

Company Registration No. 04653042 (England and Wales)

AMC DIAMONDS LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

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COMPANIES HOUSE

AMC DIAMONDS LIMITED

COMPANY INFORMATION

Director	E Lerner Esq
Secretary	Mrs D Lerner
Company number	04653042
Registered office	Lynwood House 373/375 Station Road Harrow, Middlesex HA1 2AW
Auditors	Newman & Partners Lynwood House 373/375 Station Road Harrow, Middlesex HA1 2AW
Business address	London Diamond Bourse 100 Hatton Garden Suite 129 London EC1N 8NX

AMC DIAMONDS LIMITED

CONTENTS

	Page
Director's report	1 - 2
Independent auditors' report	3 - 4
Statement of income	5
Statement of changes in equity	6
Balance sheet	7
Cash flow statement	8 - 9
Notes to the financial statements	10 - 18

AMC DIAMONDS LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007

The director presents his report and financial statements for the year ended 31 December 2007. The financial statements have been prepared in UK Pound Sterling (£), which is the presentation currency of the company.

Principal activities and review of the business

The principal activity of the company continued to be that of the wholesale of jewellery.

The results for the year and the financial position at the year end were considered satisfactory by the director.

The director believes the principal risks and uncertainties the company is subjected to are from the movement of exchange rates and demand for diamonds. The company has endeavoured to minimise these risks by taking out forward contracts in order to purchase foreign currency at a pre-determined rate.

GBP £'000	2006/07	2005/06
Turnover	1,289	1,596
Gross profit %	10.96	9.50
Net profit %	3.81	3.26

Results and dividends

The results for the year are set out on page 5.

Future developments

The director expects to improve upon the present level of activity of the company's business.

Director

The following director has held office since 1 January 2007.

E Lerner Esq

Director's interests

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

	A Ordinary shares of £1 each	
	31 December 2007	1 January 2007
E Lerner Esq	245	245
	B Ordinary shares of £1 each	
	31 December 2007	1 January 2007
E Lerner Esq	-	-

In addition to the above, the spouse of E Lerner Esq held 245 (2006: 245) 'A' Ordinary shares of £1 each.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Newman & Partners be reappointed as auditors of the company will be put to the Annual General Meeting.

AMC DIAMONDS LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

Director's responsibilities

The director is responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

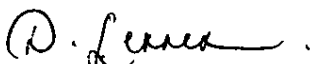
The director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



Mrs D Lerner

Secretary

6.8 MAY 2008

AMC DIAMONDS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF AMC DIAMONDS LIMITED

We have audited the financial statements of AMC Diamonds Limited for the year ended 31 December 2007 set out on pages 5 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 the director and auditors

The director's responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards are set out in the Statement of Director's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the director's report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and other transactions is not disclosed.

We read the director's report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 director 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.

AMC DIAMONDS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF AMC DIAMONDS LIMITED

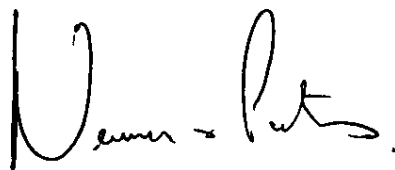
Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with International Financial Reporting Standards, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the director's report is consistent with the financial statements

Newman & Partners

Chartered Accountants
Registered Auditor



- 9 MAY 2008

Lynwood House
373/375 Station Road
Harrow, Middlesex
HA1 2AW

AMC DIAMONDS LIMITED

STATEMENT OF INCOME

FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £	2006 £
Revenues	3	1,288,645	1,595,506
Cost of sales		(1,147,371)	(1,443,932)
Gross profit		141,274	151,574
Administrative expenses		(70,891)	(76,829)
Operating profit	4	70,383	74,745
Finance costs	5	(856)	(326)
Profit before taxes on income		69,527	74,419
Taxes on income	6	(20,420)	(22,426)
Profit for the year	13	49,107	51,993
Attributable to Equity holders of the Parent		49,107	51,993
Net profit		49,107	51,993

The statement of income has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the statement of income

