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DIAMOULD LIMITED

REPORT & ACCOUNTS

to

31st March, 2000



DIAMOULD LTD

Integrated Solutions: Innovative Design

+ High-precision Production

in sophisticated materials

Unit 42, Trinity Enterprise Centre
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DIAMOULD LIMITED

REPORT & ACCOUNTS

to

31st March,2000

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DIAMOULD LIMITED

DIRECTORS' REPORT for the period-ended 31st MARCH,2000

The Directors present their Annual Report and financial statements for the year ended 31st March,2000.

1.RESULTS & DIVIDENDS

The net loss of the Company for the trading period ended 31/3/00 was £45,172 (1999: did not trade). Following adjustments in respect of capital allowances claims, no liability to Corporation Tax is anticipated. No distributions were made during the year and none are planned.

2.REVIEW OF THE BUSINESS

Diamould Limited is a provider of integrated engineering solutions. Through innovative design and high-precision production in a range of sophisticated materials, it specialises in 'design & build' connector products for use in hostile environments in Oil & Gas applications. The Company commenced operating in August,1999 and has concentrated on establishing trading links with prospective customers in the Oil & Gas industry in numerous locations throughout the world. It has also created the necessary infrastructure (facilities, equipment & procedures) to support its aspirations to do business with those companies. Turnover in the period was limited to a small contract for tool trialling and prototype production for a medical equipment application.

The loss in the period is attributable to the significant level of essentially developmental spending necessary to effect the foregoing. Consistent with UK Financial Reporting Standards, the total is written-off, but the directors are confident that future revenues significantly greater than these costs will accrue from these efforts.

3.DIRECTORS & MAJOR SHAREHOLDERS

The directors and their beneficial interests in the issued share capital of the Company at the beginning and end of the period were:-

	ORDINARY SHARES OF £1 EACH	
	31/3/00	31/3/99
H.Dearden	40	N/A
G.Fogharty	20	
G.Eccles	10	

Other shareholders at that date were:-

A.Oddone	20	N/A
C.Weston	5	

4.SIGNIFICANT CHANGES IN FIXED ASSETS

Information on movements in Fixed Assets is given in note 9 to the Accounts.

5.ASSET VALUATIONS

Fixed Assets are shown in the Balance Sheet at cost less accumulated depreciation. The directors are of the opinion that the net book value shown for machinery and equipment is not below the likely realisable values in the event of disposal.

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There were no Stocks or Work-in-progress at 31st March,2000. Had there been, they would be valued at material costs plus (in the case of work-in-progress) attributable direct labour and apportioned overhead.

The company has experienced no debt collection problems to date.. With regard to payment of creditors, settlement terms are agreed with suppliers at the time of placing each order, and when the goods or services have been satisfactorily delivered, payment is made in accordance with the agreed terms..

6.POLITICAL & CHARITABLE CONTRIBUTIONS

None were made during the period.

7.STATUS

The Company is a close company under the provisions of the Taxes Acts.

8.STATEMENT OF DIRECTORS' REPONSIBILITIES

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.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis in preparing the Accounts. In preparing these financial statements, the Directors are required to:-

- select suitable accounting policies & then apply them consistently
- make judgements & estimates that are reasonable & prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed & explained in the financial statements

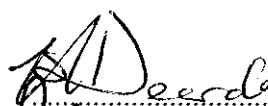
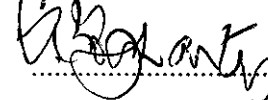
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company & to enable them to ensure that the financial statements comply with the Companies Act,1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention of fraud or other irregularities.

9.AUDITOR

As a small company fulfilling the requisite conditions, Diamould Limited is entitled to exemption from the audit requirement under Section 249A(1) of the Companies Act,1985 and has therefore elected not to have its Accounts audited.

