

IMC CONSULTING LIMITED

Company No: 3195485

Financial Statements

For the year ended 31st March 1999



IMC CONSULTING LIMITED

Company Information

Company No: 3195485

Chairman

Mr J B Lott

Registered Office

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

Directors

Mr J B Lott
Mrs L Cowles
Mr C J Davies
Mr J P L Bacharach
Mr S J McCormick
Mr S J O'Donoghue
Mr C S Hewer
A S Keane (Alternate to J B Lott)

Secretary

Ms D Craze

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

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IMC CONSULTING LIMITED

Directors' Report

for the year ended 31st March 1999

The directors submit their report together with the audited financial statements for the year ended 31st March 1999.

Directors' Statement

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 for that year. 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 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.

Results and Dividends

The profit on the ordinary activities of the company after taxation amounted to £228,743. After deducting dividends, the profit of £78,743 has been transferred to reserves.

The directors recommend dividends amounting to £150,000.

Principal Activity and Business Review

Previously a subsidiary of International Mining Consultants Limited the Company was established as a separate entity on 1st April 1998 under IMC Group Consulting Limited in order to lead the management, economics and resources consultancy work of the IMC Group.

The Company has continued to grow its consultancy business and activities, working mainly on industry restructuring, enterprise development, retraining and social supported institutional development projects in the former controlled economies of the former Soviet Union and Eastern Europe.

The Company's principal contracts during the year were in Russia, Ukraine, Kazakhstan, Uzbekistan, and Poland on assignments funded by the European Union, World Bank and the UK Department for International Development.

Future Developments

The directors are aware of the Year 2000 problem and will continue to take adequate measures to minimise any adverse impact that it may have on the company's operations. The directors do not believe that the problem will affect the going concern of the company barring any unforeseen external factors that are out of the company's control.

All expenses to do with this issue will be written off to the profit and loss account apart from those expenses which are of a capital nature which will be capitalised as fixed assets.

IMC CONSULTING LIMITED

Directors' Report

for the year ended 31st March 1999

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:

| | |
|--------------------|--|
| Mr J B Lott | |
| Mrs L Cowles | (Appointed 23/11/98) |
| Mr C J Davies | (Appointed 1/4/98) |
| Mr J P L Bacharach | (Appointed 1/4/98) |
| Mr S J McCormick | (Appointed 1/1/99) |
| Mr S J O'Donoghue | (Appointed 1/1/99) |
| Mr C S Hewer | (Appointed 1/1/99) |
| Mr R C Yates | (Resigned 11/11/98) |
| Mr J M Topper | (Appointed 27/5/98, Resigned 10/11/98) |

Mr A S Keane (Alternate for J B Lott)

Mr J Miller was appointed as a director on 18th May 1999.

General

The directors wish to record their particular thanks to the management and staff of the Company for their considerable contribution and commitment to the continuing growth and development of the business, without which all that we have achieved during the year would not have been possible.

Auditors

The Auditors, Myrus Smith Chartered Accountants, have indicated that they are willing to be reappointed at the forthcoming Annual General Meeting.

Approved and signed on behalf of the Board

**PO Box 18, Mill Lane,
Huthwaite, Sutton-in-Ashfield
Nottinghamshire
NG17 2NS**

Registered Office of the Company



**Ms D Craze
Secretary**

15th October 1999

IMC CONSULTING LIMITED

Auditors' Report to the Shareholders

on the Financial Statements for the year ended 31st March 1999

We have audited the financial statements on pages 4 to 11, which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of the directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the 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 information and explanations which we consider 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, other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the 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 31st March 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Times House
Throwley Way
Sutton
Surrey
SM1 4AF

15th October 1999


MYRUS SMITH
Chartered Accountants
and Registered Auditor

IMC CONSULTING LIMITED

Profit and Loss Account

for the year ended 31st March 1999

| | Notes | 1999 £ | 1999 £ | 1998 £ | 1998 £ |
|--|-------|-------------|-------------|-----------|-----------|
| Turnover | 2 | | 7,643,836 | | - |
| External Charges | | (5,522,124) | | - | |
| Staff costs | 5 | (1,346,748) | | - | |
| Depreciation and amortisation | | (33,898) | | - | |
| Other operating costs | | (353,681) | | - | |
| | | | (7,256,451) | | - |
| Operating profit | | | 387,385 | | - |
| Interest payable | 4 | | (45,063) | | - |
| Profit on ordinary activities before taxation | | | 342,322 | | - |
| Taxation | 6 | | (113,579) | | - |
| Profit on ordinary activities after taxation | | | 228,743 | | - |
| Dividends | 7 | | (150,000) | | - |
| Retained profit for the Year | | | 78,743 | | - |
| Retained result brought forward | | | - | | - |
| Retained profit carried forward | | | 78,743 | | - |

All amounts relate to continuing activities.

There have been no recognised gains or losses other than the results for the financial year and all profits or losses have been accounted for on an historical cost basis.

