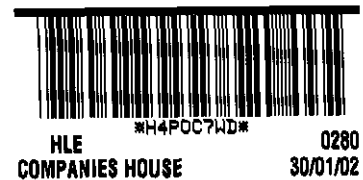


ICM RECOVERY SERVICES PLC

Report and Financial Statements

30 June 2001



ICM RECOVERY SERVICES PLC

REPORT AND FINANCIAL STATEMENTS 2001

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ICM RECOVERY SERVICES PLC

DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements for the year ended 30 June 2001.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the supply of comprehensive business protection services to computer users.

REVIEW OF THE BUSINESS

The directors are delighted to be able to announce another profitable and successful year for ICM Recovery Services plc.

2001 has been an important year for the Company and one in which we have managed to combine the continued delivery of strong and steady growth and investment in the future of the business.

The directors are delighted to report that Turnover rose to £5.0 million, an increase of 23% for the financial year compared with 2000. Profit before tax grew to £1.5 million from £1.3 million for the previous financial year.

The program to roll out regional Business Recovery Centres which supplement and extend our overall offerings in Business Continuity services has continued during the year, further extending our ability to reach larger corporate clients with our business strategy.

In September 2000, the East Midlands Business Recovery Centre became operational. The premises are newly constructed, are ideally located off Junction 26 of the M1 and offers Business Continuity services for up to 320 recovery positions.

In October 2000, the new centre in Newmarket became operational. This centre serves the Eastern Home Counties and East Anglia which includes important catchment areas such as Cambridge, Peterborough and the M11 corridor.

The latest centre meant that the Company opened four centres within the nine months to 31 October 2000. The latest centre together with the relocation of our West Yorkshire Centre brings the complement of Business Recovery Centres to six with a combined total capacity of over 1,200 recovery positions available on a regional basis which supplements the IT and mobile recovery capabilities.

Business Continuity Services

The Company provides a high standard of contracted business continuity services to support 'mission critical' computer installations in the event of a disaster or other loss of IT or office facilities.

ICM offers four types of business continuity services; relocatable recovery, mobile recovery, static site service and alternative workplaces.

Relocatable recovery

This service provides for equipment to be shipped to and installed on the customer's site upon invocation (for example, replacement of a server in the event that a departmental server is stolen). The diminishing physical size of high performance servers and computers means that this service is increasingly popular for operators of smaller installations.

Mobile recovery

ICM operates a fleet of mobile computing data-centres which can be deployed to a customer site in the UK generally within 12 hours of an invocation. Each mobile data-centre is a self-sufficient trailer with on-board power generation, air conditioning, data communication and wireless communication facilities and computing configurations specially fitted out for the purpose.

ICM RECOVERY SERVICES PLC

DIRECTORS' REPORT

Business Continuity Services (Cont'd)

Static site recovery

ICM's static site recovery service provides continuous cover under contract to customers, allowing them access to powerful computer and communications rooms with powerful external data communication links. This service is provided at ICM's own premises in Darlaston, Leeds and Manchester and, in co-operation with other business continuity providers, at six further locations in the South of England.

Alternative workplaces

A specified office configuration, including personal computer networks and office equipment, is made available within a Business Recovery Centre to the customer in the event that a disaster renders the customer's offices uninhabitable.

Future development

We have demonstrated our continuing ability to deliver solid organic growth and we will continue to make measured investments in the future growth potential of the Company.

DIRECTORS

The directors who served during the year were as follows:

B A Roberts
S Wainwright
A Granelli

DIRECTORS INTERESTS

None of the directors had a beneficial interest in the share capital of the Company at any time during the year.

The beneficial interests of B A Roberts, S Wainwright and A Granelli in the shares of the parent company, ICM Computer Group plc, are disclosed in the accounts of that company.

RESULTS, DIVIDENDS AND TRANSFERS TO RESERVES

The results of the Company for the year are set out in detail on page 5.

The directors recommend the following dividends:

		2001	2000
		£ per share	£ per share
Ordinary shares of £1 each	Final proposed	2.00	2.00

CREDITOR PAYMENT POLICY

It is the Company's policy and practice to agree terms of business for all transactions with suppliers prior to commencing business with the supplier and to pay amounts which are not in dispute in accordance with these terms. At 30 June 2001 the Company's trade creditor balances amounted to 54 days of average purchases during the year.

