

Company Registration No. 5494837

KAO DIAMONDS LIMITED

Report and Financial Statements

31 December 2008



KAO DIAMONDS LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

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KAO DIAMONDS LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Hay (appointed 27 February 2008)
R J G Jenkins
I C Tickler (resigned 27 February 2008)

SECRETARY

R J G Jenkins

REGISTERED OFFICE

25 Godfrey Street
London SW3 3SX

KAO DIAMONDS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

ACTIVITY

The principal activity of the company is to acquire and manage the investment in diamond mines.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The Board of directors applied to Companies House for the Company to be re-registered as a private limited company and approved the issue of amended memorandum and articles of association. The company was re-registered on 18 March 2008 .

The Company has not traded during the year to 31 December 2008.

DIVIDENDS

The directors do not recommend the payment of a dividend.

POST BALANCE SHEET EVENTS

None.

KEY PERFORMANCE INDICATORS ("KPIs")

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise bank balances, trade creditors and trade debtors. The main purpose of these instruments is to finance the company's operations.

Due to the nature of the financial instruments used by the company, there is no material exposure to price risk. In respect of bank balances, the liquidity risk is managed by maintaining a balance sufficient to meet the funds required for the company's operations. The company makes use of money market facilities where funds are available.

DIRECTORS

The directors who served since the beginning of the accounting period were as follows:

R J G Jenkins

M Hay (appointed 27 February 2008)

I C Tickler (resigned 27 February 2008)

PAYMENT OF CREDITORS

Whilst the company does not follow a formal code the company's current policy concerning the payment of the majority of its trade creditors is to:-

- settle the terms of payment with those suppliers when agreeing the terms of each transaction;
- ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms in contract; and
- pay in accordance with its contractual and other legal obligations.

The payment policy applies to all payments to creditors for revenue and capital supplies of goods and service without exception.

KAO DIAMONDS LIMITED

DIRECTORS' REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year 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 the profit or loss of the company for that period. In preparing those 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 accounting standards have been followed;
- 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 the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The Company has re-registered as a private limited company and is no longer trading so the auditors have not been reappointed.

Approved by the Board of Directors
and signed on behalf of the Board



Morven Hay

Director

KAO DIAMONDS LIMITED

PROFIT AND LOSS ACCOUNT **Year ended 31 December 2008**

	Note	Year to December 2008 £	Year to December 2007 £
TURNOVER	2	-	-
Administrative expenses		-	106,670
OPERATING PROFIT/(LOSS)	4	-	106,670
Interest receivable		-	-
Interest payable and similar charges	5	-	-
PROFIT /(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		-	106,670
Tax on profit on ordinary activities	6	-	-
PROFIT /(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		-	106,670

The profit for the year to 31 December 2007 arose as a result of liabilities which had been provided for in the previous year being cancelled by a sale and purchase agreement dated 21 September 2007, by which Lesotho Diamond Corporation Limited (a Gibraltar registered company) acquired 100% ownership of the Company.

There are no recognised gains or losses for the current financial year or preceding financial year other than as stated in the profit and loss account.

KAO DIAMONDS LIMITED

BALANCE SHEET **31 December 2008**

	Note	2008 £	2007 £
CURRENT ASSETS			
Debtors	7	2,147,065	2,147,065
Cash at bank and in hand		-	-
		<u>2,147,065</u>	<u>2,147,065</u>
CREDITORS: amounts falling due within one year	8	(2,330,559)	(2,330,559)
NET CURRENT LIABILITIES		<u>(183,494)</u>	<u>(183,494)</u>
NET LIABILITIES		<u>(183,494)</u>	<u>(183,494)</u>
CAPITAL AND RESERVES			
Called up share capital	9	50,000	50,000
Profit and loss account	10	(233,494)	(233,494)
EQUITY SHAREHOLDERS' FUNDS		<u>(183,494)</u>	<u>(183,494)</u>

In preparing these financial statements:

- a) The directors are of the opinion that the company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985;
- b) No notice has been deposited under Section 249B(2) of the Companies Act 1985; and
- c) The directors acknowledge their responsibilities for:
 - (i) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
 - (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, 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).

