I Hennig & Co Limited

Report and Financial Statements

Year Ended

31 December 2013

Company Number 646001

I Hennig & Co Limited

Report and financial statements
for the year ended 31 December 2013

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I Hennig & Co Limited

Company information
for the year ended 31 December 2013

Directors	D S Shein A Sela S L Stewart J D Hambro F J A Howard G J Stubbs
Secretary and registered office	S L Stewart 4^{th} Floor 27-29 Cursitor Street London EC4A 1LT
Company number	646001
Auditor	BDO LLP 55 Baker Street London W1U 7EU
Bankers	BNP Paribas SA (London branch) 10 Harewood Avenue London NW1 6AA
	National Westminster Bank Plc Holborn Circus Branch 1 Hatton Garden London EC1P 1DU
	Barclays Bank Plc 147 Holborn EC1N 2NU
	HSBC City of London branch 60 Queen Victoria Street London EC4N 4TR
Solicitor	Jones Day 21 Tudor Street London EC4Y 0DJ

I Hennig & Co Limited

Report of the directors
for the year ended 31 December 2013

The directors present their report together with the audited financial statements for the year ended 31 December 2013.

Results and dividends

The profit and loss account is set out on page 8 and shows the profit for the year. The profit for the year after taxation amounted to $2,012,480 (2012: profit of $3,579,180).

No dividend was paid during the year (2012: $3,000,000). The directors do not recommend the payment of a final dividend (2012: $nil).

Strategic Report

The following details are disclosed within the strategic report:

- The group's principal activity and review of the business;
- The group's future developments;
- The group's principal risks and uncertainties; and
- The group's financial risk management objectives and policies.

Directors

The directors of the company during the year and post period were as follows:

D S Shein (Chairman)
A Sela (Managing Director)
S L Stewart
J D Hambro
F J A Howard
R C P Weber (resigned 4th April 2013)
G J Stubbs (appointed 20th August 2014)

Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office. Under the Companies Act 2006 section 487 (2) they will be automatically re-appointed as auditors 28 days after these accounts are sent to the members, unless the members exercise their rights under the Companies Act 2006 to prevent their re-appointment.

On behalf of the Board

S L Stewart

Director

28 November 2014

Introduction

This Strategic report has been prepared solely to provide additional information to shareholders to assess the group's strategies and the potential for those strategies to succeed.

The Strategic report contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

Principal activities

The company and group's principal activities continue to be diamond broking.

Review of the business

The Hennig group operates in the diamond industry. Hennig's main source of income is commission from clients who purchase rough diamonds from the De Beers SA group of companies ("De Beers"). Consequently Hennig's performance is somewhat dependent on the performance of De Beers.

De Beer's rough price index increased slightly in the first half of 2013 but some of this increase reversed in the second half due to weaker polished prices, high levels of stock in the cutting centres and tightening liquidity. The rough markets stabilised and started to improve towards the end of the year. Hennig reports a slight drop in turnover from continuing operations.

During the year, the company disposed of its investment in IHBS Inc. The results of the subsidiary have been included in the consolidated accounts to the date of disposal and shown as discontinued operations in the consolidated profit and loss account.

Key performance indicators

The directors deem the following margin to be the key performance indicator for the group:

	2013	2012	change
Operating profit	$3,053,131	$4,032,263	-$993,325
Operating profit margin	19.4%	24.8%	-5.5%

The above margin has been computed using the continuing operations amounts only.

Principal risks and uncertainties

During the year De Beer's rough diamond price index increased by 2% however trading conditions remain challenging in the rough diamond market.

The Group's policy in respect of financial instruments is set out within Accounting policies in the notes to the accounts.

Financial risk management

The group's operations expose it to a variety of financial risks that include interest rate risk, credit risk and currency risk. These risks are managed by the directors of the company in accordance with the overall group policies.

Interest rate risk

The group has interest bearing assets in the form of cash balances. The assets earn interest at a variable rate of interest and are reviewed regularly by the directors.

Credit risk

The group has implemented policies that require appropriate credit checks on potential customers before sales are made.

Currency risk

The group is exposed to currency risk on administrative expenses and on balances denominated in currencies other than US$, the largest balance being the defined benefit pension liability.

Future developments

There have been no significant changes in the activities of the company or group and no significant changes are anticipated by the directors in the foreseeable future

Payments of creditors

The company does not adopt a specific code or standard payment policy. However, it is the company's policy to pay its suppliers in accordance with the terms agreed with them, provided that the supplier has met its contractual obligations.

Charitable and political donations

During the year the group contributed $132,639 (2012: $121,738) to charities. There were no political donations during the year.

