

**Nimbus Diamond Tool and Machine
Company Limited**

**Annual report and accounts
for the year ended 31 December 2000**

Registered no: 1407607



Nimbus Diamond Tool and Machine Company Limited

Annual report and accounts for the year ended 31 December 2000

Directors and advisers	1
Directors' report	2-4
Auditors report	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8-17

Directors and advisers

Directors

M D Haydon
J Russell
R W J Hall
D J Meer
K J Hollingdale

Secretary and registered office

M D Haydon
Saint-Gobain Abrasives Ltd
Doxey Road
Stafford
ST16 1EA

Registered Auditors

PricewaterhouseCoopers
Temple Court
35 Bull Street
Birmingham
B4 6JT

Bankers

National Westminster PLC
Derby City Branch
7 Market place
Derby
DE1 9DS

Directors' report for the year ended 31 December 2000

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2000.

Principal activities

The company's principal activities are the manufacture and distribution of diamond tools and equipment and will continue to be so in the foreseeable future.

Review of operations

The business of Van Moppes-IDP, Stone and Construction, a fellow Saint-Gobain division, was merged into Nimbus Diamond Tools during the period. The programme of integration was successfully carried out during the period.

Sale of the company

As part of the re-organisation of the Abrasives division of Saint-Gobain, as at close of business on the 31 December 2000 the business and net assets of Nimbus Diamond Tool and Machine Company Limited were sold to Saint Gobain Abrasives Limited, a fellow group company. Hence results shown in this years accounts are disclosed as relating to discontinued activities.

Results and dividends

The results for the year are set out in the profit and loss account on page 6. The directors do not recommend payment of dividend (1999:£ nil).

Directors

The directors during the year were:

J Russell
M D Haydon
R W J Hall
D J Meer
K J Hollingdale

Directors' interests in shares in the company

No director had a beneficial interest in the shares of Nimbus Diamond Tool and Machine Company Limited or in the shares of Compagnie de Saint-Gobain, the ultimate parent company.

Directors' report for the year ended 31 December 2000**Directors' interests in loan notes of Abrasives PLC**

R W J Hall is also a director of Unicorn International PLC and accordingly his interests in the loan stock of Abrasives PLC are disclosed in that company's accounts.

The interests of M D Haydon and K J Hollingdale in the £1 loan stock of Abrasives PLC are set out below:

	2000 Number	1999 Number
M D Haydon	NIL	37,061
K J Hollingdale	5,940	5,940

No other directors had any interests in the loan stock or any other shares of the company or its parent companies.

Employees

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made where possible for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Research and development

The company is committed to research and development activities in order to secure its position as a market leader in the diamond tool products industry. The expenditure during the year is set out in note 3 to the financial statements.

Political and charitable donations

During the year the company made charitable donations of £5,029 (1999: £5,818).

Directors' report for the year ended 31 December 2000

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period that 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.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2000 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements 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.

Auditors

A resolution to re-appoint PricewaterhouseCoopers as auditors to the company will be proposed at the Annual General Meeting.

By order of the board

A handwritten signature in black ink, appearing to read 'M D Hayden', with a stylized flourish extending to the right.

M D Hayden
Secretary
30 October 2001

Auditors report to the members of Nimbus Diamond Tool and Machine Company Limited

We have audited the financial statements on pages 6 to 17.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 4, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. We also report to you 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

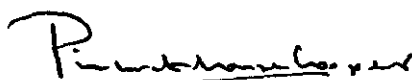
Basis of audit opinion

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 at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Birmingham

30 October 2001

Profit and loss account for the year ended 31 December 2000

	Notes	2000 £'000	1999 £'000
Turnover	2	9,320	8,054
Cost of sales		(6,275)	(5,162)
Gross profit		3,045	2,892
Distribution costs		(1,054)	(793)
Administrative expenses		(687)	(865)
Other		(461)	(263)
Operating profit	3	843	971
Interest receivable and similar income	6	4	26
Interest payable and similar charges	7	(78)	(83)
Profit on ordinary activities before taxation		769	914
Tax on profit on ordinary activities	8	(230)	(204)
Retained profit for the year		539	710

Movements on reserves are set out in note 17.

The above results solely relate to discontinued operations as at close of business on the 31 December 2000 the net assets and business of Nimbus Diamond Tool and Machine Company Limited were sold to Saint-Gobain Abrasives Limited, a fellow group company. The profit for the year has been calculated on the historical cost basis.

No indication can be given of the contribution to the profit and loss account relating to the trade and assets of the Stone and Construction division of Unicorn Van Moppes-IDB acquired on 30 June (see Note 20).

