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NIMBUS DIAMOND TOOL & MACHINE CO.LIMITED

ACCOUNTS

YEAR ENDED 31 DECEMBER 1995

Registered number : 1407607



NIMBUS DIAMOND TOOL & MACHINE CO. LIMITED

COMPANY INFORMATION

Directors	J.Russell H.Liemke M.D.Haydon
Secretary	M.D.Haydon
Company number	1407607
Registered office	Albert Drive Burgess Hill West Sussex RH15 9TN
Business address	Albert Drive Burgess Hill West Sussex RH15 9TN
Auditors	H.W.Fisher & Company Acre House 11-15 William Road London NW1 3ER
Bankers	Barclays Bank PLC Hastings Branch S.E.Sussex Group P.O.Box 779 Eastbourne East Sussex BN21 3QP
Solicitors	Selwood Leathes Hooper 6 & 7 St.Georges Road Kemp Town Brighton East Sussex BN2 1EB

NIMBUS DIAMOND TOOL & MACHINE CO. LIMITED

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NIMBUS DIAMOND TOOL & MACHINE CO. LIMITED

REPORT OF THE DIRECTORS

The directors present their report and accounts for the year ended 31 December 1995.

ACTIVITIES

The principal activity of the company continues to be that of manufacturers of and dealers in diamond tools and machines.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation amounted to £ 695,202 .

The directors recommend that this amount be transferred to reserves.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

As anticipated, the profitability of the company improved during the year. The directors expect the level of profitability to be maintained in the coming year.

DIRECTORS AND THEIR INTERESTS

The directors at 31 December 1995 and their interests in the share capital of the company were:

	At 31 December 1995 Ordinary £1 Shares	At 1 January 1995 Ordinary £1 Shares
J. RUSSELL	37	37
H. LIEMKE	31	31
M.D. HAYDON	-	-

FIXED ASSETS

Details of changes in the fixed assets are shown in note 9 of the accounts.

DONATIONS

The company made charitable contributions during the year amounting to £ 350 .

POST BALANCE SHEET EVENT

As stated in note 22 to the accounts, during 1996 the company intends to declare a bonus issue comprising of 736 Ordinary £1 shares for each share held using its accumulated reserves for this purpose.

NIMBUS DIAMOND TOOL & MACHINE CO. LIMITED

REPORT OF THE DIRECTORS

AUDITORS

A resolution proposing the re-appointment of H.W.Fisher & Company as Auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

J.RUSSELL - Director

Dated: 17th October 1996

NIMBUS DIAMOND TOOL & MACHINE CO. LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, 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 accounts 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 accounts 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.

REPORT OF THE AUDITORS

TO THE MEMBERS OF

NIMBUS DIAMOND TOOL & MACHINE CO. LIMITED

We have audited the accounts on pages 5 to 17 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors.

As described on page 3 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 the information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

H.W.FISHER & COMPANY

Chartered Accountants,
Registered Auditor,
Acre House,
11-15 William Road,
London, NW1 3ER.

Dated: 17th October 1996

NIMBUS DIAMOND TOOL & MACHINE CO. LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 1995

	Note	1995 £	1994 £
TURNOVER	2	7,670,493	7,101,134
COST OF SALES		(4,036,076)	(3,824,059)
GROSS PROFIT		3,634,417	3,277,075
Distribution Costs		(786,098)	(753,271)
Administration Costs		(1,736,512)	(1,508,849)
OPERATING PROFIT	3	1,111,807	1,014,955
OTHER INCOME-Interest Received	4	14,553	6,942
Interest Payable and similar charges	5	(71,485)	(86,620)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,054,875	935,277
TAX ON PROFIT ON ORDINARY ACTIVITIES	6	(359,673)	(293,162)
PROFIT FOR THE FINANCIAL YEAR		695,202	642,115
RETAINED PROFIT BROUGHT FORWARD		2,052,415	1,410,300
RETAINED PROFIT CARRIED FORWARD		2,747,617	2,052,415

There are no recognised gains and losses other than those passing through the profit and loss account.