On behalf of the Board

S L Stewart

Director

28 November 2014

I Hennig & Co Limited

Report of the independent auditor

TO THE MEMBERS OF I HENNIG & CO LIMITED

We have audited the financial statements of I Hennig & Co Limited for the year ended 31 December 2013 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses, the consolidation reconciliation of movement in shareholders' funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2013 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic and directors' reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

Dominic Stammers (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
Date: 28 November 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

I Hennig & Co Limited

Consolidated profit and loss account
for the year ended 31 December 2013

	Note	2013 $	2012 $
Turnover			
Continuing operations		**15,741,449**	16,234,561
Discontinued operations		**2,993,125**	4,503,649
		18,734,574	20,738,210
Administrative expenses		**(15,005,097)**	(14,772,280)
Other operating income	3	**3,767**	3,823
Operating profit			
Continuing operations	4	**3,053,131**	4,032,263
Discontinued operations	4	**680,113**	1,937,490
	2	**3,733,244**	5,969,753
Income from other fixed asset investments		**185,000**	74,000
Loss on sale of fixed assets		**(10,377)**	-
Loss on sale of subsidiary	23	**(629,356)**	-
Profit on ordinary activities before interest		**3,278,511**	6,043,753
Interest receivable and similar income	5	**29,133**	31,829
Interest payable and similar charges		**(2,072)**	(1,120)
Other finance costs	16	**(40,721)**	(82,826)
Profit on ordinary activities before taxation		**3,264,851**	5,991,636
Tax on profit on ordinary activities	8	**(966,952)**	(2,116,684)
Profit on ordinary activities after taxation		**2,297,899**	3,874,952
Minority interest share of profit	20	**(285,419)**	(295,772)
Profit for the financial year		**2,012,480**	3,579,180

The notes on pages 13 to 32 form part of these financial statements.

I Hennig & Co Limited

Consolidated statement of total recognised gains and losses and consolidated reconciliation of movement in shareholders' funds for the year ended 31 December 2013

	Note	2013	2012
		$	$
Consolidated statement of total recognised gains and losses			
Profit for the financial year		**2,012,480**	3,579,180
Actuarial loss on defined benefit scheme	16	**(1,096,060)**	(1,226,007)
Deferred tax effect of actuarial loss	17	**251,206**	259,740
Exchange translation differences on consolidation		**(40,150)**	7,417
Total recognised gains for the financial year		**1,127,476**	2,620,330

Consolidated reconciliation of movement in shareholders' funds

	Note	2013	2012
Profit for the financial year		**2,012,480**	3,579,180
Dividends	10	**-**	(3,000,000)
Other net recognised losses relating to the year		**(885,004)**	(958,850)
Net movement in shareholders' funds		**1,127,476**	(379,670)
Opening shareholders' funds		**11,929,071**	12,308,741
Closing shareholders' funds		**13,056,547**	11,929,071

The notes on pages 13 to 32 form part of these financial statements.

I Hennig & Co Limited

Consolidated balance sheet
at 31 December 2013

Company number 646001	Note	2013	2013	2012	2012
		$	$	$	$
Fixed assets					
Tangible assets	11		**629,474**		609,397
Investments	12		**2,500,000**		2,500,000
			3,129,474		3,109,397
Current assets					
Stocks	13	**141,436**		280,177	
Debtors due in less than one year	14	**6,093,768**		7,131,585	
Debtors due in more than one year	14	**88,798**		77,097	
Cash at bank and in hand	22	**13,575,729**		12,135,011	
		19,899,731		19,623,870	
Creditors: amounts falling due within one year	15	**7,615,894**		8,174,519	
Net current assets			**12,283,837**		11,449,351
Net assets excluding pension scheme liabilities			**15,413,311**		14,558,748
Retirement benefits liabilities	16		**2,356,764**		2,333,905
Net assets			**13,056,547**		12,224,843
Capital and reserves					
Called up share capital	18		**121,067**		121,067
Profit and loss account	19		**12,935,480**		11,808,004
Shareholders' funds			**13,056,547**		11,929,071
Minority interest	20		**-**		295,772
			13,056,547		12,224,843

The financial statements were approved by the Board and authorised for issue on 28 November 2014.

S L Stewart
Director

The notes on pages 13 to 32 form part of these financial statements.

I Hennig & Co Limited

Company balance sheet
at 31 December 2013

Company number 646001	Note	2013	2013	2012	2012
		$	$	$	$
Fixed assets					
Tangible assets	11		**152,321**		183,680
Investments	12		**3,206,199**		3,545,378
			3,358,520		3,729,058
Current assets					
Debtors due in less than one year	14	**3,294,943**		5,021,800	
Debtors due in more than one year	14	**2,016,623**		2,476,760	
Cash at bank and in hand		**10,432,541**		6,751,699	
		15,744,107		14,250,259	
Creditors: amounts falling due within one year	15	**2,830,320**		2,802,313	
Net current assets			**12,913,787**		11,447,946
Net assets excluding retirement benefit liabilities			**16,272,307**		15,177,004
Retirement benefits liabilities	16		**2,356,764**		2,333,905
Net assets			**13,915,543**		12,843,099
Capital and reserves					
Called up share capital	18		**121,067**		121,067
Profit and loss account	19		**13,794,476**		12,722,032
Shareholders' funds			**13,915,543**		12,843,099

The financial statements were approved by the Board and authorised for issue 28 November 2014.

S L Stewart
Director

The notes on pages 13 to 32 form part of these financial statements.

