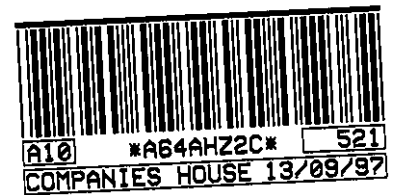


Company No: 2342183

ADAMAS INDUSTRIES PLC

**Financial Statements
Year to 31st December 1996**

**TAYLOR, VINEY & MARLOW
Chartered Accountants
Registered Auditors
1422/24 London Road
Leigh on Sea
Essex
SS9 2UL**



**Directors' report
for the year ended 31 December 1996**

The directors present their report and the audited financial statements for the year ended 31 December 1996.

Principal activity

The principal activity of the company is that of an investment holding company.

Results

The company did not trade and was dormant throughout the year.

Review of business

Following the sale of the major investments during the year ended 31 August 1991, the directors are considering its future activities.

Dividends

In view of the retained losses, no dividend is permitted and the directors, therefore, cannot recommend one.

Directors

The directors of the company during the year were:

J A F Walker
D J Pett

Directors' interests in shares of the company

The directors do not have any disclosable interest in the shares of the company.

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 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;

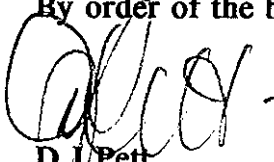
- * follow applicable accounting standards subject to any material departures disclosed and explained in the financial statements;
- * prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 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 reappoint the auditors, Taylor, Viney & Marlow, will be proposed at the annual general meeting.

By order of the board



D J Pett
Secretary
30th June 1997

**Report of the auditors to the members of
Adamas Industries plc**

We have audited the financial statements on pages 4 to 8, which have been prepared under the historical cost convention.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors 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.

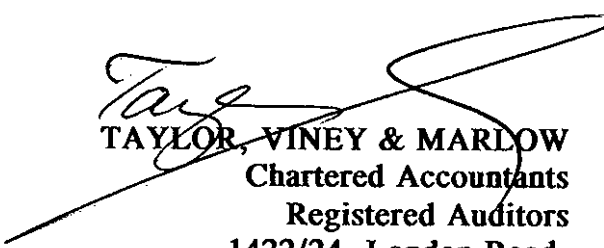
Basis of opinion

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 at 31 December 1996 and have been properly prepared in accordance with the Companies Act 1985.



TAYLOR, VINEY & MARLOW
Chartered Accountants
Registered Auditors
1422/24, London Road,
Leigh on Sea
Essex
SS9 2UL

30th June 1997

**Profit and loss account
for the year ended 31 December 1996**

	Notes	1996 £	1995 £
Interest receivable		-	-
Interest payable		-	-
		<hr/>	<hr/>
Administration expenses		-	-
		<hr/>	<hr/>
Loss on ordinary activities before taxation - continuing activities		-	-
Tax on loss on ordinary activities	5	-	-
		<hr/>	<hr/>
Result for the year		-	-
		<hr/>	<hr/>

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of recognised gains and losses has been presented.

Movements on reserves are set out in note 10.

Balance sheet
at 31 December 1996

	Notes	1996 £	1995 £
Current assets			
Cash at bank and in hand		5	5
		<u>5</u>	<u>5</u>
Creditors: amounts falling due within one year	6	(476)	(476)
		<u>(471)</u>	<u>(471)</u>
Net current (liabilities)/assets		<u>(471)</u>	<u>(471)</u>
Total assets less current liabilities		<u>(471)</u>	<u>(471)</u>
Creditors: amounts falling due after more than one year	7	(2,911,907)	(2,911,907)
Net liabilities		<u>(2,912,378)</u>	<u>(2,912,378)</u>
Capital and reserves			
Called up share capital	8	12,500	12,500
Profit and loss account	9	(2,924,878)	(2,924,878)
Shareholders' funds	10	<u>(2,912,378)</u>	<u>(2,912,378)</u>

The financial statements on pages 4 to 8 were approved by the board of directors on the date stated below and were signed on its behalf by:


~~J.A.F. Walker~~ D.J. PETT

Director

30th June 1997

**Notes to the financial statements
for the year ended 31 December 1996**

1 Basis of preparing the financial statements - going concern

As set out in the directors' report, the directors are responsible for preparing financial statements that give a true and fair view. The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

The immediate parent company, Alfa International Limited has given a written indication that it will not call the inter company loan for repayment within one year from the balance sheet date.

2 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom.

Basis of accounting

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

3 Cash flow statement

There is no requirement to publish a cash flow statement as the Company was dormant during the period and no cash flows were derived.

4 Staff costs

There was no remuneration paid. There were two employees (including executive directors) during 1996 (1995: two employees).

5 Taxation

There is no liability to taxation.

6 Creditors: amounts falling due within one year

	1996 £	1995 £
Accruals	476	476
	<u> </u>	<u> </u>

7 Creditors: amounts falling due after more than one year

	1996 £	1995 £
Due to parent company	2,911,907	2,911,907
	<u> </u>	<u> </u>

This amount is due to the immediate parent company, Alfa International Limited. It is non interest bearing and has no fixed terms of repayment other than it not being repayable within one year.

8 Called up share capital

	1996 £	1995 £
Authorised		
100,000 ordinary shares of £1 each	100,000	100,000
	<u> </u>	<u> </u>
Allotted, called up and partly paid		
50,000 ordinary shares of £1 each	12,500	12,500
	<u> </u>	<u> </u>

9 Profit and loss account

	1996 £	1995 £
At 1 January 1996	(2,924,878)	(2,924,878)
Result for the period	-	-
At 31 December 1996	<u>(2,924,878)</u>	<u>(2,924,878)</u>

10 Reconciliation of movements in shareholders' funds

	1996 £	1995 £
Result for the period	-	-
Opening shareholders' funds at 1 January 1996	(2,912,378)	(2,912,378)
Closing shareholders' funds at 31st December 1996	<u>(2,912,378)</u>	<u>(2,912,378)</u>

11 Ultimate parent company

The Company is a wholly owned subsidiary of Alfa International Limited, a company incorporated in England. The ultimate parent company is Abacus (CI) Limited, a company registered in Jersey.