AMC DIAMONDS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2007

Attributable to equity holders of the company

	Share Capital £	Accumulated Profit/ Deficit £	Total Equity £
Balance at 1 January 2006	1,000	(978)	22
Profit for the year	-	51,993	51,993
Balance at 31 December 2006	1,000	51,015	52,015
Profit for the period	-	49,107	49,107
Balance at 31 December 2007	1,000	49,122	50,122

AMC DIAMONDS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2007

	Notes	2007 £	£	2006 £	£
Non-current assets					
Property, plant and equipment	8	3,022		2,662	
Current assets					
Trade and other receivables	9	430,715		322,034	
Cash and cash equivalents		29,764		134,538	
			460,479		456,572
Current liabilities					
Trade and other payables	10	(462,128)		(458,010)	
			(460,899)		(458,010)
Total assets less current liabilities			1,373		1,224
Non-current liabilities					
Provisions for liabilities	11		(251)		(209)
Net liabilities			1,122		1,015
Equity					
Called up share capital	12		510		1,000
Accumulated profit			62		
Called up share capital	12		490		
Accumulated profit	13		60		15
Issued share capital and reserves	14		1,122		1,015

- 8 MAY 2008

The financial statements have been authorised for issue by the board of management on



E Lerner Esq
Director

AMC DIAMONDS LIMITED

STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 DECEMBER 2007

	2007 £	2006 £
Cash flows from operating activities		
Operating profit	70,383	74,745
Adjustments to reconcile net operating loss to net cash provided by operating activities (a)	(124,619)	49,253
Net cash provided by /(used in) operating activities	(54,236)	123,998
Cash flows from investing activities		
Payments to acquire tangible assets	(1,538)	(315)
Net cash used in investing activities	(1,538)	(315)
Cash flows from financing activities		
Net cash provided by financing activities	-	-
Effect of exchange rate changes on cash and cash equivalents	-	977
Increase / Decrease in cash and cash equivalents	(104,774)	73,660
Cash and cash equivalents at the beginning of the year	134,538	60,878
Cash and cash equivalents at the end of the year	29,764	134,538
Supplemental disclosure of cash flow		
Cash paid during the year for		
Interest paid	856	326
Taxes on income	(22,062)	(15,046)

AMC DIAMONDS LIMITED

STATEMENT OF CASHFLOWS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

	2007 £	2006 £
(a) Adjustments to reconcile net operating profit to net cash provided by operating activities:		
Income and expenses not involving operating cash flows		
Depreciation of tangible assets	1,178	888
Changes in operating assets and liabilities		
Decrease in inventories	-	7,677
Increase in other receivables	(108,681)	(85,670)
Increase in other payables	5,802	142,707
Interest paid	(856)	(326)
Income taxes paid	(22,062)	(15,046)
Foreign exchange differences	-	(977)
	<u>(124,619)</u>	<u>49,253</u>

AMC DIAMONDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

1 General

- a. AMC Diamonds Limited ("the company"), a company registered in England and Wales, was established and commenced operations in 2003 and is located in the United Kingdom. The company is engaged in the wholesale of jewellery.
- b. Definitions
In these financial statements

The Company - AMC Diamonds Limited
- c. The last financial statements prepared for the Company was for a year from 1 January 2006 to 31 December 2006
- d. Standards
UK GAAP - United Kingdom Generally Accepted Accounting Principles
IFRS - International Financial Reporting Standards

AMC DIAMONDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

2 Accounting policies

2.1 Accounting convention

The financial statements have been prepared under the historical cost convention in accordance with International Financial Reporting Standards ("IFRS")

2.2 Going concern

These financial statements have been prepared on the assumption that the company will continue in operational existence for the foreseeable future

The validity of this assumption depends on the continued support of AMC Diamonds Antwerp who are an associated company of AMC Diamonds Limited

If the company were unable to continue in existence for the foreseeable future, adjustments would be necessary to reduce the balance sheet value of assets to their recoverable amounts, to reclassify non-current assets as current assets and to provide for further liabilities which might arise

2.3 Compliance with accounting standards

The financial statements adopted by the Company for all periods presented are in compliance with the IFRS's that are effective at 31 December 2007

2.4 Financial statements in UK Pound Sterling

The Company has selected the UK £ as its presentation currency

Assets and liabilities are translated into UK £ at the closing rate at each balance sheet date. Income and expenses are translated at the average exchange rates

