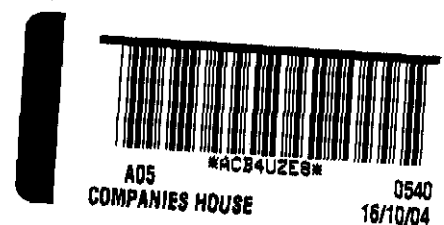


Company Registration No. 3428277 (England and Wales)

GEMSTONES HCD LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003



GEMSTONES HCD LIMITED

COMPANY INFORMATION

Director	J G Hester
Secretary	F T I (Secretariat) Limited
Company number	3428277
Registered office	37 Bushey Road London SW20 8TE

GEMSTONES HCD LIMITED

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GEMSTONES HCD LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

The director presents his report and financial statements for the year ended 31 December 2003.

Principal activities

The principal activity of the company continued to be that of acting as a commission agent.

All figures are stated in US dollars.

Director

The following director has held office since 1 January 2003:

J G Hester

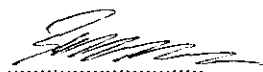
Director's interests

The director's interest in the shares of the company was as stated below:

	Ordinary shares of US\$1.41 each	
	31 December 2003	1 January 2003
J G Hester	-	-

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



J G Hester

Director

8 Oct 04

GEMSTONES HCD LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2003

		2003	2002
	Notes	US\$	US\$
Turnover	2	5,423	526
Administrative expenses		(19,041)	(12,223)
	
Loss on ordinary activities before taxation	3	(13,618)	(11,697)
Tax on loss on ordinary activities	4	-	-
	
Loss on ordinary activities after taxation	9	(13,618)	(11,697)
	

GEMSTONES HCD LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2003


	Notes	2003 US\$	US\$	2002 US\$	US\$
Fixed assets					
Tangible assets	5		17,902		26,852
Current assets					
Debtors	6	4,421		-	
Cash at bank and in hand		30		30	
		
		4,451		30	
Creditors: amounts falling due within one year	7	(86,978)		(77,889)	
		
Net current liabilities			(82,527)		(77,859)
		
Total assets less current liabilities			(64,625)		(51,007)
		
Capital and reserves					
Called up share capital	8		1,410		1,410
Profit and loss account	9		(66,035)		(52,417)
		
Shareholders' funds			(64,625)		(51,007)
		

In preparing these financial statements:

- The director is of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985;
- No notice has been deposited under Section 249B(2) of the Companies Act 1985, and
- The director acknowledges his responsibilities for:
 - ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
 - preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 8 May 04



J G Hester
Director

GEMSTONES HCD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the *Financial Reporting Standard for Smaller Entities* (effective June 2002).

Going concern

The financial statements have been prepared on a going concern basis. The company has obtained assurances and undertakings from its shareholders that they will continue to support the company for the foreseeable future if it fails to meet all its third party liabilities as they fall due. Given these undertakings, the director consider it appropriate to adopt a going concern basis in preparing the financial statements.

All figures are stated in US dollars.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	25% p.a. straight line
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2 Turnover

In the year to 31 December 2003 100.00% (2002- 100.00%) of the company's turnover was to markets outside the United Kingdom.

3	Operating loss	2003 US\$	2002 US\$
	Operating loss is stated after charging:		
	Depreciation of tangible assets	8,950	8,950
	
4	Taxation
	Current tax charge	-	-
	

On the basis of these financial statements no provision has been made for corporation tax.

GEMSTONES HCD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

5 Tangible fixed assets

	Plant and machinery etc
	US\$
Cost	
At 1 January 2003 & at 31 December 2003	35,802

Depreciation	
At 1 January 2003	8,950
Charge for the year	8,950

At 31 December 2003	17,900

Net book value	
At 31 December 2003	17,902

At 31 December 2002	26,852

6 Debtors	2003 US\$	2002 US\$
Other debtors	4,421	-

7 Creditors: amounts falling due within one year	2003 US\$	2002 US\$
Other creditors	86,978	77,889

8 Share capital	2003 US\$	2002 US\$
Authorised		
10,000 Ordinary shares of US\$1.41 each	14,100	14,100

Allotted, called up and fully paid		
1,000 Ordinary shares of US\$1.41 each	1,410	1,410

The authorised share capital is 10,000 Ordinary shares of £1 each. The issued and fully paid up share capital is 1,000 Ordinary shares of £1 each. The rate of exchange has been taken at US\$ 1.41 to the £.

GEMSTONES HCD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

9 Statement of movements on profit and loss account

	Profit and loss account US\$
Balance at 1 January 2003	(52,417)
Retained loss for the year	(13,618)

Balance at 31 December 2003	(66,035)

GEMSTONES HCD LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2003

	2003	2002
	US\$	US\$
Administrative expenses		
Printing, postage and stationery	95	509
Telephone	978	1,259
Accountancy	3,549	1,135
Other administrative expenses	5,274	-
Bank charges	195	217
Branch taxes	-	153
Depreciation on FF & E	8,950	8,950

	19,041	12,223