IMC CONSULTING LIMITED

Balance Sheet

as at 31st March 1999

| | Notes | 1999 £ | 1999 £ | 1998 £ | 1998 £ |
|--|-------|------------------|----------------|-----------|-----------|
| Fixed Assets | | | | | |
| Tangible fixed assets | 8 | | 70,171 | | - |
| Current Assets | | | | | |
| Debtors | 9 | 3,476,188 | | 2 | |
| Cash at bank and in-hand | | 142,547 | | - | |
| | | <u>3,618,735</u> | | <u>2</u> | |
| Creditors: | | | | | |
| Amounts falling due within one year | 10 | (3,510,163) | | - | |
| Net Current Assets | | | 108,572 | | 2 |
| Total Assets Less Current Liabilities | | | <u>178,743</u> | | <u>2</u> |
| Capital and Reserves | | | | | |
| Share capital | 11 | | 100,000 | | 2 |
| Profit and loss account | | | 78,743 | | - |
| Equity Shareholders' Funds | 12 | | <u>178,743</u> | | <u>2</u> |

Approved by the Board on 15th October 1999.

C J Davies
Managing Director

Signed on behalf of the Board



IMC CONSULTING LIMITED

Notes to the Financial Statements

for the year ended 31st March 1999

1 Principal Accounting Policies

Accounting Convention

The financial statements have been prepared in accordance with applicable Accounting Standards under the historical cost convention.

Cash Flow Statement

The company is a wholly owned subsidiary of IMC Group Consulting Limited. The cash flows of this Company are included in the consolidated Group cash flow statement in IMC Group Holdings Limited. Consequently the Company is exempt under the terms of Financial Reporting Standard No. 1 from publishing a cash flow statement.

Turnover

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

Depreciation

Depreciation is calculated to write down the cost, less estimated residual value, of all tangible fixed assets over their expected useful lives. The rates generally applicable are:

| | |
|-------------------------|-------------------------|
| Motor vehicles | 20% straight line |
| Furniture and equipment | 10% - 20% straight line |
| Computer equipment | 20% straight line |

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.

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.

IMC CONSULTING LIMITED

Notes to the Financial Statements

for the year ended 31st March 1999

Contribution to Pension Funds

IMC Consulting Limited operated two pension schemes during the year.

The year's charge for pension contributions is the actual cost paid or accrued to be paid either to the Equitable Life Pension Scheme or the ICF Group Pension Scheme. The ICF Group Pension Scheme is a group scheme, and is open to eligible employees, and is a defined benefit scheme. The pension costs charged against profits are based on actuarial methods and assumptions designed to spread the anticipated costs over the service lives of the employees in the scheme, so as to ensure the regular pension cost represents a substantially level percentage of the current and expected future pensionable payroll. The contributions rate of 13.5% paid to the scheme has been determined on the advice of a qualified actuary. The Equitable Life Scheme is a money purchase scheme, and costs are charged against profits as incurred.

2 Turnover

The turnover and operating profit for the year was derived from the company's principal activity, and includes directly attributable expenses. In accordance with paragraph 55(5), schedule 4 Companies Act 1985, an analysis of the turnover by geographical markets has not been presented.

3 Operating Profit

The operating profit is stated after charging:

| | 1999 | 1998 |
|--|--------|------|
| | £ | £ |
| Hire of plant and machinery - operating leases | 36,206 | - |
| Amounts payable to the auditors in respect of audit services | 6,000 | - |
| Depreciation - owned assets | 30,072 | - |
| Loss on disposal of fixed assets | 3,826 | - |
| Loss on foreign exchange | 12,157 | - |

4 Interest Payable

| | 1999 | 1998 |
|---------------------------|--------|------|
| | £ | £ |
| Bank loans and overdrafts | 45,063 | - |

IMC CONSULTING LIMITED

Notes to the Financial Statements

for the year ended 31st March 1999

5 Directors and Employees

Staff costs during the year were as follows:

| | 1999 £ | 1998 £ |
|-----------------------|------------------|-----------|
| Wages and salaries | 1,150,130 | - |
| Social security costs | 96,942 | - |
| Other pension costs | 99,676 | - |
| | <u>1,346,748</u> | <u>-</u> |

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

| | 1999 Number | 1998 Number |
|-----------------------|----------------|----------------|
| Administration | 9 | - |
| Technical and Support | 21 | - |
| | <u>30</u> | <u>-</u> |

Remuneration in respect of directors was as follows:

| | 1999 £ | 1998 £ |
|-------------------------|----------------|-----------|
| Management remuneration | 214,114 | - |
| Pensions | 21,313 | - |
| Benefits in kind | 8,493 | - |
| | <u>243,920</u> | <u>-</u> |

The emoluments, excluding pension contributions, of the highest paid director were £91,677.

Five of the directors are members of a defined benefit pension scheme, while the highest paid director is a member of a money purchase pension scheme. The employer's contributions to that scheme for the year to 31 March 1999 were £8,360.

