

Company Registration No. 753013 (England and Wales)

MOUSSAIEFF JEWELLERS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009



MOUSSAIEFF JEWELLERS LIMITED

COMPANY INFORMATION

Directors	A Moussaieff S Moussaieff
Secretary	R Gupta
Company number	753013
Registered office	2nd Floor 32 Wigmore Street London W1U 2RP
Auditors	Harold Everett Wreford Second Floor 32 Wigmore Street London W1U 2RP
Bankers	Barclays Bank Plc

MOUSSAIEFF JEWELLERS LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the cash flow statement	8
Notes to the financial statements	9 - 17

MOUSSAIEFF JEWELLERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2009

The directors present their report and financial statements for the year ended 31 March 2009.

Principal activities and review of the business

The principal activity of the company during the year continued to be the retail and wholesale of jewellery.

The results for the year were considered satisfactory by the directors.

Key performance indicators include:

Turnover £94,831,263 (2008 - £71,576,700)

Gross Profit £30,324,477 (2008 - £22,803,734)

Profit after taxation £11,504,087 (2008 - £8,575,611)

The position of the company at the balance sheet date can be summarised as follows:

Net shareholders' funds £93,745,338 (2008 - £82,291,251)

The company's principal financial instruments comprise bank balances, bank overdrafts, trade creditors, trade debtors and loans to the company. Due to the nature of the financial instruments there is no exposure to price risk. In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at affordable rates of interest. Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due. The company manages its currency risk exposure via its foreign currency bank accounts by only dealing in stable currencies.

Results and dividends

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

Interim ordinary dividends were paid amounting to £50,000. The directors do not recommend payment of a final dividend.

Future developments

There were no plans for any significant changes in the activity of the company.

Directors

The following directors have held office since 1 April 2008:

A Moussaieff

S Moussaieff

Charitable donations	2009	2008
	£	£
During the year the company made the following payments:		
Charitable donations	19,325	28,411

The recipients, amounts and purpose of the charitable donations are as follows:

2009 - British Friends of the Sheba Medical Centre at Tel Hashomer £18,325 - funding a medical facility in Israel

2009 - Education for the Children Foundation £1,000 - helping poor children in Central America

2008 - Monte Carlo Friends of Chaim Sheba Medical Centre Tel Hashomer £26,911 - funding a medical facility in Israel

2008 - British Wizo £1,000 - funding social welfare work in Israel

2008 - Cancer Research UK £500 - funding cancer research in the UK

MOUSSAIEFF JEWELLERS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2009

Taxation status

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Auditors

In accordance with the Company's Articles, a resolution proposing that Harold Everett Wreford be reappointed as auditors of the company will be put at a General Meeting.

Directors' responsibilities

The directors are responsible for preparing 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 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 these financial statements, the directors are required to:

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

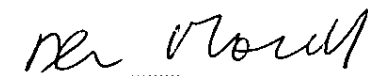
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

Statement of disclosure to auditors

So far as the directors are aware:

- (a) there is no relevant audit information of which the company's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



A Moussaieff

Director

28 January 2010

MOUSSAIEFF JEWELLERS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF MOUSSAIEFF JEWELLERS LIMITED

We have audited the financial statements of Moussaieff Jewellers Limited for the year ended 31 March 2009 set out on pages 5 to 17. 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 directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' 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 directors' 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 directors' remuneration and other transactions is not disclosed.

We read the directors' 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 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.

MOUSSAIEFF JEWELLERS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF MOUSSAIEFF JEWELLERS LIMITED

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985.
- the information given in the directors' report is consistent with the financial statements; and

Harold Everett Wreford

Harold Everett Wreford

Chartered Accountants
Registered Auditor

28 January 2010

Second Floor
32 Wigmore Street
London W1U 2RP

MOUSSAIEFF JEWELLERS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2009

	Notes	2009 £	2008 £
Turnover	2	94,831,263	71,576,700
Cost of sales		(64,506,786)	(48,772,966)
Gross profit		30,324,477	22,803,734
Distribution costs		(4,797,142)	(2,163,152)
Administrative expenses		(8,892,670)	(7,373,777)
Other operating income		161,744	73,023
Operating profit	3	16,796,409	13,339,828
Other interest receivable and similar income	4	155	-
Interest payable and similar charges	5	(754,489)	(1,074,979)
Profit on ordinary activities before taxation		16,042,075	12,264,849
Tax on profit on ordinary activities	6	(4,537,988)	(3,689,238)
Profit for the year	15	11,504,087	8,575,611

The profit and loss account 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 profit and loss account.