There are no other recognised gains and losses other than those included in the profit for the year as stated above.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

Balance sheet at 31 December 2000

	Notes	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	9	-	752
Current assets			
Stocks	10	-	2,160
Debtors: amounts falling due within one year	11	2,719	2,495
Cash at bank and in hand		-	203
		<u>2,719</u>	<u>4,858</u>
Creditors: amounts falling due within one year	12	-	(3,390)
Net current assets		<u>2,719</u>	<u>1,468</u>
Total assets less current liabilities		<u>2,719</u>	<u>2,220</u>
Creditors: amounts falling due after more than one year	13	-	(40)
Net assets		<u>2,719</u>	<u>2,180</u>
Capital and reserves			
Called up share capital	15	-	-
Profit and loss account	16	<u>2,719</u>	<u>2,180</u>
Equity shareholders' funds	17	<u>2,719</u>	<u>2,180</u>

As at the close of business on 31 December 2000 the business and net assets of Nimbus Diamond Tool and Machine Company Limited have been sold to Saint-Gobain Abrasives Limited a fellow Group Company.

The financial statements on pages 6 to 17 were approved by the board of directors on 30 October 2001 and were signed on its behalf by


M D Haydon
Director

**Notes to the financial statements
for the year ended 31 December 2000****1. Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies which have been consistently applied is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

The company is a wholly owned subsidiary of Compagnie de Saint-Gobain, a company incorporated in France which prepares consolidated accounts and accordingly the company has taken advantage of the exemption in FRS 1 (Revised 1996) not to publish its own cash flow statement.

Turnover

Turnover, which excludes sales taxes, intra divisional sales and trade discounts, represents the invoiced value of goods and services supplied.

Development expenditure

Research and development expenditure is written off as incurred. Research laboratory equipment is written off over its expected life.

Fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal rates used for this purpose are:

	%
Freehold buildings	2
Plant and machinery	10
Motor Vehicles	25

Leasehold land and buildings are amortised over 50 years or, if shorter, the period of the lease. Freehold land is not depreciated.

**Notes to the financial statements
for the year ended 31 December 2000 (continued)**

1. Principal accounting policies (continued)

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.

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes all direct handling costs. In the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Foreign currencies

All foreign exchange differences arising on transactions undertaken in foreign currencies are taken to the profit and loss account in the period in which they arise.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Pension costs and other post retirement benefits

The company operates a defined contribution pension scheme. The charge to the profit and loss account represents the premiums payable for the year.

The company provides no other post retirement benefits to its employees.

Related party disclosure

As the company is a wholly owned subsidiary of Compagnie de Saint-Gobain, it has not disclosed transactions with other group companies by virtue of the exemption contained in paragraph 3 of FRS 8.

**Notes to the financial statements
for the year ended 31 December 2000 (continued)**

2. Analysis of turnover

The company's turnover is attributable to its principal activity. The analysis by geographical area of the company's turnover is set out below:

Sales by destination	2000 £'000	1999 £'000
Geographical area		
United Kingdom	8,290	7,402
Rest of Europe	679	476
North America	15	2
Asia	27	3
Rest of world	309	171
	<u>9,320</u>	<u>8,054</u>

3. Operating profit

	2000 £'000	1999 £'000
Operating profit is stated after (crediting)/charging :		
Depreciation charge for the year		
Tangible owned fixed assets	177	144
Tangible fixed assets held under finance leases	58	3
Research and development expenditure	335	191
Auditors' remuneration – audit fees	14	12
Hire of other assets – operating leases	44	50
	<u> </u>	<u> </u>

4. Directors' emoluments

	2000 £'000	1999 £'000
Aggregate emoluments	245	159
Company pension contributions to money purchase schemes	10	5
	<u>255</u>	<u>164</u>
Highest paid director		
Aggregate emoluments	75	82
Company pension contributions to money purchase schemes	-	-
	<u>75</u>	<u>82</u>

No director waived emoluments in respect of the period ended 31 December 2000.

Retirement benefits are accruing to 3 (1999: 3) directors under the company's defined contribution scheme.

R W J Hall is a director of Unicorn International PLC, the company's immediate parent company; and was remunerated by that company. Details of the director's emoluments are fully disclosed in the accounts of that company.

**Notes to the financial statements
for the year ended 31 December 2000 (continued)**

5. Employee information

The average monthly number of persons (including directors) employed by the company was:

	2000 Number	1999 Number
By function		
Manufacturing	67	55
Sales and administration	30	30
Research and development	8	7
	<u>105</u>	<u>92</u>
	2000 £'000	1999 £'000
Staff costs (for the above persons)		
Wages and salaries	2,112	1,914
Social security costs	192	296
Other pension costs (see note 15)	76	72
	<u>2,380</u>	<u>2,282</u>

6. Interest receivable and similar income

	2000 £'000	1999 £'000
Interest receivable	<u>4</u>	<u>26</u>

7. Interest payable and similar charges

	2000 £'000	1999 £'000
Amount payable to group undertakings	70	83
On bank loans, overdrafts and other loans	-	-
Hire purchase contracts	8	-
	<u>78</u>	<u>83</u>

**Notes to the financial statements
for the year ended 31 December 2000**

8. Taxation

	2000 £'000	1999 £'000
United Kingdom corporation tax at 30% (1999: 30.25%)		
Current	227	259
Under/(Over) provision in prior years	3	(55)
	<u>230</u>	<u>204</u>

9. Tangible fixed assets

	Land and buildings £'000	Owned plant and machinery £'000	Motor Vehicles £'000	Total £'000
Cost				
At 1 January 2000	281	2,100	247	2,628
Additions	-	432	175	607
Disposals	(281)	(2,532)	(422)	(3,235)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2000				
Depreciation				
At 1 January 2000	269	1,475	132	1,876
Charge for period	1	174	60	235
Disposal	(270)	(1,649)	(192)	(2,111)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2000				
Net book value at 31 December 2000	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book value at 31 December 1999	<u>12</u>	<u>625</u>	<u>115</u>	<u>752</u>

The net book value of tangible fixed assets includes £Nil (1999: £112,000) in respect of assets held under hire purchase contracts.