2.5 Turnover

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

2.6 Non-current assets and depreciation

Non current assets are stated at cost less accumulated depreciation

The carrying values of non-current assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The recoverable amount is the higher of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Depreciation is calculated using the reducing balance method over the estimated useful life of the assets, at the following annual rates

Computer equipment	33.33% reducing balance
Fixtures and fittings	25% reducing balance

2.7 Operating and finance lease commitments

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

AMC DIAMONDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

2 Accounting policies

(continued)

2.8 Revenue recognition

Revenue is recognised upon issue of a sales invoice

2.9 Taxation

Current taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities

Deferred tax

The Company provides for deferred income taxes using the liability method of accounting. Under the liability method, deferred taxes are recognised for temporary differences between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred taxes are measured based on enacted tax rates that will be in effect in the year in which the differences are expected to reverse. Deferred tax assets in respect of carryforward losses and other temporary deductible differences are recognised to the extent that it is probable that they will be utilised.

2.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

2.11 Group accounts

AMC Diamonds Limited has chosen not to prepare consolidated group financial statements. This decision is compliant with International Accounting Standard 27 which allows the company not to prepare consolidated group financial statements as its ultimate controlling interest produces consolidated financial statements which are compliant with International Financial Reporting Standards and are publicly available.

2.12 Cash and cash equivalents

The company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

2.13 Trade receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off when identified.

2.14 Financial Instruments

The carrying amounts of cash and cash equivalents, trade receivables, other accounts receivable, trade payables and other current liabilities, approximate their fair value due to the short-term maturity of such instruments.

Management has recognised the financial risks that the company is subjected to from the movement of exchange rates and interest rates. The company has endeavoured to minimise these risks by taking out forward contracts in order to purchase foreign currency at a pre-determined rate.

AMC DIAMONDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

2 Accounting policies

(continued)

2.16 Measurement of financial assets and liabilities

Financial assets and liabilities, other than equity instruments held, are measured at fair value

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction

Equity instruments held are shown at amortised cost, as there is no quoted market price in an active market for which fair value could be reasonably determined

2.17 Derecognition of financial assets and liabilities

A financial asset is derecognised when either the contractual rights to the assets' cash flows expire, or the asset is transferred and the transfer qualifies for derecognition

A financial liability is derecognised when, and only when, it is extinguished i.e. when the obligation in the contract is discharged, cancelled or expires

3 Turnover and profit on ordinary activities before taxation

	Turnover 2007 £	2006 £
Class of business		
UK sales	1,129,412	1,264,917
EC sales	36,142	30,107
Export sales	123,092	300,482
	<u>1,288,646</u>	<u>1,595,506</u>

4 Operating profit

	2007 £	2006 £
Operating profit is stated after charging		
Depreciation of tangible assets	1,178	888
Loss on foreign exchange transactions	-	977
Operating lease rentals	9,775	8,723
Auditors' remuneration	5,500	4,000

AMC DIAMONDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

5	Interest payable	2007	2006
		£	£
	On bank loans and overdrafts	687	282
	Other interest	169	44
		<u>856</u>	<u>326</u>
6	Taxes on income	2007	2006
		£	£
	Domestic current year tax		
	U K corporation tax	20,378	22,062
	Adjustment for prior years	-	465
	Current tax charge	20,378	22,527
	Deferred tax		
	Origination and reversal of timing differences	42	(101)
		<u>20,420</u>	<u>22,426</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>69,527</u>	<u>74,419</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 29.31% (2006 - 29.50%)	<u>20,378</u>	<u>21,954</u>
	Effects of		
	Depreciation add back	346	270
	Capital allowances	(346)	(162)
	Adjustments to previous periods	-	465
		<u>-</u>	<u>573</u>
	Current tax charge	<u>20,378</u>	<u>22,527</u>
7	Dividends	2007	2006
		£	£
	Ordinary interim paid	<u>49,000</u>	<u>51,000</u>

