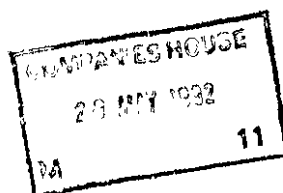


DIAMOND (DIAMOND TOOLS) LIMITED

DIRECTORS REPORT



The Directors present their report and financial statements for the year ended 30th September 1991.

PRINCIPAL ACTIVITY

The Principal activity of the Company is that of Diamond Tools Manufacturers.

RESULTS AND DIVIDENDS

The company incurred a loss after taxation of £10349. The Directors do not recommended payment of a dividend.

DIRECTORS AND THEIR INTERESTS

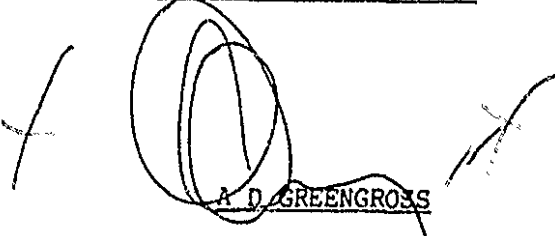
The Directors who served during the year and their interests in the issued Share Capital of the company is as follows:-

	<u>1991</u>	<u>1990</u>
A D Greengross - Ordinary Shares of £1 each	664	664
A Finer - Ordinary Shares of £1 each	236	236

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution re-appointing Messrs Handworker Boyask and Company as Auditors, will be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD


A D GREENGROSS
Secretary

AUDITORS REPORT TO THE MEMBERS OF
EDUSMOND (DIAMOND TOOLS) LIMITED

We have audited the financial statements on pages 3 to 6 in accordance with Auditing Standards.

In our opinion the financial statements, give a true and fair view of the state of the Company's affairs as at 30th September 1991 and of its Loss for the year ended on that date and have been properly prepared in accordance with the Companies Act 1985.

Dated this 8th Day of April 1992

Handworker Boyask and Co
HANDWORKER BOYASK AND COMPANY
Certified Accountants

Wincham House, 832/4 High Road, North Finchley, London, N12 9RA

INDUSTRIAL DIAMOND TOOLS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH SEPTEMBER 1991

	<u>Note</u>	<u>Previous Year</u>	
		£	£
TURNOVER		217066	286556
COST OF SALES		116815	152355
		<hr/>	<hr/>
GROSS PROFIT		100251	134201
Administrative Expenses		135534	149144
		<hr/>	<hr/>
Operating Loss		(35283)	(14943)
Rent and Services Received		31464	36911
Interest Payable	2	(6530)	(10208)
		<hr/>	<hr/>
(LOSS) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(10349)	11760
<u>TAXATION</u>			
Corporation Tax at 25%		-	2967
		(10349)	8793
PROFIT AND LOSS ACCOUNT BALANCE BROUGHT FORWARD		121600	116861
<u>LESS: Underprovision for prior years taxation</u>		<hr/>	<hr/>
		-	(4054)
		<hr/>	<hr/>
BALANCE CARRIED FORWARD		<u>111251</u>	<u>121600</u>

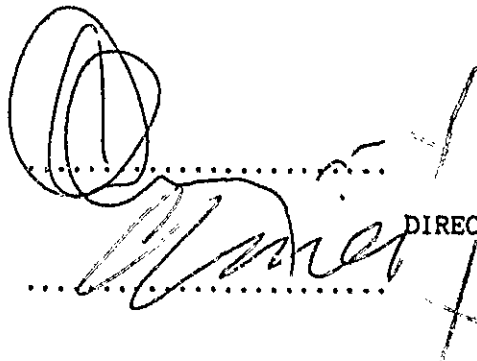
The notes on pages 5 to 8 form part of these financial statements.

DIAMOND TOOLS, LIMITED

Balance Sheet as at 30th September 1991

	Note	£	£	Previous Year
				£
TANGIBLE FIXED ASSETS	5		101792	104241
<u>CURRENT ASSETS</u>				
Stock	6	56000		64000
Debtors	7	75576		87902
Cash at Bank		<u>198</u>		<u>139</u>
		<u>131774</u>		<u>152041</u>
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	8	96954		98712
Taxation		<u>4263</u>		<u>4467</u>
		<u>101217</u>		<u>103179</u>
Net Current Assets			30557	48862
TOTAL ASSETS LESS CURRENT LIABILITIES			132349	153103
CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR	9		<u>20198</u>	<u>30603</u>
			<u>112151</u>	<u>122500</u>
<u>CAPITAL AND RESERVES</u>				
Share Capital	10		900	900
Profit and Loss Account			<u>111251</u>	<u>121600</u>
			<u>112151</u>	<u>122500</u>

Approved by the Board on
8th April 1992.