**Notes to the financial statements
for the year ended 31 December 2000 (continued)**

10. Stocks

	2000 £'000	1999 £'000
Raw materials and consumables	-	556
Work in progress	-	266
Finished goods and goods for resale	-	1,338
	<u>-</u>	<u>2,160</u>

11. Debtors

	2000 £'000	1999 £'000
Amounts falling due within one year		
Trade debtors	-	2,215
Amounts owed by group undertakings	2,719	134
Prepayments and accrued income	-	146
	<u>2,719</u>	<u>2,495</u>

12. Creditors: amounts falling due within one year

	2000 £'000	1999 £'000
Obligations under hire purchase contracts	-	83
Trade creditors	-	606
Amounts owed to group undertakings	-	1,600
Corporation tax	-	625
Other taxation and social security	-	242
Accruals and deferred taxation	-	234
	<u>-</u>	<u>3,390</u>

13. Creditors: amounts falling due after more than one year

	2000 £'000	1999 £'000
Obligations under hire purchase contracts:	-	40
	<u>-</u>	<u>40</u>

**Notes to the financial statements
for the year ended 31 December 2000 (continued)**

14. Finance leases

At 31 December 2000, obligations under finance leases are as follows:

	2000	1999
	£'000	£'000
Expiring within one year	-	40
Expiring between two and five years inclusive	-	43
	<u>-</u>	<u>83</u>

15. Pension costs

The company operated a defined contribution pension scheme on behalf of some of its directors. Contributions in respect of the scheme were charged to the profit and loss account in the period in which they were payable. The company made contributions of £76,235 to the scheme during the period (1999: £72,000).

16. Called up share capital

	2000	1999
	£	£
Authorised		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
68 Ordinary shares of £1 each (1999: 68 £1 Ordinary shares)	<u>68</u>	<u>68</u>

**Notes to the financial statements
for the year ended 31 December 2000 (continued)**

17. Profit and loss account

	Profit and loss account £'000
At 1 January 2000	2,180
Profit for the financial year	<u>539</u>
At 31 December 2000	<u><u>2,719</u></u>

18. Reconciliation of movement in equity shareholders' funds

	2000 £'000	1999 £'000
Opening equity shareholders' funds	2,180	1,470
Profit for the financial year	<u>539</u>	<u>710</u>
Closing equity shareholders' funds	<u><u>2,719</u></u>	<u><u>2,180</u></u>

19. Lease commitments

At 31 December 2000, the company had annual commitments under non cancellable operating leases as follows:

	2000			1999		
	Land and buildings £'000	Other £'000	Total £'000	Land and buildings £'000	Other £'000	Total £'000
Expiring in over five years	-	-	-	175	-	175
	<u>-</u>	<u>-</u>	<u>-</u>	<u>175</u>	<u>-</u>	<u>258</u>

**Notes to the financial statements
for the year ended 31 December 2000 (continued)**

20. Acquisitions

On 30 June 2000 the company acquired the Stone and Construction Division trading business from a fellow subsidiary company, Unicorn Van Moppes-IDP, at market value. The analysis of net assets purchased, which the directors consider to be the fair value to the company, is as follows:

	£'000
Tangible fixed assets	192
Stocks	341
Debtors	723
Net assets acquired	1,256
Consideration:	
Inter company creditor	1,256
Goodwill	-

The business of the Stone and Construction Division together with the existing business has been accounted for as a single operating entity. Therefore the contribution to turnover and operating profit for the period since acquisition of the trade acquired cannot be separately identified.

In the last financial year to 31 December 1999, the Stone and Construction Division made a profit after tax of £365,000. The loss after tax for the six months to 30 June 2000 was £36,000.

**Notes to the financial statements
for the year ended 31 December 2000 (continued)**

21. Disposals

On 31 December 2000, the Company completed the disposal of its trade and certain assets and liabilities to Saint Gobain Abrasives Limited, a fellow group company.

The book value of the assets and liabilities disposed of was as follows:

	£'000
Tangible assets	1,090
Stock	2,611
Debtors	3,840
Cash at bank and in hand	131
Creditors	<u>(4,953)</u>
Net assets disposed of	2,719
Consideration:	
Intercompany debtor	<u>2,719</u>
Profit/loss on disposal	<u>-</u>

22. Ultimate and immediate parent company

The immediate parent company is Unicorn International PLC, which is incorporated in England and Wales.

The company's ultimate parent company and controlling party is Compagnie de Saint-Gobain, which is incorporated in France. Copies of the parent's consolidated financial statements may be obtained from:

*Saint-Gobain
Investor Relations Department
Les Miroirs F-92096 La Défense Cedex
France.*