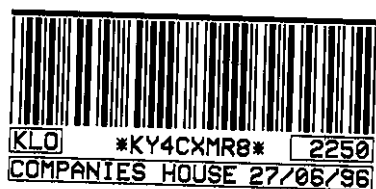


INDUSMOND (DIAMOND TOOLS) LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 30TH SEPTEMBER, 1995

COMPANY NUMBER : 0355927



REPORT AND ACCOUNTS
1995

DIRECTORS:

A.D. GREENGROSS
A. FINER

SECRETARY:

A.D. GREENGROSS

REGISTERED OFFICE:
AND
BUSINESS ADDRESS

MEMFAGIMAL HOUSE
26-29 ST CROSS STREET
HATTON GARDEN
LONDON EC1N 8HH

REPORTING ACCOUNTANTS:

GOODMAN LAWRENCE & CO
CERTIFIED ACCOUNTANTS
56A HAVERSTOCK HILL
LONDON NW3 2BH

BANKERS:

BANK LEUMI (UK) PLC
4-7 WOODSTOCK STREET
LONDON
W1A 2AF

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REPORT AND ACCOUNTS
1995

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REPORT OF THE DIRECTORS

The Directors present their Annual Report together with the Accounts of the Company for the year ended 30th September, 1995.

PRINCIPAL ACTIVITIES

The Company has continued throughout the year to trade as Diamond Tools Retailers.

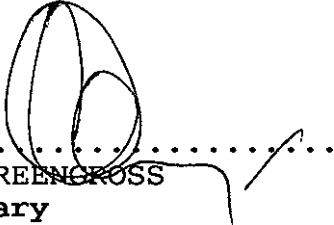
DIRECTORS AND INTERESTS IN SHARES

The Directors who served during the year and their beneficial interests in the Issued Share Capital of the Company, both at the beginning and end of the year, were as follows:

	<u>Ordinary Shares of £1 each</u>
A.D. GREENGROSS	664
A. FINER	236

In preparing this report we have taken advantage of the special exemptions applicable to small companies.

By order of the Board


.....
A.D. GREENGROSS
Secretary

Dated this 14th day of MARCH, 1996

ACCOUNTANTS' REPORT TO THE SHAREHOLDERS
ON THE UNAUDITED ACCOUNTS OF
INDUSMOND (DIAMOND TOOLS) LIMITED

We report on the accounts for the year ended 30th September, 1995 set out on pages 6 to 13.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANTS

As described on page 6 the company's directors are responsible for the preparation of the accounts, and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

BASIS OF OPINION

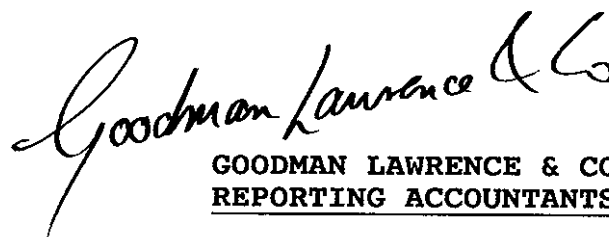
Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the accounts with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purpose of this report. These procedures provide only the assurance expressed in our opinion.

OPINION

In our opinion:

- (a) the accounts are in agreement with the accounting records kept by the company under section 221 of the Companies Act 1985;
- (b) having regard only to, and on the basis of, the information contained in those accounting records:
 - (i) the accounts have been drawn up in a manner consistent with the accounting requirements specified in section 249C(6) of the Act; and
 - (ii) the company satisfied the conditions for the exemption from an audit of the accounts for the year specified in section 249A(4) of the Act and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in section 249B(1).

56A HAVERSTOCK HILL
LONDON NW3 2BH


GOODMAN LAWRENCE & CO
REPORTING ACCOUNTANTS

Dated this 15th day of MARCH, 1996

BALANCE SHEET
AS AT 30TH SEPTEMBER, 1995

	Note	£	£	1994 £	£
FIXED ASSETS					
Tangible Assets	2		5,494		4,101
Investments	3		350,000		350,000
			<u>355,494</u>		<u>354,101</u>
CURRENT ASSETS					
Stock	4	50,000		57,000	
Debtors	5	109,664		94,804	
Cash at Bank and in Hand		<u>20,010</u>		<u>2,492</u>	
		179,674		154,296	
CREDITORS					
Amounts falling due within one year	6	<u>147,749</u>		<u>131,715</u>	
NET CURRENT ASSETS			<u>31,925</u>		<u>22,581</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>387,419</u>		<u>376,682</u>
CAPITAL AND RESERVES					
Called up Share Capital	7		900		900
Revaluation Reserve	8		256,943		256,943
Profit and Loss Account	9		<u>129,576</u>		<u>118,839</u>
SHAREHOLDERS' FUNDS	10		<u>387,419</u>		<u>376,682</u>