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 DIRECTORS

DIAMOND TOOLS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH SEPTEMBER 1991

NOTE 1 ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention using the following accounting policies for items which are considered material to the financial statements.

a) Turnover

Turnover represents invoice value net of VAT and credits.

b) Tangible Fixed Assets

Depreciation is provided on all tangible fixed assets to write off the cost less estimated residual value over the useful life of the asset of the following annual rates:-

Motor Vehicles - 25% on Net Book Value

Office, Furniture and Equipment - 15% on Net Book Value

c) Stock

Stocks are valued at the lower of cost and net realisable value, after due allowance for obsolete and slow moving items.

NOTE 2 INTEREST PAYABLE

	<u>30-9-91</u>	<u>30-9-90</u>
On bank and other borrowings repayable within five years.	£ <u>6530</u>	£ <u>10208</u>

IMPERIAL DIAMOND TOOLS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH SEPTEMBER 1991

NOTE 3 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>30-9-91</u>	<u>30-9-90</u>
(Loss) Profit is stated after charging:	£	£
Directors Remuneration	26696	26196
Depreciation	2449	4375
Auditors Remuneration	<u>2050</u>	<u>1650</u>

NOTE 4 TAXATION

There is no charge to taxation on the results for the year.

NOTE 5 TANGIBLE FIXED ASSETS

	<u>Motor Vehicles</u>	<u>Office Furniture</u>	<u>Freehold Property</u>	<u>Total</u>
	£	£	£	£
<u>COST</u>				
At 1st October 1990	<u>19200</u>	<u>10086</u>	<u>93057</u>	<u>122343</u>
At 30th September 1990	<u>19200</u>	<u>10086</u>	<u>93057</u>	<u>122343</u>
 <u>DEPRECIATION</u>				
At 1st October 1990	11478	6624	-	18102
Charge for Year	<u>1930</u>	<u>519</u>	<u>-</u>	<u>2449</u>
	<u>13408</u>	<u>7143</u>	<u>-</u>	<u>20551</u>
 <u>NET BOOK VALUE</u>				
At 30th September 1991	<u>5792</u>	<u>2943</u>	<u>93057</u>	<u>101792</u>
At 30th September 1990	<u>7722</u>	<u>3462</u>	<u>93057</u>	<u>104241</u>

DIAMOND LOGS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH SEPTEMBER 1991

<u>NOTE 6</u>	<u>STOCK</u>	<u>30-9-91</u>	<u>30-9-90</u>
		£	£
	Goods for Resale	<u>56000</u>	<u>64000</u>
<u>NOTE 7</u>	<u>DEBTORS</u>		
	Trade Debtors	51132	56713
	Other Debtors	24444	31189
		—	—
		<u>75576</u>	<u>87902</u>
<u>NOTE 8</u>	<u>CREDITORS AMOUNTS FALLING DUE</u>		
	<u>WITHIN ONE YEAR</u>		
	Bank Overdraft	13792	33336
	Trade Creditors	51288	45691
	Other Tax and Social Security	5790	4943
	Accruals	26084	14742
		—	—
		<u>96954</u>	<u>98712</u>
<u>NOTE 9</u>	<u>CREDITORS AMOUNTS DUE</u>		
	<u>AFTER ONE YEAR</u>		
	Directors Loans	<u>20198</u>	<u>30603</u>
<u>NOTE 10</u>	<u>SHARE CAPITAL</u>		
	Authorised - Ordinary Shares of £1 each	<u>900</u>	<u>900</u>
	Issued and Fully Paid - Ordinary Shares of £1 each	<u>900</u>	<u>900</u>

DIAMOND GROUP LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH SEPTEMBER 1991

NOTE 11 EMPLOYEE INFORMATION

The average number of people including directors employed during the year was as follows:-

	<u>30-9-91</u>	<u>30-9-90</u>
	<u>No</u>	<u>No</u>
Administration	<u>6</u>	<u>6</u>
Total staff costs were as follows:-		
	<u>£</u>	<u>£</u>
Wages and Salaries	25201	36003
Social Security	5128	6134
Other Pension Costs	3000	3000
	<u>33329</u>	<u>45137</u>