

SUMITOMO ELECTRIC HARDMETAL LIMITED

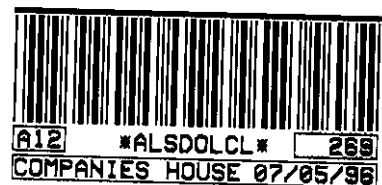
ABBREVIATED ACCOUNTS AND

AUDITORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 1995

INDEX TO THE ACCOUNTS

Pages 1	Auditors' Report
3	Abbreviated Balance Sheet
4 to 6	Notes to the Abbreviated Accounts



SUMITOMO ELECTRIC HARDMETAL LIMITED

AUDITORS' REPORT

TO THE DIRECTORS OF SUMITOMO ELECTRIC HARDMETAL LIMITED
FOR THE YEAR ENDED 31 DECEMBER 1995
UNDER PARAGRAPH 24 OF SCHEDULE 8
TO THE COMPANIES ACT 1985

We have examined the abbreviated Accounts set out on pages 3 to 6, together with the full statutory Accounts of the Company for the year ended 31 December 1995, prepared under section 226 of the Companies Act 1985 as modified by the exemptions provided by Part I of Schedule 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an 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 considered necessary to confirm, by reference to the full statutory accounts that the Company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those accounts. 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 statutory accounts.

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 31 December 1995, and the abbreviated accounts on pages 3 to 6 have been properly prepared in accordance with that Schedule.

OTHER INFORMATION

On 4 March 1996 we reported, as auditors of Sumitomo Electric Hardmetal Limited, to the shareholders on the full statutory accounts for the year ended 31 December 1995, and our audit report was as follows:

"We have audited the Financial Statements on pages 6 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 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.

SUMITOMO ELECTRIC HARDMETAL LIMITED

AUDITORS' REPORT (CONTINUED)

TO THE DIRECTORS OF SUMITOMO ELECTRIC HARDMETAL LIMITED

FOR THE YEAR ENDED 31 DECEMBER 1995

UNDER PARAGRAPH 24 OF SCHEDULE 8

TO THE COMPANIES ACT 1985

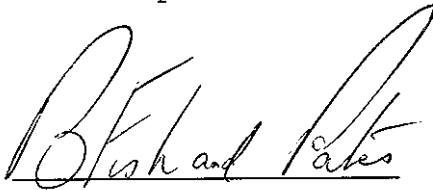
BASIS OF OPINION

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 1995 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."



B Fish & Partners

Chartered Accountants
and Registered Auditor

The Mill House
Boundary Road
Loudwater
High Wycombe
Bucks
HP10 9QN

4 March 1996

SUMITOMO ELECTRIC HARDMETAL LIMITED

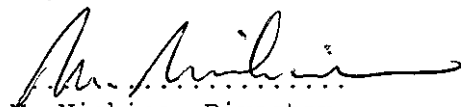
ABBREVIATED BALANCE SHEET
AT 31 DECEMBER 1995

	Notes	1995	1994
FIXED ASSETS			
Tangible Assets	1b,2	582,771	599,309
CURRENT ASSETS			
Stock	1c	788,160	635,302
Debtors falling due within one year		885,875	826,376
Cash at Bank and in Hand		10,025	59,436
		1,684,060	1,521,114
CREDITORS: Amounts falling due within one year		1,663,135	1,583,168
NET CURRENT ASSETS/(LIABILITIES)		20,925	(62,054)
		£ 603,696	£ 537,255
CAPITAL AND RESERVES			
Called up Share Capital	3	600,000	600,000
Profit and Loss Account		3,696	(62,745)
SHAREHOLDERS' FUNDS		£ 603,696	£ 537,255

Advantage has been taken of the exemptions conferred by Part III of Schedule 8 to the Companies Act 1985 on the grounds that, in the Directors' opinion, the Company is entitled to those exemptions as a Small Company.

In the preparation of the Company's annual Accounts, the Directors have taken advantage of the special exemptions applicable to Small Companies and have done so on the grounds that, in their opinion, the Company is entitled to those exemptions as a Small Company.

Signed on behalf of the Board



M. Nishino, Director

Approved by the Board: 4 March 1996

The Notes on Pages 4 to 6 form part of these Accounts

SUMITOMO ELECTRIC HARDMETAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1995

1. ACCOUNTING POLICIES

1a. Basis of Accounting

The Accounts have been prepared under the historical cost convention.

1b. Tangible Fixed Assets

Fixed Assets are shown at historical cost.

Depreciation is provided at the following annual rates in order to write off each Asset over its estimated useful life.

		1995	1994
Freehold Land	- % cost	Nil	Nil
Freehold Buildings	- % cost	4	4
Plant and Equipment	- % written down value	25	25
Fixtures and Fittings	- % written down value	25	25

1c. Stocks

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

1d. Deferred Taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the Directors, there is reasonable probability that the liability will not arise in the foreseeable future.

1e. Pension Costs

The Company operates a defined contribution scheme. The scheme funds are administered by Trustees and are independent of the Company's finances. The Company's contributions are charged against profits in the year in which the contributions are made.

1f. Foreign Currencies

Monetary Assets and Liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the Balance Sheet date. Non-monetary assets denominated in foreign currencies are translated at the rate ruling at the date of the transaction.

All differences are taken to the Profit and Loss Account.

SUMITOMO ELECTRIC HARDMETAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1995

1. ACCOUNTING POLICIES (CONTINUED)

1g. Turnover

Turnover represents the amount receivable for goods sold and services rendered in the ordinary course of business excluding Value Added Tax.

1h. Leases

The Company enters into Operating Leases. The annual rentals are charged to the Profit and Loss Account over the Lease term.

1i. Cash Flow Statement

The Company has taken advantage of the exemption in Financial Reporting Standard No 1 from producing a Cash Flow Statement on the grounds that it is a Small Company.

2. TANGIBLE FIXED ASSETS	1995	1994
Cost		
At 1 January 1995	715,939	703,127
Additions	10,172	14,312
Disposals	-	(1,500)
	<hr/>	<hr/>
At 31 December 1995	726,111	715,939
	<hr/>	<hr/>
Depreciation		
At 1 January 1995	116,629	91,186
Disposals	-	(1,384)
For the Year	26,711	26,828
	<hr/>	<hr/>
At 31 December 1995	143,340	116,630
	<hr/>	<hr/>
Net Book Amounts		
At 31 December 1995	£ 582,771	£ 599,309
	<hr/>	<hr/>

SUMITOMO ELECTRIC HARDMETAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1995

3. CALLED UP SHARE CAPITAL	1995	1994
Authorised:		
Ordinary Shares of £1 each	996,498	996,498
4% Non-Cumulative Preference Shares	3,502	3,502
	<u>£1,000,000</u>	<u>£1,000,000</u>
Allotted, Issued and Fully Paid:		
Ordinary Shares of £1 each	596,498	596,498
4% Non-Cumulative Preference Shares	3,502	3,502
	<u>£ 600,000</u>	<u>£ 600,000</u>