I Hennig & Co Limited

Consolidated cash flow statement
for the year ended 31 December 2013

	Note	2013 $	2013 $	2012 $	2012 $
Net cash inflow from operating activities before employer retirement benefit contributions		**4,568,649**		3,334,863	
Retirement benefit contributions		**(1,231,687)**		(1,263,956)	
Net cash inflow from operating activities	21		**3,336,962**		2,070,907
Returns on investments and servicing of finance					
Dividends from other investments		**185,000**		74,000	
Interest received		**29,133**		31,829	
Interest paid		**(2,071)**		(1,119)	
Net cash inflow from returns on investment and servicing of finance			**212,062**		104,710
Taxation					
Corporation tax paid		**(831,396)**		(2,087,486)	
Payment for group relief		**(141,967)**		-	
Net cash outflow on taxation			**(973,363)**		(2,087,486)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		**(354,737)**		(146,788)	
Sale of tangible fixed asset		**32,921**		3,612	
Loans advanced		**(3,433)**		-	
Loans payments received		**18,276**		-	
Proceeds from previously unpaid share capital		**-**		87,500	
Net cash outflow from capital expenditure and financial investment			**(306,973)**		(55,676)
Acquisitions and disposals					
Proceeds from sale of subsidiary undertaking	23	**450,000**		-	
Cash disposed with subsidiary	23	**(1,275,455)**		-	
Net cash outflow from acquisitions and disposals			**(825,455)**		-
Equity dividends paid			**-**		(3,000,000)
Increase/(decrease) in cash in the year	22		**1,443,233**		(2,967,545)

The notes on pages 13 to 32 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

The directors have given consideration to the cashflow forecasts and budgeted profitability of the company and the I Hennig group for a period of not less than 12 months from the date of approval of thcsc financial statements. Based on this the directors are of the opinion that both the group and company are going concerns and therefore that it is appropriate to prepare on a going concern basis.

Reporting currency

The financial statements have been prepared in US Dollars. As a matter of industry convention, diamonds have for many years been priced in US Dollars. As substantially all the group's income is charged and received in US Dollars the directors feel that US Dollars represent the most appropriate reporting currency. The year end exchange rate is $1.6563 to £1.

Basis of consolidation and goodwill

The financial statements consolidate the accounts of the company and all of its subsidiaries up to 31 December 2013.

On acquisition of a business, fair values are attributed to the Group's share of the identifiable assets and liabilities of the business existing at the date of acquisition and reflecting the condition as at that date. Where the cost of acquisition exceeds the fair value attributable to such net assets the difference is treated as purchased goodwill and capitalised in the balance sheet. Goodwill is then amortised through the profit and loss account over the directors' estimate of its useful economic life. Prior to the implementation of FRS 10, "Accounting for goodwill and intangible assets" purchased goodwill was written off directly to reserves and has not been reinstated.

The group provides for the minority's share of net liabilities only to the extent there is a commercial or legal obligation (formal or implied) to make good the minority's share of liabilities through the provision of additional finance that may not be recoverable. Any provision made with respect to minority debit balances is set directly against the minority interest in the profit and loss account and the balance sheet.

The results and cash flows relating to a business are included in the consolidated profit and loss account and the consolidated cash flow statement from the date of acquisition to the date of disposal.

Turnover

Turnover represents amounts receivable, less value added tax, by the group for services provided as brokers and consultants.

Dividends

Equity dividends are recognised when they become legally payable.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all assets evenly over their useful lives. It is calculated as follows:

Long leasehold property	-	over the length of the lease
Motor vehicles and equipment	-	20%-33% straight line
Short leasehold improvements	-	over the length of the lease

1 Accounting policies *(continued)*

Stocks

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less any further costs expected to be incurred to disposal.

Investments

Where the group has an investment in another company but does not have significant influence over that company, the group's equity stake is accounted for as an investment. Investments held as fixed assets are stated at costs less any provision for impairment.

Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates that are expected to apply in the periods in which the timing differences reverse. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax balances are not discounted.

Foreign currency translation

Transactions in currencies other than the group's functional currency are recorded at the spot rate ruling at the beginning of the month in which the transaction occurred, which is not materially different from the rate on the date on which the transaction occurred. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange prevailing at that date. All exchange differences are included in the profit and loss account.

The financial statements of overseas subsidiaries are translated at the rates of exchange ruling at the balance sheet date. Exchange differences arising from the re-translation of opening net assets are taken directly to reserves.

The principal US Dollar exchange rates used were as follows:

	Rate to 1 US$	
Closing exchange rates	**2013**	**2012**
Pounds Sterling	**0.604**	0.615
Euro	**0.726**	0.758
South African Rand	**10.474**	8.484
Botswana Pula	**8.776**	7.788
Indian Rupee	**61.855**	54.790
Thai Baht	**32.860**	30.590
Israeli Shekel	**3.471**	3.731

Finance and operating leases

Where the group has substantially all the risks and rewards of ownership of an asset subject to a lease, the lease is treated as a finance lease. Other leases are treated as operating leases. Future instalments payable under finance leases, net of finance charges, are included in creditors with the corresponding asset values recorded in tangible fixed assets and depreciated over the shorter of their estimated useful lives or their lease terms. Payments are apportioned between the finance element, which is charged to the profit and loss account as interest and the capital element, which reduces the outstanding obligation for future instalments. Operating lease payments are charged to the profit and loss account in equal annual amounts over the period of the leases.