6 Tax on Profit on Ordinary Activities

| | 1999 £ | 1998 £ |
|--|-----------|-----------|
| <i>Based on the profit for the year:</i> | | |
| U.K. Corporation tax at 31% | 113,579 | - |

7 Dividends

| | 1999 £ | 1998 £ |
|---|-----------|-----------|
| Equity | | |
| Ordinary shares - final proposed of £1.50 per share (1998 £nil) | 150,000 | - |

IMC CONSULTING LIMITED

Notes to the Financial Statements

for the year ended 31st March 1999

8 Tangible Fixed Assets

| | Motor vehicles | Furniture and equipment | Computer equipment | Total |
|------------------------|-------------------|-------------------------------|-----------------------|----------|
| Cost | £ | £ | £ | £ |
| Additions | 25,366 | 1,227 | 25,465 | 52,058 |
| Disposals | (47,841) | - | (1,076) | (48,917) |
| Transfers | 69,857 | 20,326 | 81,172 | 171,355 |
| At 31st March 1999 | 47,382 | 21,553 | 105,561 | 174,496 |
| Depreciation | | | | |
| Charged for the year | 13,010 | 1,531 | 15,531 | 30,072 |
| Eliminated on disposal | (8,100) | - | (183) | (8,283) |
| Transfers | 36,291 | 13,006 | 33,239 | 82,536 |
| At 31st March 1999 | 41,201 | 14,537 | 48,587 | 104,325 |
| Net Book Value | | | | |
| At 31st March 1999 | 6,181 | 7,016 | 56,974 | 70,171 |

9 Debtors

| | 1999 £ | 1998 £ |
|------------------------------------|-----------|-----------|
| Trade debtors | 1,535,930 | - |
| Amounts owed by group undertakings | 2,494 | 2 |
| Amounts receivable on contracts | 1,813,234 | - |
| Other debtors | 102,402 | - |
| Prepayments and accrued income | 22,128 | - |
| | 3,476,188 | 2 |

10 Creditors: Amounts falling due within one year

| | 1999 £ | 1998 £ |
|------------------------------------|-----------|-----------|
| Bank loans and overdrafts | 302,390 | - |
| Payments received on account | 1,361,549 | - |
| Trade creditors | 1,137,878 | - |
| Amounts owed to group undertakings | 311,694 | - |
| Corporation tax | 113,579 | - |
| Other taxes and social security | 30,562 | - |
| Proposed dividends | 150,000 | - |
| Other creditors | 39,603 | - |
| Accruals and deferred income | 62,908 | - |
| | 3,510,163 | - |

The bank overdraft is secured by a charge over the assets of the company.

IMC CONSULTING LIMITED**Notes to the Financial Statements****for the year ended 31st March 1999****11 Share Capital**

| Authorised | 1999 | 1998 |
|--|-----------------|-----------------|
| | £ | £ |
| 100,000 Ordinary shares of £1 each (1998: 1,000) | 100,000 | 1,000 |
| | <u>100,000</u> | <u>1,000</u> |
| Allotted and fully paid | 1999 | 1998 |
| | £ | £ |
| 100,000 Ordinary shares of £1 each (1998: 2) | 100,000 | 2 |
| | <u>100,000</u> | <u>2</u> |
| Movements during the year | | £ |
| At 1st April 1998 | | 2 |
| Issues during the year | | 99,998 |
| At 31st March 1999 | | <u>100,000</u> |

The authorised share capital was increased to 100,000 Ordinary £1 Shares on 19 August 1998, and a share issue of 99,998 shares was issued on that date. The share issue was carried out in order to strengthen the balance sheet, to bring the issued share capital into line with a company of its size and standing.

12 Reconciliation of the Movement in Shareholders' Funds

| | 1999 | 1998 |
|---------------------------------|----------------|-------------|
| | £ | £ |
| Profit for the financial year | 228,743 | - |
| Dividends | (150,000) | - |
| | <u>78,743</u> | <u>-</u> |
| New share capital subscribed | 99,998 | - |
| | <u>178,741</u> | <u>-</u> |
| Increase in shareholders' funds | 2 | 2 |
| Opening shareholders' funds | | |
| | <u>178,743</u> | <u>2</u> |

13 Contingent Liabilities

The bank holds a cross guarantee over the indebtedness of all group companies. At 31st March 1999 that liability amounted to £1,869,232.

14 Pensions

Contributions in respect of pension costs included in the profit and loss charge were for two separate schemes. The charge in respect of the defined benefit scheme was £69,796, and the money purchase scheme was £29,880.

IMC CONSULTING LIMITED

Notes to the Financial Statements

for the year ended 31st March 1999

15 Ultimate Parent Undertaking

The ultimate parent undertaking is ICF Group Limited, a company incorporated in Great Britain and registered in England and Wales. The financial statements of ICF Group Limited can be obtained from The Secretary, ICF Group Limited, 450 London Road, North Cheam, Surrey, SM3 8HZ.

The parent undertaking that heads the smallest group of undertakings for which consolidated financial statements are prepared is IMC Group Consulting Limited, a company incorporated in Great Britain and registered in England and Wales. Copies of the consolidated financial statements are available from The Secretary, IMC Group Holdings Limited, P O Box 18, Mill Lane, Huthwaite, Sutton in Ashfield, Nottinghamshire, NG17 2NS.