NIMBUS DIAMOND TOOL & MACHINE CO. LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 1995

	Note	1995 £	1995 £	1994 £	1994 £
FIXED ASSETS					
Tangible Assets	9		820,537		898,919
CURRENT ASSETS					
Stocks	10	1,869,497		1,478,092	
Debtors	11	2,295,129		2,266,207	
Cash at Bank and in hand		218,611		192,308	
		4,383,237		3,936,607	
CREDITORS - Amounts falling due within one year	12	2,104,977		2,236,447	
NET CURRENT ASSETS			2,278,260		1,700,160
TOTAL ASSETS LESS CURRENT LIABILITIES			3,098,797		2,599,079
CREDITORS - Amounts falling due after more than one year	13		(351,080)		(546,564)
			2,747,717		2,052,515
CAPITAL AND RESERVES					
Called up share capital	14		68		68
Capital redemption reserve			32		32
Profit and loss account			2,747,617		2,052,415
SHAREHOLDERS' FUNDS (all equity interests)	20		2,747,717		2,052,515

J.RUSSELL Director

Approved by the Board on: 17th October 1996

NIMBUS DIAMOND TOOL & MACHINE CO. LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 1995

	Not	1995 £	1995 £	1994 £	1994 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	17		862,448		873,322
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		14,553		6,942	
Interest paid		(58,944)		(80,821)	
Interest element of finance lease and hire purchase contracts		(12,541)		(5,799)	
Net cash outflow from returns on investments and servicing of finance			(56,932)		(79,678)
CORPORATION TAX			(264,123)		(37,033)
INVESTING ACTIVITIES					
Payments for tangible fixed asset		(289,541)		(240,495)	
Receipts from sale of tangible fixed assets		37,575		40,200	
Net cash outflow from investing activities			(251,966)		(200,295)
Net cash inflow before financing			289,427		556,316
FINANCING	18				
Loans repaid		(164,551)		(260,302)	
Capital element of hire purchase rental payments		(124,780)		(97,516)	
Net cash outflow from financing			(289,331)		(357,818)
INCREASE IN CASH AND CASH EQUIVALENTS	19		96		198,498

NIMBUS DIAMOND TOOL & MACHINE CO. LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 1995

1. ACCOUNTING POLICIES

(a) Accounting convention
The accounts have been prepared under the historical cost convention.

(b) Deferred taxation
Deferred taxation is provided at appropriate rates on all timing differences using the liability method to the extent that there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

(c) Tangible fixed assets
Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates estimated to write off cost less any residual value over the useful life of the asset as follows:

	% per annum	Method
Building improvements	10/33	straight line
Plant and machinery	25	straight line
Fixtures and fittings	25	straight line
Computer equipment	50	straight line
Motor vehicles	25	straight line

(d) Foreign currency translation
Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated to sterling at rates of exchange ruling at the balance sheet date. All exchange differences are dealt with in the profit and loss account.

(e) Leasing and hire purchase commitments
Assets held under hire purchase contracts are treated as if they had been purchased outright and are capitalised. The corresponding obligations under these contracts are included in creditors. Payments under such contracts are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account on a straight line basis.

Rental payments under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

(f) Research and development
Research and development expenditure is written off to the profit and loss account in the year in which it is incurred.

NIMBUS DIAMOND TOOL & MACHINE CO. LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 1995

1. ACCOUNTING POLICIES (continued)

(g) Stocks
Stocks are stated at the lower of cost and net realisable value. Costs include all direct costs incurred in bringing the stocks to their present location and condition, including an appropriate proportion of manufacturing overheads.

Net realisable value is based on estimated selling costs less further costs expected to be incurred to completion and disposal.

(h) Pension costs
The company's pension schemes are defined contribution schemes. The charge to the profit and loss account represents the premiums payable for the year.

2. TURNOVER

Turnover represents the invoiced value of goods sold and services provided excluding VAT.