In approving these financial statements as directors of the company we hereby confirm:

- (a) that for the year ended 30th September, 1995, the company was entitled to the exemption conferred by section 249A(2) of the Companies Act 1985;
- (b) that no notice has been deposited at the registered office of the company pursuant to section 249B(2) requesting that an audit be conducted for the year ended 30th September, 1995; and
- (c) that we acknowledge our responsibilities for:
 - (1) ensuring that the company keeps accounting records which comply with section 221, and
 - (2) preparing accounts which give true and fair view of the state of affairs of the company as at 30th September, 1995 and its profit for the year then ended and which otherwise comply with the provisions of the Companies Act relating to accounts, so far as applicable to the company.

In preparing these accounts the Directors have taken advantage of the exemptions applied to small companies conferred by Part I of Schedule 8 of the Companies Act 1985 and have done so on the basis that, in their opinion, the company satisfies the criteria for exemption as a small company.

These financial statements were approved by the Board on 14th March 1996

.....
A.D. GREENGROSS - Director

PROFIT AND LOSS ACCOUNT
YEAR ENDED 30TH SEPTEMBER, 1995

	<u>Note</u>	<u>£</u>	<u>1994</u> <u>£</u>
<u>TURNOVER</u>		307,366	237,552
COST OF SALES		(176,171)	(121,355)
<u>GROSS PROFIT</u>		131,195	116,197
ADMINISTRATIVE EXPENSES	11	(118,553)	(132,521)
OTHER OPERATING INCOME		<u>43,611</u>	<u>30,921</u>
<u>OPERATING PROFIT</u>		56,253	14,597
INTEREST PAYABLE		<u>(2,177)</u>	<u>(1,617)</u>
<u>PROFIT ON ORDINARY ACTIVITIES</u> <u>BEFORE TAXATION</u>		54,076	12,980
TAX ON PROFIT ON ORDINARY ACTIVITIES	12	<u>(6,739)</u>	<u>(4,846)</u>
<u>PROFIT ON ORDINARY ACTIVITIES</u> <u>AFTER TAXATION</u>	9	47,337	8,134
DIVIDENDS	13	<u>(36,600)</u>	<u>(11,520)</u>
<u>RETAINED PROFIT/(LOSS) FOR THE YEAR</u>	9	<u>10,737</u>	<u>(3,386)</u>

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

NOTES TO THE ACCOUNTS
YEAR ENDED 30TH SEPTEMBER, 1995

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. However, compliance with SSAP 19 "Accounting for Investment Properties" requires departure from the requirements of the Companies Act 1985 relating to depreciation. A summary of the more important accounting policies which have been applied consistently, except for the policy on depreciation of investment property as explained under fixed assets, are set out below.

a. Depreciation

In accordance with SSAP 19 Investment Properties have been revalued and the surplus has been transferred to a revaluation reserve. No depreciation has been provided in respect of freehold and leasehold investment properties with over 20 years to run. The requirement of the Companies Act 1985 is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principles set out in SSAP 19. The directors consider that to depreciate such properties would not give a true and fair view, but that a true and fair view is given by SSAP 19 as described above. If this departure had not been made the profit for the financial year would have been reduced by depreciation on the revalued properties of £ 1,860. For the other assets, depreciation is calculated so as to write off their expected useful working lives as follows:-

	<u>Annual Rate</u> <u>%</u>	<u>Basis</u>
Office Furniture & Equipment	15	Reducing Balance
Motor Vehicles	25	Reducing Balance

b. Stock

Stock is valued at the lower of cost and net realisable value after making due allowance for any obsolete and slow moving items.

c. Turnover

Turnover represents management services supplied by the Company and ground rents receivable in the year.

NOTES TO THE ACCOUNTS
YEAR ENDED 30TH SEPTEMBER, 1995

d. Foreign Currencies

Assets and liabilities expressed in foreign currencies are translated to Sterling at rates of exchange ruling at the end of the financial period.

Transactions made during the period expressed in foreign currencies are translated to Sterling at rates of exchange ruling at that date, or where this is not practical, at an average rate.

All gains or losses arising therefrom are taken directly to the profit and loss account.

e. Deferred Taxation

A Provision, when necessary, is made to reflect the possible liability or the increase in value of an asset that might crystallise due to the timing differences between the treatment of such an asset for taxation and accounting purposes.

As in the opinion of the Directors no such liability or increase in value is likely to crystallise in the foreseeable future no such a provision is made.

f. Cash Flow Statement

The Company has taken advantage of the exemption in Financial Reporting Standard Number 1 from producing a cash flow statement on the grounds that it is a small company.