1 Accounting policies *(continued)*

Pension costs and other post retirement benefits

Contributions to the group's defined contribution scheme are charged to the profit and loss account in the year in which they become payable.

Under FRS 17, pension scheme assets are measured using fair values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term to the liability. Each pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full, net of deferred tax and presented on the face of the balance sheet. The movement in the scheme surplus/deficit is split between operating and financing items in the profit and loss account and the statement of total recognised gains and losses. The full service cost of the pension provision is charged to operating profit. The net impact of the unwinding of the discount rate on scheme liabilities and the expected return on the scheme assets is charged/credited to other finance costs.

I Hennig & Co Ltd has long paid the professional fees incurred in running the Hattron Group Staff Benefit Plan. These costs were expensed through the profit and loss account as they were incurred. However, the Hattron Group Staff Benefit Plan is now closed to future accrual and the full expected future cost of these professional fees have been discounted and included in the liability.

Financial instruments

The Group does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through robust credit control procedures. The nature of its financial instruments means that the price risk to which they are subjected is minimal. The Group carries out cashflow and working capital monitoring which together with regular cash flow forecasting ensures that it has adequate cash to manage the liquidity risk to which it is exposed. The Group does not use derivative financial instruments for speculative purposes.

2 Operating profit

	2013	**2012**
	$	**$**
This is arrived at after charging/(crediting):		
Depreciation of fixed assets	**279,094**	483,695
Auditors' remuneration		
- audit services	**87,543**	83,705
- services related to taxation	**19,171**	26,824
Operating lease rentals		
- land and buildings	**866,612**	813,974
Exchange (gains)/losses	**(66,892)**	50,406
Defined contribution pension scheme cost	**737,866**	647,365

3 Other operating income

	2013 $	2012 $
Other operating income consists of:		
Rent	**3,767**	3,823
	3,767	3,823

4 Discontinued operations

The analysis between continuing and discontinued operations for the year ended 31 December 2013 and 31 December 2012 are shown below. Further details on discontinued operations are given in note 23.

Year ended 31 December 2013	**Continuing $**	**Discontinued $**	**2013 Total $**
Turnover	**15,741,449**	**2,993,125**	**18,734,574**
Administrative expenses	**(12,692,085)**	**(2,313,012)**	**(15,005,097)**
Other operating income	**3,767**	**-**	**3,767**
Operating profit	**3,053,131**	**680,113**	**3,733,244**

Year ended 31 December 2012	**Continuing $**	**Discontinued $**	**2012 Total $**
Turnover	16,234,561	4,503,649	20,738,210
Administrative expenses	(12,206,121)	(2,566,159)	(14,772,280)
Other operating income	3,823	-	3,823
Operating profit	4,032,263	1,937,490	5,969,753

5 Interest

	2013 $	2012 $
Interest receivable and similar income:		
From banks	**12,973**	27,467
Other interest receivable	**16,160**	4,362
	29,133	31,829

6 Employees

	Group 2013 $	Group 2012 $	Company 2013 $	Company 2012 $
Staff costs consist of:				
Wages and salaries	**8,512,299**	7,909,598	**4,573,311**	4,461,290
Social security costs	**643,405**	629,362	**445,072**	452,229
Pension costs - defined contribution scheme	**737,866**	647,365	**386,101**	387,725
	9,893,570	9,186,325	**5,404,484**	5,301,244

The average monthly number of employees (including directors) during the year was as follows;

	Group 2013	Group 2012	Company 2013	Company 2012
Brokers	**15**	19	**6**	6
Administrative staff	**31**	32	**9**	11
	46	51	**15**	17

7 Directors

	2013	2012
	$	$
Directors' remuneration consists of:		
Emoluments	**2,446,582**	2,522,941
Pension contributions	**127,830**	122,308
	2,574,412	2,645,249

During the year 1 director was a member of the group's defined benefit pension scheme (2012 - 1) and 2 directors were members of the group's defined contribution scheme (2012 - 2).

Highest paid director	2013	2012
	$	$
Emoluments	**1,140,305**	**1,178,486**
	1,140,305	**1,178,486**

The highest paid director is not a member of the defined benefit scheme.