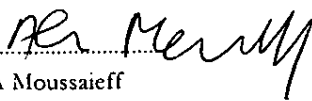
MOUSSAIEFF JEWELLERS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2009

	Notes	2009		2008	
		£	£	£	£
Fixed assets					
Tangible assets	8		2,291,714		2,627,684
Current assets					
Stocks	9	118,493,828		107,842,564	
Debtors	10	12,137,787		11,257,400	
Cash at bank and in hand		35,864		35,002	
			<u>130,667,479</u>		<u>119,134,966</u>
Creditors: amounts falling due within one year	11	<u>(35,213,855)</u>		<u>(34,471,399)</u>	
Net current assets			<u>95,453,624</u>		<u>84,663,567</u>
Total assets less current liabilities			<u>97,745,338</u>		<u>87,291,251</u>
Creditors: amounts falling due after more than one year	12		<u>(4,000,000)</u>		<u>(5,000,000)</u>
			<u>93,745,338</u>		<u>82,291,251</u>
Capital and reserves					
Called up share capital	14		10,000		10,000
Profit and loss account	15		<u>93,735,338</u>		<u>82,281,251</u>
Shareholders' funds	16		<u>93,745,338</u>		<u>82,291,251</u>

Approved by the Board and authorised for issue on 28 January 2010


 A Moussaieff
 Director

Company Registration No. 753013

MOUSSAIEFF JEWELLERS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2009

	2009	2008
	£	£
Net cash inflow/(outflow) from operating activities	5,653,101	(3,560,533)
Returns on investments and servicing of finance		
Interest received	155	-
Interest paid	(754,489)	(1,074,979)
Net cash outflow for returns on investments and servicing of finance	(754,334)	(1,074,979)
Taxation	(1,900,000)	(3,615,345)
Capital expenditure		
Payments to acquire tangible assets	(9,346)	(23,995)
Receipts from sales of tangible assets	1,099	99
Net cash outflow for capital expenditure	(8,247)	(23,896)
Equity dividends paid	(50,000)	(160,000)
Net cash inflow/(outflow) before management of liquid resources and financing	2,940,520	(8,434,753)
Financing		
New long term bank loan	-	6,000,000
Other new short term loans	-	1,000,000
Repayment of long term bank loan	(1,000,000)	(1,000,000)
Net cash (outflow)/inflow from financing	(1,000,000)	6,000,000
Increase/(decrease) in cash in the year	1,940,520	(2,434,753)

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2009

1	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities		2009	2008
			£	£
	Operating profit		16,796,409	13,339,828
	Depreciation of tangible assets		343,692	401,402
	Loss on disposal of tangible assets		525	6,093
	Increase in stocks		(10,651,264)	(4,754,707)
	Increase in debtors		(880,387)	(4,087,319)
	Increase/(decrease) in creditors within one year		44,126	(8,465,830)
	Net cash inflow/(outflow) from operating activities		<u>5,653,101</u>	<u>(3,560,533)</u>
2	Analysis of net debt	1 April 2008	Cash flow	Other non-cash changes
				31 March 2009
		£	£	£
	Net cash:			
	Cash at bank and in hand	35,002	862	-
	Bank overdrafts	(17,483,645)	1,939,658	-
		<u>(17,448,643)</u>	<u>1,940,520</u>	<u>-</u>
	Debt:			
	Debts falling due within one year	(1,000,000)	-	-
	Debts falling due after one year	(5,000,000)	1,000,000	-
		<u>(6,000,000)</u>	<u>1,000,000</u>	<u>-</u>
	Net debt	<u>(23,448,643)</u>	<u>2,940,520</u>	<u>(20,508,123)</u>
3	Reconciliation of net cash flow to movement in net debt		2009	2008
			£	£
	Increase/(decrease) in cash in the year		1,940,520	(2,434,753)
	Cash outflow/(inflow) from decrease/(increase) in debt		1,000,000	(6,000,000)
	Movement in net debt in the year		<u>2,940,520</u>	<u>(8,434,753)</u>
	Opening net debt		(23,448,643)	(15,013,890)
	Closing net debt		<u>(20,508,123)</u>	<u>(23,448,643)</u>

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable for goods and 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:

Improvements to premises	10% Reducing balance.
Fixtures, fittings & equipment	20% Reducing balance.
Motor vehicles	20% Reducing balance.

