509</u>	<u>-</u>

3 INTEREST RECEIVABLE

	2005 £000	2004 £000
Bank interest receivable	1	-

4 TAXATION

(a) Analysis of charge in year	2005 £000	2004 £000
UK corporation tax		
Current tax on income for the year	118	-

(b) Factors affecting the tax charge for the year

	2005 £000	2004 £000
Profit on ordinary activities before tax	394	-
Profit on ordinary activities multiplied by the standard rate of corporation tax of 30% (2004: 30%)	118	-
Current tax charge for the year	118	-

(c) Factors that may affect future tax charges

There is no deferred tax asset or liability at the year end.

IMC GEOPHYSICS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

5 DEBTORS

	2005 £000	2004 £000
Due within one year		
Trade debtors	507	-
Other debtors	30	-
Prepayments & accrued income	19	-
Amounts receivable on long term contracts	433	-
	<u>989</u>	<u>-</u>
	<u><u>989</u></u>	<u><u>-</u></u>

6 CREDITORS

	2005 £000	2004 £000
Amounts falling due within one year		
Payments received on account	57	-
Amounts owed to group undertakings	478	-
Corporation tax	118	-
Accruals and deferred income	61	-
	<u>714</u>	<u>-</u>
	<u><u>714</u></u>	<u><u>-</u></u>

7 SHARE CAPITAL

	Authorised £	Allotted, called up and fully paid No	£000
At 1 April 2004			
Ordinary A Shares £1 each	1,000	2	-
Movements in year:			
Ordinary A Shares £1 each	(480)	518	1
Ordinary B Shares £1 each	480	480	-
	<u>-</u>	<u>998</u>	<u>1</u>
At 31 March 2005	<u>1,000</u>	<u>1,000</u>	<u>1</u>

During the year the authorised share capital of £1 each has been subdivided into two classes of ordinary shares, namely 520 Ordinary A shares and 480 Ordinary B shares each such share to rank equally pari passu in all respects.

Both the 518 Ordinary A shares and the 480 Ordinary B shares were issued for a consideration of £100 per share to provide initial funding to the company. The premium arising of £99,000 has been credited to the share premium account.

IMC GEOPHYSICS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

8 RESERVES

Share premium account	£000
At 1 April 2004	-
Premium on shares issued during the year	99
	<hr/>
At 31 March 2005	99
	<hr/>
Profit and loss account	£000
At 1 April 2004	-
Profit for the year	276
	<hr/>
At 31 March 2005	276
	<hr/>

9 SHAREHOLDERS' FUNDS

	2005 £000	2004 £000
Profit for the year	276	-
Other movements:		
New shares issued	100	-
	<hr/>	<hr/>
Shareholders' funds at 31 March 2005	376	-
	<hr/>	<hr/>

10 GROSS CASH FLOWS

	2005 £000	2004 £000
Returns on investments and servicing of finance		
Interest received	1	-
	<hr/>	<hr/>
Financing		
Issue of share capital	100	-
	<hr/>	<hr/>

11 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2004 £000	Cash flows £000	Other changes £000	At 31 March 2005 £000
Cash at bank and in hand	-	101	-	101
	<hr/>	<hr/>	<hr/>	<hr/>
Total	-	101	-	101
	<hr/>	<hr/>	<hr/>	<hr/>

IMC GEOPHYSICS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

12 CONTINGENT LIABILITIES

The bank holds cross guarantees over the indebtedness of all IMC group companies. There were no amounts outstanding under these guarantees at either year end.

13 TRANSACTIONS WITH RELATED PARTIES

During the year the company bought £4,116,000 of consultancy services from IMC Geophysics Limited. At the year end £478,000 was owed to this company and included in debtors.

14 PARENT UNDERTAKINGS AND CONTROLLING PARTIES

The company is controlled by IMC Group Holdings Limited.

IMC Group Holdings Limited is ultimately controlled by IMC Group Enterprises Limited, the ultimate parent company.