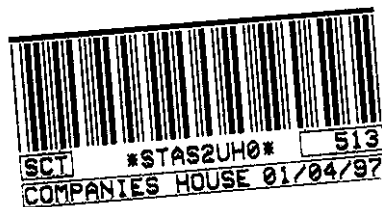


CHARLES BLAIR (DIAMOND PRODUCTS) LIMITED

ABBREVIATED FINANCIAL STATEMENTS

30 NOVEMBER 1996

05



WILLIAMSON & DUNN
Chartered Accountants & Registered Auditors
3 West Craibstone Street
Aberdeen

AB11 6YW

CHARLES BLAIR (DIAMOND PRODUCTS) LIMITED

ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 1996

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AUDITORS' REPORT TO THE COMPANY

PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 3 to 4, together with the financial statements of the company prepared under Section 226 of the Companies Act 1985 for the year ended 30 November 1996.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors are responsible for preparing abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 3 and whether the abbreviated accounts have been properly prepared in accordance with that Schedule.

BASIS OF OPINION

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

OPINION

In our opinion the company is entitled under sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act, in respect of the year ended 30 November 1996, and the abbreviated accounts on pages 3 to 4 have been properly prepared in accordance with that Schedule.

OTHER INFORMATION

On~~24/3~~..1997 we reported, as auditors of the company, to the shareholders on the financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 30 November 1996, and the full text of our audit report is reproduced below:

"We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described in the directors' report, the directors of the company are responsible for the preparation of the 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.

AUDITORS' REPORT TO THE COMPANY (continued)

PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

Full text of audit report (continued)

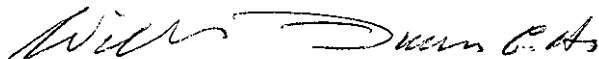
BASIS OF OPINION

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 circumstances of the company, 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 affairs of the company as at 30 November 1996 and of its profit for the year then ended, and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies."



WILLIAMSON & DUNN
Chartered Accountants
& Registered Auditors
3 West Craibstone Street
Aberdeen

AB11 6YW

.....27/3.1997

CHARLES BLAIR (DIAMOND PRODUCTS) LIMITED

ABBREVIATED BALANCE SHEET

30 NOVEMBER 1996

	Note	1996	1995
		£	£
CURRENT ASSETS			
Stocks		78,299	67,341
Debtors		91,607	89,338
Cash at bank and in hand		28,216	20,587
		<u>198,122</u>	<u>177,266</u>
CREDITORS: Amounts falling due within one year		<u>(94,927)</u>	<u>(86,981)</u>
NET CURRENT ASSETS		<u>103,195</u>	<u>90,285</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>103,195</u>	<u>90,285</u>
CAPITAL AND RESERVES			
Equity share capital	2	501	501
Profit and loss account		102,694	89,784
SHAREHOLDERS' FUNDS		<u>103,195</u>	<u>90,285</u>

The directors have taken advantage of the abbreviated disclosure exemptions conferred by section A of Part III of Schedule 8 to the Companies Act 1985 on the basis that the company qualifies as a small company.

In preparing the annual accounts, the directors have taken advantage of the special accounting exemptions conferred by Part I of Schedule 8 to the Companies Act 1985 on the basis that, in the opinion of the directors, the company qualifies as a small company.

These financial statements were approved by the directors on the 27/3 1997, and are signed on their behalf by:

Charles Blair
MR C BLAIR

The notes on page 4 form part of these financial statements.

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 1996

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Stocks

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

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

2. SHARE CAPITAL

Authorised share capital:

	1996 £	1995 £
1,000 Ordinary shares of £1.00 each	1,000	1,000

Allotted, called up and fully paid:

	1996 £	1995 £
Ordinary share capital	501	501

BP