1.5 Leasing

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

1.6 Stock

Stock is valued at the lower of cost and net realisable value.

1.7 Pensions

The costs of providing pension benefits are charged to the profit and loss account as they are incurred.

1.8 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.9 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 profit and loss account.

1.10 Debtors

Known bad debts are written off and provision is made for any considered to be doubtful.

2 Turnover

	2009	2008
	£	£
Geographical market		
United Kingdom	22,109,959	5,166,702
Rest of the World	72,721,304	66,409,998
	<u>94,831,263</u>	<u>71,576,700</u>

Turnover is the total amount, excluding value added tax, receivable by the company in the ordinary course of business for goods supplied and services provided as a principal. An analysis of turnover by geographical market is provided above.

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2009

3	Operating profit	2009	2008
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	343,692	401,402
	Loss on disposal of tangible assets	525	6,093
	Loss on foreign exchange transactions	9,855,154	1,066,836
	Operating lease rentals		
	- Plant and machinery	9,612	9,612
	- Other assets	1,491,281	1,474,268
	Fees payable to the company's auditor for the audit of the company's annual accounts	17,500	22,500
		<u> </u>	<u> </u>
4	Investment income	2009	2008
		£	£
	Other interest	155	-
		<u> </u>	<u> </u>
5	Interest payable	2009	2008
		£	£
	On bank loans and overdrafts	312,084	835,829
	On other loans wholly repayable within five years	259,866	-
	On overdue tax	182,539	236,317
	Other interest	-	2,833
		<u> </u>	<u> </u>
		<u>754,489</u>	<u>1,074,979</u>

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2009

6	Taxation	2009 £	2008 £
	Domestic current year tax		
	U.K. corporation tax	4,537,988	3,687,496
	Adjustment for prior years	-	1,742
	Current tax charge	<u>4,537,988</u>	<u>3,689,238</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>16,042,075</u>	<u>12,264,849</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2008 - 30.00%)	<u>4,491,781</u>	<u>3,679,455</u>
	Effects of:		
	Non deductible expenses	36,375	36,558
	Depreciation add back	96,381	120,421
	Capital allowances	(86,549)	(148,938)
	Adjustments to previous periods	-	1,742
		<u>46,207</u>	<u>9,783</u>
	Current tax charge	<u>4,537,988</u>	<u>3,689,238</u>
7	Dividends	2009 £	2008 £
	Ordinary interim paid 28 October 2008	20,000	-
	Ordinary interim paid 23 February 2009	30,000	-
	Ordinary interim paid 2 October 2007	-	100,000
	Ordinary interim paid 5 February 2008	-	60,000

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2009

8 Tangible fixed assets

	Improvements to premises	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2008	2,411,813	1,531,968	72,952	4,016,733
Additions	-	9,346	-	9,346
Disposals	-	-	(15,658)	(15,658)
At 31 March 2009	2,411,813	1,541,314	57,294	4,010,421
Depreciation				
At 1 April 2008	607,154	743,356	38,539	1,389,049
On disposals	-	-	(14,034)	(14,034)
Charge for the year	180,466	156,668	6,558	343,692
At 31 March 2009	787,620	900,024	31,063	1,718,707
Net book value				
At 31 March 2009	1,624,193	641,290	26,231	2,291,714
At 31 March 2008	1,804,659	788,612	34,413	2,627,684

9 Stocks

	2009	2008
	£	£
Finished goods and goods for resale	118,493,828	107,842,564

10 Debtors

	2009	2008
	£	£
Trade debtors	10,999,867	10,023,829
Other debtors	660,496	241,406
Prepayments and accrued income	477,424	992,165
	12,137,787	11,257,400

