



**LARCODEMS INTERNATIONAL LIMITED
(FORMERLY CALVERCROSS LIMITED)**

Report and Financial Statements

31 December 1995

**Deloitte & Touche
Columbia Centre
Market Street
Bracknell
Berkshire
RG12 1PA**





REPORT AND FINANCIAL STATEMENTS 1995

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REPORT AND FINANCIAL STATEMENTS 1995

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A J Wardle
N J Bell
J McCulloch
W M Czajko
C Tyler
W Wassermeier

SECRETARY

L O'Connor

REGISTERED OFFICE

Chapel View
9 Market Street
Windsor
Berks
SL4 1PB

SOLICITORS

Nicholson Graham & Jones
25-31 Moorgate
London
EC2R 6AR

AUDITORS

Deloitte & Touche
Chartered Accountants
Columbia Centre
Market Street
Bracknell
Berkshire
RG12 1PA

DIRECTORS' REPORT

The company was incorporated under the name Calvercross Limited on 1 September 1994 and changed its name to Larcodems International Ltd on 16 September 1994. The directors present their first report and audited financial statements for the period of sixteen months to 31 December 1995.

ACTIVITIES

The principal activity of the company is the exploitation of the Larcodems patent and trade mark.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

Future prospects depend on the successful world-wide marketing of the Larcodems technology for mineral processing.

DIRECTORS

The present membership of the Board is set out on page 1. Since the date of incorporation there have been the following changes:

	Date appointed	Date resigned
L O'Connor	7 September 1994	8 February 1996
A Cutts	27 January 1995	1 November 1995
J McCulloch	27 January 1995	-
W M Czajko	1 November 1995	-
A J Wardle	1 November 1995	-
C Tyler	1 November 1995	-
N Bell	8 February 1996	-

No directors have any shareholding interest which require disclosure under Companies Act 1985.

AUDITORS

Touche Ross & Co. were appointed as first auditors of the company. Since appointment they have changed their name to Deloitte & Touche and it is proposed that they will be reappointed as auditors at the Annual General Meeting.

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


 L O'Connor

Secretary

8 May 1996

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 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;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a 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 that the financial statements comply with the Companies Act. 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.



Chartered Accountants

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Bracknell
Berkshire RG12 1PA

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AUDITORS' REPORT TO THE MEMBERS OF LARCODEMS INTERNATIONAL LIMITED (FORMERLY CALVERCROSS LIMITED)

We have audited the financial statements on pages 5 to 8 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of 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 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 December 1995 and of its loss for the 16 months then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and
Registered Auditors

8 May 1996

**PROFIT AND LOSS ACCOUNT
 16 Months to 31 December 1995**

	Note	16 months to 31 December 1995 £
Operating loss and loss on ordinary activities before taxation	2	50,623
Tax on loss on ordinary activities		-
Retained loss for the period		<u>50,623</u>

All activities derive from continuing operations. There were no recognised gains or losses other than the loss for the period or other movements in shareholders' funds other than the introduction of share capital as set out in Note 7.

**BALANCE SHEET
 31 December 1995**

	Note	1995 £
FIXED ASSETS		
Intangible assets	4	800,000
CURRENT ASSETS		
Cash at bank		30,000
CREDITORS: amounts falling due within one year	5	(50,623)
NET CURRENT LIABILITIES		(20,623)
TOTAL ASSETS LESS CURRENT LIABILITIES		779,377
CREDITORS: amounts falling due after one year		
Loans from shareholders	6	(730,000)
		49,377
CAPITAL AND RESERVES		
Called up share capital	7	100,000
Profit and loss account		(50,623)
EQUITY SHAREHOLDERS' FUNDS		49,377

These financial statements were approved by the Board of Directors on 8 May 1996.

Signed on behalf of the Board of Directors



J McCulloch

Director

NOTES TO THE ACCOUNTS

16 Months ended 31 December 1995

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Intangible assets

Patents and trademarks are carried in the balance sheet at cost. No depreciation has been provided by the directors who are of the opinion that no diminution in value of these assets has occurred in the period.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

Conversion of foreign currencies

Transactions denominated in foreign currencies are translated to sterling at the rate ruling at the date of the transaction. Amounts receivable and payable in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Translation differences are dealt with in the profit and loss account.

2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The audit fee has been borne by the shareholders. There was no turnover during the period and the loss comprises administrative expenses.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

**16 months
 to
 31 December
 1995
 £**

Numbers employed

Nil

No fee, remuneration or other emoluments were paid to directors during the year.

**NOTES TO THE ACCOUNTS
 16 Months ended 31 December 1995**

4. INTANGIBLE ASSETS

**31 December
 1995
 £**

Patents and trademarks at cost	800,000
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5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

**31 December
 1995
 £**

Amounts owed to shareholders	45,678
Amounts owed to directors	4,945
	<u>50,623</u>

6. LOANS

**31 December
 1995
 £**

Amounts due to shareholders	730,000
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These loans are interest free. No repayment terms have been agreed. The shareholders have confirmed that it is not their intention to demand repayment of these loans within one year.

7. CALLED UP SHARE CAPITAL

**31 December
 1995
 £**

Authorised 100,000 ordinary shares at £1 each	<u>100,000</u>
Called up, allotted and fully paid 100,000 ordinary shares at £1 each	<u>100,000</u>

The initial share capital was paid up in cash by the shareholders to provide working capital for the company.