APPROVED BY THE BOARD

DATE: 29th June,2000

 Director
 Director

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DIAMOULD LIMITED

Unit 42, Trinity Enterprise Centre, Barrow-in-Furness LA14 2PN, England

CASH-FLOW STATEMENT FOR THE PERIOD ENDED 31st MARCH, 2000

£

1. OPERATING ACTIVITIES:

Net cash outflow from continuing activities (45,903)

2. RETURNS ON INVESTMENTS & SERVICING OF FINANCE:

Interest received Nil

Interest paid 1,685

Dividends paid Nil

Net cash outflow for returns on investment & servicing of finance (1,685)

3. TAXATION:

Corporation Tax & Income Tax refunds (net) Nil

4. INVESTING ACTIVITIES:

Purchase & Disposal of Tangible Fixed Assets (72,425)

Cash Outflow before Financing (120,013)

5. FINANCING:

Issue of Shares 50,000

Increase/(decrease) in debt 53,794

Net cash inflow from financing activities 103,794

Decrease in cash & cash-equivalents (16,219)

* * * * *

6. CASH & CASH-EQUIVALENTS:

Decrease in Current Account (16,370)

Increase in Deposit Accounts Nil

Increase in Cash 151

(16,219)

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DIAMOULD LIMITED

TRADING & PROFIT & LOSS ACCOUNT for THE PERIOD-ENDED 31st MARCH,2000


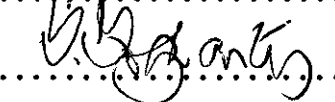
31/3/99	Note		31/3/00
<i>Did not trade</i>			
£0	2	TURNOVER	£1,207
		COST of SALES	
£0		Materials Purchases	<u>£1,154</u>
£0		+ Opening Stocks & Work-in-Progress	<u>£0</u>
£0			£1,154
£0	3	- Closing Stocks & Work-in-Progress	<u>£0</u>
<u>£0</u>			<u>£1,154</u>
£0		GROSS MARGIN	£53
		OVERHEADS:	
£0		Auditor's Remuneration	£0
£0		Interest & Charges	£1,685
£0	4	Directors' Remuneration	£4,000
£0	4	Other Labour & Associates' Fees	£20,133
£0		Bad Debts	-
£0	5	Depreciation	-
£0		(Gain)/Loss on Disposal of Fixed Assets	-
£0	6	Other Operating Expenses	<u>£19,407</u>
<u>£0</u>			<u>£45,225</u>
£0		TRADING PROFIT(+)/LOSS(-)	-£45,172
£0	8	Provision for Taxation	<u>£0</u>
£0		SURPLUS(+)/LOSS(-) AFTER TAXATION	-£45,172
£0		+ RETAINED SURPLUS(+)/LOSS(-) brought forward	<u>£0</u>
<u>£0</u>		DISTRIBUTABLE SURPLUS(+)/LOSS(-)	<u>-£45,172</u>
		APPROPRIATION:	
£0	7	Dividends Paid	£0
£0	7	Proposed Dividends	<u>£0</u>
£0			£0
£0		RETAINED SURPLUS(+)/LOSS(-) carried forw:	<u>-£45,172</u>
<u>£0</u>			<u>-£45,172</u>

DIAMOULD LIMITED

BALANCE SHEET as at 31st MARCH,2000

31/3/99	Note		31/3/00
Did not trade			
£0	9	TANGIBLE ASSETS	£72,425
		CURRENT ASSETS:	
£0		Stocks & Work-in-Progress	£0
£0	10	Trade Debtors	£0
£0	11	Prepayments & Advances	£1,471
£0	13	VAT Recoverable	£1,808
£0		Bank & Cash	£151
£0			£3,430
		CREDITORS:	
£0	13	Due within 1 year	£32,893
£0		NET CURRENT ASSETS	-£29,463
£0			£42,962
£0	14	Due later	£38,134
£0		NET WORTH	£4,828
		CAPITAL & RESERVES:	
£0	15	Share Capital Issued	£95
£0		Share Premium	£49,905
£0		Profit & Loss Account	-£45,172
£0			£4,828