8 Taxation

	2013	2012
	$	$
Current tax:		
UK corporation tax	**390,855**	536,899
Adjustments in respect of previous periods	**(35,587)**	72,802
Foreign tax	**322,374**	838,676
Total current tax *(next page)*	**677,642**	1,448,376
Deferred tax:		
Current year deferred tax	**286,219**	669,411
Prior year deferred tax	**3,091**	(1,103)
Tax on profit on ordinary activities	**966,952**	2,116,684

8 Taxation *(continued)*

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2013	2012
	$	$
Profit on ordinary activities before tax	**3,264,851**	5,991,636
Profit on ordinary activities at the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%):	**759,077**	1,467,951
Effects of:		
Expenses not deductible for tax purposes	**50,459**	43,992
Losses utilised	**-**	(6,979)
Non-taxable gains	**157,254**	43,425
Short term timing differences	**(258,000)**	(470,296)
Tax rate difference	**(21,160)**	204,333
Under provision in prior year	**(29,059)**	92,514
Accelerated capital allowances	**14,938**	72,424
Losses carried forward	**4,133**	1,012
Current year tax charge *(see previous page)*	**677,642**	1,448,376

9 Profit for the financial year

The company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The group profit for the year includes the parent company profit after tax of $1,946,071 (2012: profit after tax of $4,512,632).

10 Dividends

	2013	2012
	$	$
Equity shares		
Ordinary shares		
Dividend paid of $nil (2012: $44.12 per share)	-	3,000,000

11 Tangible assets

Group	Long leasehold property $	Short leasehold improvements $	Motor vehicles and equipment $	Total $
Cost				
At 1 January 2013	**70,099**	**1,209,774**	**1,705,376**	**2,985,249**
Exchange adjustment	-	(958)	6,536	5,578
Additions	-	101,253	253,484	354,737
Disposals	-	-	(257,322)	(257,322)
At 31 December 2013	**70,099**	**1,310,069**	**1,708,074**	**3,088,242**
Depreciation				
At 1 January 2013	**17,242**	**1,095,962**	**1,262,648**	**2,375,852**
Exchange adjustment	-	(2,121)	(3,607)	(5,728)
Charge for the year	779	117,840	160,475	279,094
Disposals	-	-	(190,450)	(190,450)
At 31 December 2013	**18,021**	**1,211,681**	**1,229,066**	**2,458,768**
Net book value				
At 31 December 2013	**52,078**	**98,388**	**479,008**	**629,474**
At 31 December 2012	52,857	113,812	442,728	609,397

Company	Long leasehold property $	Short leasehold improvements $	Motor vehicles and equipment $	Total $
Cost				
At 1 January 2013	**70,099**	**1,110,083**	**542,364**	**1,722,546**
Exchange adjustment	-	(4,148)	(16,058)	(20,206)
Additions	-	77,164	17,878	95,042
Disposals	-	-	(14,122)	(14,122)
At 31 December 2013	**70,099**	**1,183,099**	**530,062**	**1,783,260**
Depreciation				
At 1 January 2013	**17,242**	**1,030,563**	**491,061**	**1,538,866**
Exchange adjustment	-	(3,871)	(11,486)	(15,357)
Charge for the year	779	100,676	20,094	121,549
Disposals	-	-	(14,119)	(14,119)
At 31 December 2013	**18,021**	**1,127,368**	**485,550**	**1,630,939**
Net book value				
At 31 December 2013	**52,078**	**55,731**	**44,512**	**152,321**
At 31 December 2012	52,857	79,520	51,303	183,680

12 Fixed assets investments

	Group 2013 $	Group 2012 $	Company 2013 $	Company 2012 $
Subsidiary undertakings	-	-	**3,206,199**	3,545,378
Other investments	**2,500,000**	2,500,000	-	-
Net book value	**2,500,000**	2,500,000	**3,206,199**	3,545,378

Subsidiary undertakings – company	**$**
Cost	
At 1 January 2013	4,504,780
Disposals	(162,500)
At 31 December 2013	**4,342,280**
Provisions	
At 1 January 2013	959,402
Increase in provision	176,679
At 31 December 2013	**1,136,081**
Net book value	
At 31 December 2013	**3,206,199**
At 31 December 2012	3,545,378

During the year the company sold its majority shareholding in IHBS Inc, a company incorporated in USA.

I Hennig & Co Limited has investments in the following companies:

Name	**Country of Incorporation**	**%***	**Nature of business**
I Hennig & Co (USA) Limited	USA	100	Agency company
I Hennig & Co (Belgium) NV	Belgium	100	Agency company
I Hennig & Co (Pty) Limited	Botswana	100	Agency company
I Hennig & Co (Thailand) Limited	Thailand	100	Agency company
I Hennig & Co (Hong Kong) Limited	Hong Kong	100	Dormant company
I Hennig & Co (Overseas) Limited	Israel	100	Agency company
Diamond Realisations Limited	England & Wales	100	Investment holding company
Clemente Business Limited	British Virgin Islands	100	Investment holding company

12 Fixed asset investments *(continued)*

Diamond Realisations Limited has the following subsidiaries:

Name	Country of Incorporation	%*	Nature of business
Diamond Realisations (Belgium) NV	Belgium	100	Diamond merchants
Diamond Realisations (Overseas) Limited	Israel	100	Diamond merchants
Diamond Realisations (India) Pvt Limited	India	100	Diamond merchants
Diamond Realisations (Hong Kong) Ltd	Hong Kong	100	Diamond merchants
Diamond Realisations (USA) Inc	USA	100	Diamond merchants
Diamond Realisations (South Africa) Pty Limited	South Africa	100	Diamond merchants
Diamond Realisations DMCC	Dubai	100	Diamond merchants