AUDITORS

A resolution to reappoint Deloitte & Touche as auditors will be proposed at the Annual General Meeting.

ICM RECOVERY SERVICES PLC

DIRECTORS' REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year 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; to make judgements and estimates that are reasonable and prudent; and to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business. It is the responsibility of the directors to maintain proper accounting records to enable them to ensure that the financial statements comply with the Companies Act. It is also the responsibility of the directors to safeguard the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that suitable accounting policies, consistently applied and supported by reasonable prudent judgements and estimates, have been used in the preparation of the financial statements and to state whether applicable accounting standards have been followed.

Approved by the Board of Directors
and signed on behalf of the Board



S WAINWRIGHT

Secretary

29 January 2002



**Deloitte
& Touche**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ICM RECOVERY SERVICES PLC

We have audited the financial statements of ICM Recovery Services Plc for the year ended 30 June 2001 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

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 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 30 June 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and Registered Auditors

29 JANUARY 2002

ICM RECOVERY SERVICES PLC

PROFIT AND LOSS ACCOUNT

for the year ended 30 June 2001

	Note	2001 £'000	2000 £'000
TURNOVER	2	5,017	4,072
Raw materials and consumables		373	399
Staff costs	4	1,123	840
Depreciation		795	734
Other operating charges		<u>1,145</u>	<u>789</u>
		3,436	2,762
OPERATING PROFIT	3	1,581	1,310
Interest payable and similar charges	6	<u>(109)</u>	<u>(4)</u>
		(109)	(4)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,472	1,306
Tax on profit on ordinary activities	7	<u>406</u>	<u>406</u>
PROFIT FOR THE FINANCIAL YEAR		1,066	900
Dividends	8	100	100
RETAINED PROFIT FOR THE YEAR	16	<u><u>966</u></u>	<u><u>800</u></u>

All activities of the Company derive from continuing operations. There are no recognised gains and losses other than the profit for the financial year and the profit for the preceding financial year.

ICM RECOVERY SERVICES PLC

BALANCE SHEET

30 June 2001

	Note	2001		2000	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	9		5,824		1,939
CURRENT ASSETS					
Debtors	10	3,508		3,350	
Cash at bank and in hand		965		1,341	
		<u>4,473</u>		<u>4,691</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	<u>3,592</u>		<u>2,915</u>	
NET CURRENT ASSETS			<u>881</u>		<u>1,776</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			6,705		3,715
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	12		2,006		-
PROVISION FOR LIABILITIES AND CHARGES	13		18		-
			<u>4,681</u>		<u>3,715</u>
CAPITAL AND RESERVES					
Called up share capital	15		50		50
Profit and loss account	16		4,631		3,665
EQUITY SHAREHOLDERS' FUNDS			<u>4,681</u>		<u>3,715</u>

Approved by the Board of Directors
and signed on behalf of the Board



B A ROBERTS

Director

29 January 2002

ICM RECOVERY SERVICES PLC

STATEMENT OF ACCOUNTING POLICIES

Accounting convention

These financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The principal accounting policies which the directors have adopted are set out below.

Purchased goodwill

Purchased goodwill is capitalised and amortised over its expected useful life which is normally 20 years.

Turnover

Turnover is the amount derived from the provision of goods and services during the year which fall within the Company's ordinary activities after deduction of value added tax. Deferred income arises from the allocation of invoiced amounts over the period to which they relate.

Tangible fixed assets and depreciation

Depreciation is calculated to write down the cost of fixed assets to their estimated residual values by equal monthly instalments over the period of their estimated useful lives, which are considered to be:

Freehold buildings	50 years
Long leasehold buildings	50 years
Short leasehold buildings	4 - 10 years or duration of the lease
Plant, machinery and tools	4 - 5 years
Fixtures, fittings and equipment	4 - 10 years
Motor vehicles	3 years

No depreciation is provided on Freehold land or Assets in the course of construction.

Assets acquired under finance lease or hire purchase agreements

Fixed assets acquired under finance lease or hire purchase agreements are capitalised and depreciated over their estimated useful lives. Finance charges and hire purchase interest are allocated over the primary period of the contract in proportion to the capital element outstanding.