AMC DIAMONDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

8 Property, plant and equipment

	Plant and machinery £	Fixtures and fittings £	Total £
Cost			
At 1 January 2007	-	5,849	5,849
Additions	1,538	-	1,538
	<u>1,538</u>	<u>5,849</u>	<u>7,387</u>
At 31 December 2007	1,538	5,849	7,387
Depreciation			
At 1 January 2007	-	3,187	3,187
Charge for the year	513	665	1,178
	<u>513</u>	<u>3,852</u>	<u>4,365</u>
At 31 December 2007	513	3,852	4,365
Net book value			
At 31 December 2007	<u>1,025</u>	<u>1,997</u>	<u>3,022</u>
At 31 December 2006	<u>-</u>	<u>2,662</u>	<u>2,662</u>

9 Trade and other receivables	2007 £	2006 £
Trade receivables	407,179	303,161
Other debtors	16,520	12,500
Prepayments and accrued income	7,016	6,373
	<u>430,715</u>	<u>322,034</u>
Total trade receivables	<u>430,715</u>	<u>322,034</u>

10 Trade and other payables	2007 £	2006 £
Trade payables	375,095	369,480
Corporation tax	20,378	22,062
Other taxes and social security costs	60,901	56,983
Director's current accounts	1,229	135
Accruals and deferred income	4,525	9,350
	<u>462,128</u>	<u>458,010</u>
Total trade payables	<u>462,128</u>	<u>458,010</u>

AMC DIAMONDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

11 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 January 2007	209
Profit and loss account	42
	<u>251</u>
Balance at 31 December 2007	<u>251</u>

The deferred tax liability is made up as follows

	2007 £	2006 £
Accelerated capital allowances	<u>251</u>	<u>209</u>

12 Equity

	2007 £	2006 £
Authorised		
490 A Ordinary shares of £1 each	490	490
510 B Ordinary shares of £1 each	510	510
	<u>1,000</u>	<u>1,000</u>
Issued, called up and fully paid		
490 A Ordinary shares of £1 each	490	490
510 B Ordinary shares of £1 each	510	510
	<u>1,000</u>	<u>1,000</u>

The A and B shares rank pari passu in all respects, except that the A shares will be entitled to a yearly dividend

AMC DIAMONDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

13 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2007	15
Profit for the year	49,107
Dividends paid	(49,000)
	<hr/>
Balance at 31 December 2007	122
	<hr/>

14 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Profit for the financial year	49,107	51,993
Dividends	(49,000)	(51,000)
	<hr/>	<hr/>
Net addition to shareholders' funds	107	993
Opening shareholders' funds	1,015	22
	<hr/>	<hr/>
Closing shareholders' funds	1,122	1,015
	<hr/>	<hr/>

15 Financial commitments

At 31 December 2007 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2008

	Land and buildings		Other	
	2007	2006	2007	2006
	£	£	£	£
Operating leases which expire				
Within one year	-	-	-	250,000
Between two and five years	7,645	-	-	5,483
	<hr/>	<hr/>	<hr/>	<hr/>
	7,645	-	-	255,483
	<hr/>	<hr/>	<hr/>	<hr/>

AMC DIAMONDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

16 Employees

Number of employees

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

	2007 Number	2006 Number
Administration staff	1	1

Employment costs

	2007 £	2006 £
Wages and salaries	4,888	4,350
Social security costs	-	97
	4,888	4,447

17 Control

The immediate parent undertaking is AMC Finance SA, a company incorporated and registered in Luxembourg

The ultimate controlling parent is PC Investments, a company incorporated and registered in Belgium. The consolidated financial statements are produced by PC Investments. These can be obtained from AMC Diamonds Antwerp at the following address -

Antwerp Diamond Bourse Suite 349
Pelikaanstraat 78,
B-2018, Antwerpen
Belgium

18 Related party transactions

Included within other payables is an amount of £1,229 (2006 £135) owed to E Lerner Esq, who is the director of the company. Included within trade creditors is an amount of £370,597 (2006 £369,300) owed to AMC Diamonds Antwerp who are an associated company of AMC Diamonds Limited.

During the year purchases of £1,086,106 (2006 £1,415,231) and management fees of £17,767 (2006 £32,988) were paid to AMC Diamonds Antwerp.

All transactions were carried out on an arms' length basis on normal commercial terms.