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2009

11 Creditors: amounts falling due within one year	2009	2008
	£	£
Bank loans and overdrafts	16,543,987	18,483,645
Trade creditors	6,409,746	10,271,318
Corporation tax	6,325,484	3,687,496
Other taxes and social security costs	114,059	172,509
Directors' current accounts	20,146	24,869
Amounts owed to Keveess S.A.	3,947,462	1,482,352
Accruals and deferred income	1,852,971	349,210
	<u>35,213,855</u>	<u>34,471,399</u>
Debt due in one year or less	<u>1,000,000</u>	<u>1,000,000</u>

The bank loans, overdrafts and other loans are secured by fixed and floating debentures on the assets of the company.

12 Creditors: amounts falling due after more than one year	2009	2008
	£	£
Bank loans	<u>4,000,000</u>	<u>5,000,000</u>
Analysis of loans		
Not wholly repayable within five years other than by instalments:	5,000,000	6,000,000
	<u>5,000,000</u>	<u>6,000,000</u>
Included in current liabilities	<u>(1,000,000)</u>	<u>(1,000,000)</u>
	<u>4,000,000</u>	<u>5,000,000</u>
Loan maturity analysis		
In more than five years	<u>4,000,000</u>	<u>5,000,000</u>

13 Pension and other post-retirement benefit commitments Defined contribution

	2009	2008
	£	£
Contributions payable by the company for the year	<u>53,745</u>	<u>75,742</u>

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2009

14	Share capital	2009 £	2008 £
	Authorised		
	10,000 Ordinary shares of £1 each	10,000	10,000
	Allotted, called up and fully paid		
	10,000 Ordinary shares of £1 each	10,000	10,000
15	Statement of movements on profit and loss account		Profit and loss account
			£
	Balance at 1 April 2008		82,281,251
	Profit for the year		11,504,087
	Dividends paid		(50,000)
	Balance at 31 March 2009		93,735,338
16	Reconciliation of movements in shareholders' funds	2009 £	2008 £
	Profit for the financial year	11,504,087	8,575,611
	Dividends	(50,000)	(160,000)
	Net addition to shareholders' funds	11,454,087	8,415,611
	Opening shareholders' funds	82,291,251	73,875,640
	Closing shareholders' funds	93,745,338	82,291,251

17 Contingent liabilities

The company has contingent liabilities in respect of guarantees of £600,000 (2008:£600,000) given to H.M. Customs and Excise.

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2009

18 Financial commitments

At 31 March 2009 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2010:

	Land and buildings	
	2009	2008
	£	£
Operating leases which expire:		
Within one year	-	400,000
Between two and five years	400,000	-
In over five years	1,025,000	1,025,000
	<u>1,425,000</u>	<u>1,425,000</u>

19 Directors' emoluments

	2009	2008
	£	£
Emoluments for qualifying services	<u>508,433</u>	<u>508,001</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2008 - 2).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	<u>268,183</u>	<u>266,751</u>
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MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2009

20 Employees

Number of employees

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

	2009 Number	2008 Number
Administration	23	22
Selling	15	16
	<u>38</u>	<u>38</u>

Employment costs

	2009 £	2008 £
Wages and salaries	4,383,258	3,268,258
Social security costs	542,013	401,857
Other pension costs	53,745	75,742
	<u>4,979,016</u>	<u>3,745,857</u>

21 Control

The ultimate controlling party is Mrs A Moussaieff who wholly owns the ordinary share capital of the company.

MOUSSAIEFF JEWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2009

22 Related party transactions

During the year the following dividends were paid to the directors of the company in respect of ordinary shares

	2009	2008
	£	£
A Moussaieff	25,000	80,000
S Moussaieff	25,000	80,000

During the year the company entered into the following material transactions with Ke vess S.A:

	2009	2008
	£	£
Sales	2,917,242	28,280
Purchases	7,661,455	8,137,138

Ke vess S.A. is a company registered in Switzerland of which Mr. S. Moussaieff and Mrs A. Moussaief are directors and shareholders.

Any balances outstanding with the above at the year end are shown in relevant notes.

The directors have provided the company with an unlimited personal guarantee in respect of amounts due to Barclays Bank PLC.