Operating leases

The costs of operating leases are charged to the profit and loss account as they accrue.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

ICM RECOVERY SERVICES PLC

STATEMENT OF ACCOUNTING POLICIES

Pension costs

A defined benefit funded pension scheme is operated by the Company's parent company, ICM Computer Group plc. Certain employees of the Company are eligible for membership of that scheme.

The cost of providing pensions benefits under the defined benefit funded pension scheme is recharged from the parent company. Such recharges have the effect of charging employee pension costs to the profit and loss account over the expected service lives of participating employees as a substantially level percentage of pensionable payroll. Actuarial surpluses or deficiencies are spread over the expected remaining service lives of the participating employees.

Contributions to the scheme are set as a whole rather than reflecting the actuarial characteristics of the employees of the individual participating employers and as such the Company cannot identify its share of the underlying assets and liabilities.

The costs of providing pensions under the defined contribution scheme are charged to the profit and loss account in the period in which they are incurred.

Details of the latest actuarial valuation of the above scheme are given in the accounts of the parent company, ICM Computer Group plc.

ICM RECOVERY SERVICES PLC

NOTES TO THE ACCOUNTS

30 June 2001

1. NEW ACCOUNTING STANDARDS

The Company adopted Financial Reporting Standards which became applicable to the financial year under review. The effects of adopting these new accounting standards on the financial statements have been as follows:

FRS17: The transitional disclosure arrangements set out in the standard have been adopted during the year and its adoption has had no effect on the reported figures.

FRS18: The standard has been adopted during the year however this has had no effect on the reported figures.

2. TURNOVER

The whole of turnover is attributable to the principal activity of the Company and arises primarily from customers within the United Kingdom.

3. OPERATING PROFIT

	2001 £'000	2000 £'000
Operating profit is arrived at after charging:		
Depreciation of owned assets	765	627
Depreciation of assets held under finance lease and hire purchase contracts	30	107
Auditors remuneration - audit fees	5	5
Operating lease rentals - land and buildings	137	142
	<u> </u>	<u> </u>

4. EMPLOYEES

	2001	2000
The average number employed by the Company, including directors, within each category of persons was:	Number of employees	
Technical staff	9	8
Sales and administrative staff	18	13
	<u> </u>	<u> </u>
	27	21
	<u> </u>	<u> </u>
The costs incurred in respect of these employees were:	2001 £'000	2000 £'000
Wages and salaries	989	740
Social security costs	112	86
Pension costs	22	14
	<u> </u>	<u> </u>
	1,123	840
	<u> </u>	<u> </u>

ICM RECOVERY SERVICES PLC

NOTES TO THE ACCOUNTS

30 June 2001

5. DIRECTORS' EMOLUMENTS

The directors of the Company received no emoluments during the year nor in the preceding financial year.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £'000	2000 £'000
On finance leases and hire purchase contracts	-	4
Amount owed to parent company	109	-
	<u>109</u>	<u>4</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £'000	2000 £'000
United Kingdom corporation tax at 30% (2000: 30%)	396	406
Deferred taxation	18	-
	<u>414</u>	<u>406</u>
Adjustments to prior years' corporation tax provisions	(8)	-
	<u>406</u>	<u>406</u>

The tax charge is lower than would be expected due to the unprovided deferred tax asset brought forward in respect of capital allowances in excess of depreciation.

8. DIVIDENDS

		2001 (per share)	2000 (per share)	2001 £'000	2000 £'000
Equity Shares					
Ordinary shares of £1 each	Final proposed	£2.00	£2.00	<u>100</u>	<u>100</u>

ICM RECOVERY SERVICES PLC

NOTES TO THE ACCOUNTS

30 June 2001

9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Plant, machinery and tools £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost				
At 1 July 2000	-	5,010	589	5,599
Additions	2,839	782	1,093	4,714
Disposals	-	(59)	-	(59)
At 30 June 2001	<u>2,839</u>	<u>5,733</u>	<u>1,682</u>	<u>10,254</u>
Depreciation				
At 1 July 2000	-	3,537	123	3,660
Charge for the year	19	635	141	795
Disposals	-	(25)	-	(25)
At 30 June 2001	<u>19</u>	<u>4,147</u>	<u>264</u>	<u>4,430</u>
Net book value				
At 30 June 2001	<u>2,820</u>	<u>1,586</u>	<u>1,418</u>	<u>5,824</u>
At 30 June 2000	<u>-</u>	<u>1,473</u>	<u>466</u>	<u>1,939</u>

The net book value of Plant, machinery and tools includes £10,000 (2000: £40,000) in respect of assets held under finance leases and hire purchase contracts.