** Proportion of voting rights and ordinary share capital held*

Other investments & exceptional items

	Group Unlisted Investments $	Company Unlisted Investments $
Cost		
At 1 January 2013 & 31 December 2013	**3,196,473**	**386,473**
Provisions		
At 1 January 2013 & 31 December 2013	**696,473**	**386,473**
Net book value		
At 31 December 2013	**2,500,000**	**-**
At 31 December 2012	2,500,000	-

Clemente Business Limited (an I Hennig & Co Limited 100% subsidiary as listed above) owns 37% of the issued share capital of MDS Group Holdings Limited. MDS Group Holdings Limited has been accounted for as an investment and is included in the consolidated balance sheet at its cost of investment, as in the opinion of the directors, the group does not exercise significant influence over the management and operations of the company.

13 Stocks

	Group 2013 $	Group 2012 $
Goods for resale	**141,436**	280,177

14 Debtors

	Group 2013 $	Group 2012 $	Company 2013 $	Company 2012 $
Amounts falling due within one year:				
Trade debtors	**4,701,871**	5,362,265	**464,802**	471,660
Amounts owed by subsidiary undertakings	**-**	-	**1,994,893**	3,671,648
Corporation tax	**549,942**	237,357	**385,834**	327,852
Other debtors	**539,650**	535,507	**247,480**	275,852
Accrued income	**-**	581,689	**-**	-
Prepayments	**302,305**	414,767	**201,934**	274,788
	6,093,768	7,131,585	**3,294,943**	5,021,800
Amounts falling due after more than one year:				
Amounts owed by subsidiary undertakings	**-**	-	**1,923,265**	2,391,385
Deferred tax asset (note 16)	**88,798**	77,097	**93,358**	85,375
	88,798	77,097	**2,016,623**	2,476,760
Total debtors	**6,182,566**	7,208,682	**5,311,566**	7,498,560

15 Creditors: amounts falling due within one year

	Group 2013 $	Group 2012 $	**Company 2013 $**	Company 2012 $
Trade creditors	**4,666,342**	4,902,005	**156,581**	148,587
Amounts owed to subsidiary undertakings	**-**	-	**207,040**	181,873
Amount owed to parent undertaking	**-**	141,967	**-**	141,967
Corporation tax	**157,666**	-	**-**	-
Other taxation and social security	**207,044**	204,810	**168,659**	183,446
Other creditors	**474,773**	73,984	**389,470**	2,814
Accruals and deferred income	**2,110,069**	2,851,753	**1,908,570**	2,143,626
	7,615,894	8,174,519	**2,830,320**	2,802,313

16 Retirement benefits

The company has four different classes of retirement benefits:

- A defined contribution pension scheme
- A funded defined benefit pension scheme
- Unfunded post-retirement health insurance
- Other unfunded defined benefit pensions

The first class of benefit, the "defined contribution pension scheme", has been accounted for in accordance with Financial Reporting Standard 17 (FRS 17) and contributions are therefore charged to the profit and loss account in the year in which they become payable.

The second class of benefit, the "funded defined benefit pension scheme", operates through the company making contributions to The Hattron Group Staff Benefits Plan. However, the scheme closed to new members in 2003 and from 1 April 2009 ceased accruing further benefits for active members of the scheme.

The defined benefit scheme funds are administered by trustees and are independent of the company's finances. Deficit contributions are paid to the scheme in accordance with the recommendations of an independent actuarial adviser and the plan agreed with the trustees. In 2013 the company will meet the administration costs of running the scheme.

The third class of benefit, "post-retirement health insurance", pays for the costs of healthcare for life for some retirees and their spouses. Currently the arrangement is insured through and premiums paid to BUPA.

The fourth class of benefit, the "other unfunded defined benefit pensions", represents unfunded pension obligations of the company to two individuals.

These last three types of retirement benefit have been accounted for as defined benefit schemes in accordance with FRS 17. Accordingly, liabilities have been calculated using the projected unit valuation method and scheme assets are valued at fair value. The rest of this note gives further information about these three schemes.

16 Retirement benefits *(continued)*

Financial and Actuarial Assumptions

Based on actuarial advice updated as at 31 December 2013, the financial assumptions used in calculating retirement benefits liabilities were:

	2013	2012	2011	2010	2009
Price inflation	**3.5%**	3.1%	2.9%	3.4%	3.6%
Discount rate	**4.5%**	4.4%	4.7%	5.5%	5.6%
Pension increases	**3.4%**	3.1%	2.9%	3.3%	3.5%
Salary growth	**n/a**	n/a	n/a	n/a	n/a
Medical advance inflation over retail price inflation	**2.5%**	2.5%	2.6%	2.5%	2.5%
Life expectancy of male aged 60 at accounting date	**28.7 yrs**	28.4 yrs	28.3 yrs	28.2 yrs	28.1 yrs
Life expectancy of male aged 60 at 20 years after accounting date	**30.7 yrs**	30.6 yrs	30.5 yrs	30.4 yrs	30.3 yrs