NOTES TO THE ACCOUNTS
YEAR ENDED 30TH SEPTEMBER, 1995

2. TANGIBLE FIXED ASSETS

<u>COST</u>	<u>TOTAL</u> <u>£</u>	<u>Office</u> <u>Furniture</u> <u>£</u>	<u>Motor</u> <u>Vehicles</u> <u>£</u>
At 1.10.94	16,421	12,185	4,236
Additions	<u>2,441</u>	<u>2,441</u>	<u>-</u>
At 30.9.95	<u>18,862</u>	<u>14,626</u>	<u>4,236</u>
<u>DEPRECIATION</u>			
At 1.10.94	12,320	8,747	3,573
For Year	<u>1,048</u>	<u>882</u>	<u>166</u>
At 30.9.95	<u>13,368</u>	<u>9,629</u>	<u>3,739</u>
<u>NET BOOK VALUE</u>			
At 30.9.95	<u>5,494</u>	<u>4,997</u>	<u>497</u>
At 30.9.94	<u>4,101</u>	<u>3,438</u>	<u>663</u>

3. INVESTMENT PROPERTY

<u>At Valuation</u>	<u>£</u>
As at 1.10.94 and end of the Year	<u>350,000</u>

	<u>£</u>	<u>1994</u> <u>£</u>
<u>4. STOCK</u>		
Goods For Resale	<u>50,000</u>	<u>57,000</u>

NOTES TO THE ACCOUNTS
YEAR ENDED 30TH SEPTEMBER, 1995

	<u>Note</u>	<u>£</u>	<u>1994</u> <u>£</u>
5. <u>DEBTORS</u>			
Trade Debtors		70,774	66,683
Companies under Common Control	14	9,614	6,562
Advance Corporation Tax Recoverable		9,150	2,880
Other Debtors		16,900	15,817
Prepayments and Accrued Income		<u>3,226</u>	<u>2,862</u>
		<u>109,664</u>	<u>94,804</u>
6. <u>CREDITORS</u>: Amounts falling due within one year			
Bank Overdraft		25,726	4,313
Trade Creditors		43,884	48,374
Companies Under Common Control	14	39,281	40,387
Directors Current Accounts		64	6,466
Corporation Tax		7,675	4,062
Advanced Corporation Tax Payable		9,150	2,880
Taxation and Social Security		5,915	12,712
Other Creditors		10,750	10,772
Accruals and Deferred Income		<u>5,304</u>	<u>1,749</u>
		<u>147,749</u>	<u>131,715</u>
7. <u>SHARE CAPITAL</u>			
<u>Authorised</u>			
Ordinary Shares of £1 each		900	900
<u>Called Up, Issued and Fully Paid</u>			
Ordinary Shares of £1 each		900	900
8. <u>REVALUATION RESERVE</u>			
As at 1.10.94			
and end of the Year		<u>256,943</u>	<u>256,943</u>

NOTES TO THE ACCOUNTS
YEAR ENDED 30TH SEPTEMBER, 1995

	<u>Note</u>	<u>£</u>	<u>1994</u> <u>£</u>
9. <u>PROFIT AND LOSS ACCOUNT</u>			
Balance at 1.10.94		118,839	122,225
Net Profit/(Loss) for the Year		<u>10,737</u>	<u>(3,386)</u>
Balance at 30.9.95		<u>129,576</u>	<u>118,839</u>
10. <u>RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</u>			
Profit for the Year		47,337	8,134
Less: Dividends		<u>36,600</u>	<u>11,520</u>
		10,737	(3,386)
Opening Shareholders' Funds		<u>376,682</u>	<u>380,068</u>
Closing Shareholders' Funds		<u>387,419</u>	<u>376,682</u>
11. <u>ADMINISTRATIVE EXPENSES</u>			
Include:			
Depreciation	2	1,048	827
Directors' Remuneration		3,600	18,665
Hire of Plant and Machinery		<u>244</u>	<u>-</u>
12. <u>TAXATION</u>			
Current Year U.K. Corporation Tax at appropriate rates based on Taxable Profits for the Year		7,675	4,062
Under/(Over) Provision in earlier Periods		<u>(936)</u>	<u>784</u>
		<u>6,739</u>	<u>4,846</u>
13. <u>DIVIDENDS</u>			
Interim ordinary dividends		<u>36,600</u>	<u>11,520</u>

NOTES TO THE ACCOUNTS
YEAR ENDED 30TH SEPTEMBER, 1995

14. COMPANIES UNDER COMMON CONTROL

A Company having the same or predominantly the same Shareholders and/or Board of Directors but which is neither a Parent, Subsidiary, Fellow Subsidiary, or Associated Company. Any trading activities between such companies has been at arms length.

15. COMPARATIVES

Where changes in presentation have been made, comparative figures have been adjusted accordingly.