10. DEBTORS

	2001 £'000	2000 £'000
Trade debtors	1,105	970
Prepayments and accrued income	208	238
Amounts owed by parent company	153	2,142
Amounts owed by fellow subsidiaries	<u>2,042</u>	<u>-</u>
	<u>3,508</u>	<u>3,350</u>

ICM RECOVERY SERVICES PLC

NOTES TO THE ACCOUNTS

30 June 2001

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £'000	2000 £'000
Trade creditors	529	460
Obligations under finance leases and hire purchase contracts	-	7
Amount owed to parent company (note 12)	89	-
Amounts owed to fellow subsidiaries	363	1
Other creditors	11	30
Corporation tax	337	307
Other taxation and social security	162	145
Accruals and deferred income	2,001	1,865
Dividends proposed	100	100
	<u>3,592</u>	<u>2,915</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2001 £'000	2000 £'000
Amount owed to parent company	<u>2,006</u>	<u>-</u>
Analysed as follows:		
Within the first to second years	95	-
Within the second to fifth years inclusive	330	-
After five years	1,581	-
	<u>2,006</u>	<u>-</u>

Amounts owed to parent company carry interest at a floating rate based on the Yorkshire Bank base lending rate plus 1%. The amounts owed to parent company are unsecured.

ICM RECOVERY SERVICES PLC

NOTES TO THE ACCOUNTS

30 June 2001

13. PROVISION FOR LIABILITIES AND CHARGES

Deferred Taxation	2001 £'000	2000 £'000		
Brought forward	-	-		
Charge for the year	18	-		
	<hr/>	<hr/>		
Carried forward	18	-		
	<hr/> <hr/>	<hr/> <hr/>		
The amounts of deferred tax provided and unprovided in the accounts are as follows:				
	Provided		Unprovided	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Capital allowances in excess of depreciation	18	-	-	-

14. CONTINGENT LIABILITIES AND BANK SECURITY

The Company is party to an unlimited group cross guarantee and cross debenture in respect of the borrowings of the parent company and other fellow subsidiary companies.

15. CALLED UP SHARE CAPITAL

	2001 £'000	2000 £'000
Authorised		
50,000 ordinary shares of £1 each	50	50
Allotted and fully paid		
50,000 ordinary shares of £1 each	50	50

16. RESERVES

	Profit and Loss account £'000
At 1 July 2000	3,665
Profit for the financial year	966
At 30 June 2001	4,631

ICM RECOVERY SERVICES PLC

NOTES TO THE ACCOUNTS

30 June 2001

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £'000	2000 £'000
Profit for the financial year	1,066	900
Dividends	(100)	(100)
Net movement in shareholders' funds	966	800
Opening shareholders' funds	3,715	2,915
Closing shareholders' funds	4,681	3,715

18. FINANCIAL COMMITMENTS

(a) Future capital expenditure

The Company had no future capital expenditure which had been contracted for but not provided in the accounts at the end of the financial year (2000 : Nil).

(b) Operating lease commitments

	2001		2000	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Annual commitments under non-cancellable operating leases are as set out below:				
Operating leases which expire:				
Within one year	-	-	-	-
In the first to second years	-	-	-	-
In the second to fifth years	-	-	-	-
After five years	137	-	137	-
	<u>137</u>	<u>-</u>	<u>137</u>	<u>-</u>

19. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard No. 8 and therefore does not disclose transactions with fellow companies within the ICM Computer Group.

ICM RECOVERY SERVICES PLC

NOTES TO THE ACCOUNTS

30 June 2001

20. CASH FLOW STATEMENT

The Company is a wholly owned subsidiary of ICM Computer Group plc which prepares a consolidated cash flow statement for the group. The Company has therefore taken advantage of the exemption granted by Financial Reporting Standard No. 1 (revised) and consequently does not publish a cash flow statement for the Company alone.

21. ULTIMATE PARENT COMPANY

The ultimate parent company and ultimate controlling party is ICM Computer Group plc, a company incorporated in Great Britain. A copy of the financial statements of the parent company may be obtained from the Registrar of Companies, Crown Way, Maindy, Cardiff.