The long-term rates of return expected (ER) on the main classes of the Hattron Group pension scheme assets, fair valued (FV) as at 31 December 2013, were as follows:

	2013		2012		2011		2010		2009	
	ER	**FV $'000**	**ER**	**FV $'000**	**ER**	**FV $'000**	**ER**	**FV $'000**	**ER**	**FV $'000**
Equities	6.60%	-	6.00%	-	6.00%	7,839	7.20%	8,461	8.0%	12,489
MA fund*	6.60%	20,160	6.00%	18,751	6.00%	7,710	7.20%	7,625	7.2%	1,994
Bonds	4.45%	4,891	4.40%	4,769	4.65%	4,030	5.45%	3,631	5.6%	3,440
Gilts	3.60%	10,261	3.00%	9,794	3.00%	9,626	4.20%	7,808	4.3%	7,303
Cash	0.50%	845	0.50%	270	0.50%	1,812	0.50%	(487)	2.2%	(1,017)
Total		**36,157**		**33,584**		**31,017**		**27,038**		**24,209**

** Multi Asset Fund*

16 Retirement benefits *(continued)*

Assets and liabilities of group pension schemes

	Funded and unfunded pensions benefits 2013 $	Unfunded pensioners health insurance 2013 $	Total 2013 $	Total 2012 $
Fair value of pension scheme assets	(36,157,178)	-	**(36,157,178)**	(33,584,553)
Irrecoverable surplus on scheme assets	1,424,419	-	**1,424,419**	469,770
Present value of liabilities	36,653,813	1,008,687	**37,662,500**	36,071,470
Deficit as at 31 December	1,921,054	1,008,687	**2,929,741**	2,956,687
Related deferred tax asset (note 17)			**(572,977)**	(622,782)
Net pension liability			**2,356,764**	2,333,905

Analysis of the amount charged to other finance costs

Expected return on pension scheme assets	(1,461,265)	-	**(1,461,265)**	(1,454,226)
Interest cost on pension scheme liabilities	1,461,265	40,721	**1,501,986**	1,537,052
Net finance cost	-	40,721	**40,721**	82,826

Analysis of the amount recognised in the Statement of Total Recognised Gains and Losses ("STRGL")

Actual return less expected return on pension scheme assets	(261,555)	-	**(261,555)**	415,721
Experience gains and losses arising on scheme liabilities	537,207	(9,397)	**527,809**	1,307,689
Changes in assumptions underlying the present value of scheme liabilities	-	-	**-**	-
Expected return less interest	(115,941)		**(115,941)**	-
Irrecoverable surplus	945,747	-	**945,747**	(497,403)
Actuarial losses recognised in the STRGL	1,105,458	(9,397)	**1,096,060**	1,226,007

16 Retirement benefits *(continued)*

	2013 $	2013 $	2012 $
Movement in defined benefit obligation			
Opening defined benefit obligation		**36,071,470**	32,850,566
Interest cost		**1,501,986**	1,537,052
Actuarial losses		**411,868**	1,307,689
Benefits and fund expenses paid		**(1,176,784)**	(1,070,992)
Exchange losses		**853,960**	1,447,155
Closing defined benefit obligation		**37,662,500**	36,071,470
Movement in fair value of plan assets			
Opening fair value of plan assets	**33,584,553**		31,016,899
Expected return on plan assets	**1,461,265**		1,454,226
Actuarial gain/(loss)	**261,555**		(415,721)
Contributions by the employer	**1,231,687**		1,263,956
Benefits and fund expenses paid	**(1,176,784)**		(1,070,992)
Exchange gains	**794,902**		1,336,185
Closing fair value of plan assets	**36,157,178**		33,584,553
Less irrecoverable surplus on plan assets	**(1,424,419)**		(469,770)
Carrying value of plan assets		**34,732,759**	33,114,783
Scheme deficit as at 31 December		2,929,741	2,956,687

16 Retirement benefits *(continued)*

History of plan position, assets, liabilities and experience gains and losses:

	2013	2012	2011	2010	2009
	$000's	$000's	$000's	$000's	$000's
Gross deficit	**2,930**	2,957	2,758	2,730	7,195
Fair value of pension scheme assets	**34,733**	33,115	30,092	27,038	24,209
Present value of pension scheme liabilities	**37,663**	36,071	32,851	29,768	31,404
Actual less expected return on scheme assets	**262**	(416)	488	1,559	1,510
Percentage of scheme assets	**0.75%**	-1.26%	1.57%	5.77%	6.24%
Experience gains/(losses) on scheme liabilities	**528**	1,308	(1,504)	130	372
Percentage of scheme liabilities	**1.40%**	3.63%	4.58%	0.44%	1.18%
Total amount recognised in the STRGL*	**1,096**	1,226	(3,358)	(2,661)	3,551
Percentage of scheme liabilities	**2.91%**	3.40%	10.22%	8.94%	11.31%

**Statement of Total Recognised Gains and Losses*

17 Deferred tax

The movements in deferred tax assets were as follows:

	Group 2013 $	Company 2013 $
Asset as at 1 January 2013	699,879	708,157
Amount charged to the profit and loss account	(289,310)	(293,028)
Amount credited to the statement of total recognised gains and losses	251,206	251,206
Asset as at 31 December 2013	**661,775**	**666,335**
Reported in these financial statements within:		
Debtors (note 14)	88,798	93,358
Retirement benefits liability (note 16)	572,977	572,977
Total deferred tax balance	**661,775**	**666,335**

17 Deferred tax *(continued)*

The elements of the deferred tax balance are as follows:

	Group 2013	Group 2012	Company 2013	Company 2012
	$	$	$	$
Accelerated capital allowances	**23,364**	29,634	27,923	37,911
Other timing differences	**638,411**	670,245	638,412	670,246
Total deferred tax asset	**661,775**	699,879	666,335	708,157

18 Share capital

	2013	2012
	$	$
Allotted, called up and fully paid		
68,000 ordinary shares of £1 each	**121,067**	121,067

19 Reserves

	Group Profit and loss account	Company Profit and loss account
	$	$
At 1 January 2013	**11,808,004**	**12,722,032**
Profit for the year	**2,012,480**	**1,946,071**
Other recognised losses	**(885,004)**	**(873,644)**
At 31 December 2013	**12,935,480**	**13,794,476**

20 Minority interest

	2013	2012
	$	$
Minority interests' share of net assets and liabilities in subsidiary undertakings brought forward	**(295,772)**	-
Minority interest movement in the period	**(285,419)**	(295,772)
Elimination of minority interest upon disposal	**581,191**	-
Total minority interest	-	(295,772)

21 Reconciliation of operating profit to net cash flow from operating activities

	2013 $	2012 $
Operating profit	**3,733,244**	5,969,753
Depreciation	**279,094**	483,691
Decrease in stocks	**138,743**	30,095
(Decrease)/increase in debtors	**425,317**	(2,878,657)
Decrease in creditors	**(37,041)**	(428,050)
Increase in provisions	**67,964**	155,058
Exchange and translation adjustments	**(38,672)**	2,973
Net cash inflow from operating activities before employer retirement benefit contributions	**4,568,649**	3,334,863
Retirement benefit contribution	**(1,231,687)**	(1,263,956)
Net cash inflow from operating activities	**3,336,962**	2,070,907

22 Analysis of changes in net funds

	At 1 January 2013 $	Cash flows $	Exchange movements $	At 31 December 2013 $
Cash	**12,135,011**	1,443,231	(2,513)	**13,575,729**

23 Disposal of subsidiary

During the year, the group disposed of IHBS Inc., a company incorporated in USA. The loss on disposal of IHBS Inc. has been calculated as follows:

	$	$
Proceeds from disposal		450,000
Net assets disposed of:		
Tangible fixed assets	23,846	
Debtors	910,594	
Cash	1,275,455	
Creditors	(549,347)	
		(1,660,548)
Less minority interest of net assets		581,192
Loss on disposal		**629,356**

23 Disposal of subsidiary *(continued)*

The net cash outflow in respect of the sale of IHBS Inc. is as follows:

	$
Cash consideration	450,000
Cash transferred on disposal	(1,275,455)
Net outflow of cash	**(825,455)**

24 Commitments under operating leases

As at 31 December 2013, the group had annual commitments under non-cancellable operating leases as set out below:

	2013 $	2012 $
Operating leases which expire:		
Within one year	-	110,810
After one year but less than five years	954,107	772,222

Effective from July 2014, one of the rental properties in the group was sublet to a third party, therefore passing on an annual commitment of $266,958.

25 Related party transactions

The company has taken advantage of the exemption within the Financial Reporting Standard No 8 "Related Party Disclosures" not to disclose any transactions with entities that are included in the consolidated financial statements of I Hennig & Co Limited where 100% of the voting rights are owned by the group.

Transactions with directors

The managing director was advanced a loan which is non-interest bearing and the transactions that occurred during the year are as follows:

	$
Balance at 1 January 2013	53,017
Amounts added to loan	3,433
Repayment received	(18,276)
Balance at 31 December 2013	**38,174**

25 Related party transactions *(continued)*

IHBS Inc

The following transactions took place between I Hennig & Co Limited and IHBS Inc, a company which was 65% owned by the group and sold in December 2013:

Investment loan

I Hennig & Co Limited provided IHBS Inc with an investment loan to help fund its operations in its early years of operation. The loan was provided at a fixed interest rate of 8% and was fully repaid in the year. In 2013 the following loan transactions occurred:

	2013
	$
Balance at 1 January 2013	**917,724**
Interest charged	35,221
Amount repaid	(952,945)
Balance at 31 December 2013	-

26 Ultimate parent undertaking

The directors regard Hattron Limited, a company registered in England and Wales, as the company's immediate parent undertaking.

Copies of that company's financial statements are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

Theseus Limited, a company incorporated in the British Virgin Islands, is, in its capacity as trustee of the Westridge Fund, considered to be the ultimate controlling party of I Hennig & Co Limited.