Geographical analysis	1995 £	1994 £
United Kingdom	7,132,705	6,771,106
Rest of Europe	229,190	135,213
America	39,739	5,946
Africa	1,020	1,190
Far East	-	-
Middle East	267,839	187,679
	7,670,493	7,101,134

NIMBUS DIAMOND TOOL & MACHINE CO. LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 1995

3. OPERATING PROFIT

	1995 £	1994 £
Operating profit is stated after charging and (crediting):		
Auditors' remuneration	9,250	8,950
Depreciation on owned assets	198,782	151,513
Depreciation on assets held under hire purchase contracts	67,114	46,337
Profit on disposal of fixed assets	(12,596)	(11,400)
Operating lease rentals		
- Leasehold properties	122,500	115,975
- Plant and machinery	5,642	2,286
Development charges	133,854	101,316

4. OTHER INCOME

	1995 £	1994 £
Interest receivable	14,553	6,942

5. INTEREST PAYABLE AND SIMILAR CHARGES

	1995 £	1994 £
Interest payable on:		
Bank loans and overdraft repayable by instalments within five years	58,944	75,526
Other loans repayable within five years not by instalment	-	5,295
Hire purchase contracts	12,541	5,799
	71,485	86,620

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1995 £	1994 £
The tax charge for the year comprises:		
Corporation tax on profits for the year at 33% (1994:33%)	360,000	294,000
Over provision of tax in earlier years	(327)	(838)
	359,673	293,162

7. DIRECTORS' EMOLUMENTS

	1995 £	1994 £
Remuneration for management services	276,342	224,635
Pension contributions	-	30,000
Directors' benefits in kind	540	230
Consultancy	37,016	48,000
	313,898	302,865
Directors' emoluments (excluding pension contributions) include:		
Chairman (and highest paid director)	150,270	115,115

The other directors fall within following ranges:

	Number	Number
£ 35,001 to £ 40,000	1	-
£ 45,001 to £ 50,000	-	1
£105,001 to £110,000	-	1
£125,001 to £130,000	1	-

8. EMPLOYEE INFORMATION

Particulars of employees (including directors) are as shown below:

	1995 £	1994 £
Staff Costs during the year amounted to:		
Wages and salaries	1,663,853	1,488,514
Social security costs	140,270	126,175
Other pension costs	54,987	72,451
	1,859,110	1,687,140

The average number of employees during the year was:	Number	Number
Sales staff	19	16
Administration staff	16	14
Manufacturing staff	50	48
	85	78

NIMBUS DIAMOND TOOL & MACHINE CO. LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 1995

9. TANGIBLE FIXED ASSETS

	Short leasehold	Plant and machinery	Fixtures, fittings, and computer equipment	Motor vehicles	Total
COST	£	£	£	£	£
At 1 January 1995	265,219	1,223,780	170,119	326,891	1,986,009
Additions	-	101,929	23,634	95,930	221,493
Disposals	-	-	-	(111,699)	(111,699)
At 31 December 1995	265,219	1,325,709	193,753	311,122	2,095,803
DEPRECIATION					
At 1 January 1995	152,191	680,745	154,413	99,741	1,087,090
Charge for year	25,393	150,603	16,913	72,987	265,896
Disposals	-	-	-	(77,720)	(77,720)
At 31 December 1995	177,584	831,348	171,326	95,008	1,275,266
NET BOOK VALUE					
At 31 December 1995	87,635	494,361	22,427	216,114	820,537
At 31 December 1994	113,028	543,035	15,706	227,150	898,919

The net book value of tangible fixed assets includes an amount of £ 201,259 (1994 £ 211,018) in respect of assets held under hire purchase contracts.

10. STOCKS	1995 £	1994 £
Raw materials and consumables	599,595	469,059
Work-in-progress	275,606	309,726
Finished goods and goods for resale	994,296	699,307
	1,869,497	1,478,092

11. DEBTORS

Amounts falling due within one year:	1995 £	1994 £
Trade debtors	2,232,941	2,032,361
Other debtors	8,958	24,473
Loan to company under common control	-	15,000
Prepayments and accrued income	53,230	164,823
Corporation tax recoverable	-	29,550
	2,295,129	2,266,207

12. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	1995 £	1994 £
Bank loan	181,703	164,551
Bank overdraft	17,207	-
Obligations under hire purchase contracts	70,497	85,566
Trade creditors	1,000,783	1,092,759
Current corporation tax	360,000	294,000
Other taxes and social security costs	228,118	201,689
Accruals and deferred income	197,487	359,642
Amounts due to company under common control	47,693	38,176
Others creditors	1,489	64
	2,104,977	2,236,447

The bank loans and overdraft are secured by a fixed and floating charge over the assets of the company.

13. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1995 £	1994 £
Bank loan	309,121	490,824
Obligations under hire purchase contracts	41,959	55,740
	351,080	546,564
BANK LOAN		
Wholly repayable within five years	490,824	655,375
less: shown in current liabilities	(181,703)	(164,551)
	309,121	490,824
Loans comprise amounts falling due:		
In one year or less	181,703	164,551
Between one and two years	200,876	181,703
Between two and five years	108,245	309,121
	490,824	655,375

13.(Contd.)

OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS	1995 £	1994 £
Repayable between one and five years	112,456	141,306
Included in current liabilities	(70,497)	(85,566)
	41,959	55,740

14.CALLED UP SHARE CAPITAL

	1995 £	1994 £
Authorised		
10,000 Ordinary shares of £1 each	10,000	10,000
Authorised, issued and fully paid		
68 Ordinary shares at £1 each	68	68

15.COMMITMENTS UNDER OPERATING LEASES

	1995 £	1994 £
At 31 December 1995 the company had annual commitments under non-cancellable operating leases as set out below:-		
Land and Buildings:		
Expiring in five years or more	122,500	122,500

The company's leases of land and buildings are subject to periodic rent reviews.

16.TRANSACTIONS CONCERNING DIRECTORS

The company trades in the ordinary course of business on an arm's length basis with the companies shown below in which the directors have material beneficial interests :-

Nimbus Laser Services Limited	(Messrs Russell and Haydon)
Deudiam GmbH	(Mr.Liemke)

During 1994, the company advanced a loan to Nimbus Laser Services Limited of £15,000. The maximum amount of the loan during the year ended 31 December 1995 was £15,000.
There was no balance outstanding at the end of the year.
In addition a management charge of £10,000 was levied to Nimbus Laser Services Limited for administration services provided during the year.

NIMBUS DIAMOND TOOL & MACHINE CO. LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 1995

17. NET CASH INFLOW FROM OPERATING ACTIVITIES

	1995 £	1994 £
Reconciliation to operating profit:		
Operating profit	1,111,807	1,014,955
Depreciation	265,896	197,850
Profit on disposal of fixed assets	(12,596)	(11,400)
Movements in:		
Stocks	(391,405)	(383,890)
Debtors	(58,472)	(228,001)
Creditors	(52,782)	283,808
	862,448	873,322

18. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital (including share premium) £	Loans and hire purchase obligations £
1 January 1995	68	796,681
Cash outflow from financing	-	(289,331)
Inception of hire purchase contracts	-	95,930
31 December 1995	68	603,280

19. INCREASE IN CASH AND CASH EQUIVALENTS

Analysis of the balances and movement of cash and cash equivalents.

	Balances as included in balance sheet		Change in year	
	1995 £	1994 £	1995 £	1994 £
Cash at bank and in hand	218,611	192,308	26,303	191,887
Bank overdraft	(17,207)	-	(17,207)	6,611
	201,404	192,308	9,096	198,498

NIMBUS DIAMOND TOOL & MACHINE CO. LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 1995

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995	1994
	£	£
Profit for the financial year	695,202	642,115
Opening shareholders' funds	2,052,515	1,410,400
Closing shareholders' funds	2,747,717	2,052,515

21. CONTINGENT LIABILITY

The company has guaranteed the bank borrowings of Nimbus Laser Services Limited, a company under common control. At 31 December 1995, Nimbus Laser Services Limited's bank borrowings amounted to £195,523

22. POST BALANCE SHEET EVENT

During 1996 the company intends to declare a bonus issue comprising of 736 Ordinary £1 shares for each share held using its accumulated reserves for this purpose.