In the period to 31st March,2000 the Company was entitled to exemption from audit as provided under Section 249A of the Companies Act 1985, and - no notice having been deposited by members in relation to the Accounts for that financial period - has exercised that right. The directors are responsible for ensuring that the Company keeps accounting records which comply with Section 221 of the Companies Act 1985, and for preparing Accounts which give a true & fair view of the state of affairs of the Company as at 31st March,2000, and of its trading performance & resulting profit or loss for period then ended. To the best of our knowledge and belief, these Accounts and the accompanying Notes which form an integral part of the Accounts comply with those requirements


..... Director

..... Director

Date: 29th June,2000

DIAMOULD LIMITED

NOTES TO ACCOUNTS as at 31st MARCH, 2000

1. Accounting Policies

1. The Accounts have been prepared under the historic cost convention
2. Turnover represents the net amount invoiced to customers, excluding VAT
3. Depreciation is provided on tangible assets in equal instalments over their estimated working lives
4. Stock and Work-in-Progress is valued at the lower of cost or net realisable value

2. Turnover

The turnover arises from the company's principal activities as an engineering solutions provider and precision moulders.

3. Closing Stocks

There were no stocks at the end of the period, but values would ordinarily be based on period-end inventories and represent (in the case of raw materials) costs of goods on hand, and (in the case of work-in-progress) the directors' estimated valuation (including an appropriate share of attributable direct costs and overheads)

4. Manpower

The directors work actively in the business, along with several employees and specialist Associates. The costs were:-

	Employees' Wages & Oncosts	Associates' Fees	Directors' Emoluments
Wages & Salaries & Oncosts	£8,012	£12,000	£4,000

5. Depreciation

Depreciation of fixed assets commences in the year following their acquisition, on a straight-line basis at the following rates:-

Plant & Machinery	20%	Test Equipment	25%
Tooling & Moulds	20%	Computing &	
Office Furniture	10%	Telecomms Equipment	50%
Computer Software	50%	Intellectual Property	20%
Vehicles	25%		

6. Other operating expenses

The loss arises after charging:	£
Marketing & Business Development	50
Professional & Legal services	160
Insurance	985
Utilities	4,514
Subsistence & Travel	4,233
Production Consumables & Repairs	3,769
Administration	5,696
	<u>19,407</u>

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7.Distributions

None were made in the year and none are planned

8.Taxation

No Corporation Tax liability to 31/3/00 is anticipated.

9.Fixed Assets

Tangible assets at the end of the year are as detailed:-

	ORIG COST £	ACCUM DEPCN £	NET VALUE £
1.Plant & Machinery	68,412	Nil	68,412
2.Tooling & Moulds	840	Nil	840
3.Test Equipment	385	Nil	385
4.Computing & Telecomms Hardware	2,788	Nil	2,788

10.Trade Debtors

All trade debts are current and are expected to be realised in full.

11.Prepayments & Advances

Relates primarily to insurance and represents the unapportioned part of the annual premium paid in advance

12.Proprietors' Loans

A total of £20,000 had been advanced by one of the proprietors as interest-bearing loans. None are scheduled for repayment within 1 year.

13.Creditors

The following amounts are due within 1 year:-

	£
Trade creditors & accruals	863
PAYE deductions	<u>Nil</u>
	863
Bank overdraft	16,370
Equipment-finance loan (total outstanding £33,794, of which due:	<u>15,660</u>
	<u>32,893</u>

A *refund* of VAT amounting to £1,808 was due to the company at 31/3/00

14.Other Debt

Residual sum outstanding under a supplier-financed fixed asset purchase arrangement (total outstanding £33,794, of which £18,134 is repayable after more than 1 year)

15.Share Capital

Authorised capital is 1,000 Ordinary shares of £1 each, of which 95 shares had been issued to 31/3/00 at varying rates of premium. The totals at 31st March,2000 were:-

	<i>Number of Shares</i>	<i>Nominal Value</i>	<i>Share Premium</i>
Issued and fully-paid	95	£95	£49,905

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