Approved by the Board of Directors and authorised for issue on



Director

KAO DIAMONDS LIMITED

CASH FLOW STATEMENT **Year ended 31 December 2008**

	2008 £	2007 £
Reconciliation of operating loss to net cash inflow from operating activities		
Operating profit /(loss)	106,670	106,670
Decrease/(increase) in debtors	1,406,251	1,406,251
Increase /(decrease) in creditors	(1,512,921)	(1,512,921)
Net cash inflow from operating activities	<u>-</u>	<u>-</u>
Net cash inflow from operating activities	-	-
Returns on investments and servicing of finance (note 1)	-	-
Taxation	-	-
Capital expenditure and financial investment (note 1)	<u>-</u>	<u>-</u>
Net cash inflow before financing	-	-
Financing (note 1)	<u>-</u>	<u>-</u>
(Decrease)/Increase in cash	<u>-</u>	<u>-</u>
Reconciliation of net cash flow to movement in net funds (note 2)		
(Decrease)/Increase in cash	-	-
Cash outflow from decrease in debt	-	-
Net funds (debt) at 1 January 2008	<u>-</u>	<u>-</u>
Net funds at 31 December 2008	<u>-</u>	<u>-</u>

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NOTES TO THE CASH FLOW STATEMENT **Year ended 31 December 2007**

1. GROSS CASH FLOWS

	2008 £	2007 £
Returns on investments and servicing of finance		
Bank interest received	-	-
Bank interest paid	-	-
Interest on hire purchase repayments	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	-	-
Receipts from sales of tangible fixed assets	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Financing		
Issue of new share capital	-	-
Bank loan repayments	-	-
Capital repayment of hire purchase agreements	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	1 January 2008 £	Cash Flows £	31 December 2008 £
Cash at bank and in hand	-		-
Bank overdraft	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL	<u>-</u>	<u>-</u>	<u>-</u>

KAO DIAMONDS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2008

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. A summary of the more important accounting policies which have been applied consistently, is set out below:-

Accounting convention

The financial statements are prepared in accordance with the historical cost convention.

Turnover and income recognition

Turnover represents the invoiced amounts of goods and services sold and provided and commission earned, net of value added tax.

Deferred taxation

Deferred tax is provided in full on timing differences, that 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 expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Going concern

The company had net liabilities of £ 183,494 (2007 : £183,494). The directors will continue to support the company as a going concern for the foreseeable future.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the group's ordinary activities after deduction of trade discounts and value added tax.

The turnover and pre-tax profit are attributable to the activity of software development and sale of associated applications.

	2008 £	2007 £
Geographical analysis of turnover:		
United Kingdom	-	-
	-	-
	-	-

KAO DIAMONDS LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2008**

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2008 £	2007 £
Directors' remuneration		
Emoluments (excluding pension contributions)	-	-
Remuneration of the highest paid director	-	-
Company contributions to personal pension schemes in respect of directors' services	-	-
Number of directors who received contributions to a personal pension scheme	nil	nil
Average number of persons employed		
Office and management	2	2
Staff costs during the year (including directors)		
Wages and salaries	-	-
Social security costs	-	-
Pension costs	-	-

4. OPERATING LOSS

	2008 £	2007
Operating loss is after charging (crediting):		
Directors' remuneration	-	-
Auditors' remuneration	-	-
Operating lease rentals	-	-
Foreign exchange (gain) / losses	-	-

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £	2007 £
Loan interest	-	-

NOTES TO THE ACCOUNTS
Year ended 31 December 2008

	2008	2007
	£	£
Corporation tax at 30% (2006- 30%)	-	-
Adjustment to prior years' tax provision	-	-
	<u>-</u>	<u>-</u>
	-	-

	2008 £	2007 £
Profit /(Loss) on ordinary activities before tax	-	106,670
Tax on profit on ordinary activities at standard rate 30%	-	32,001
Factors affecting the charge:		
Disallowable expenses	-	-
Capital allowances in excess of depreciation	-	-
Allowable trading losses to carry forward	-	(32,001)
Actual amount of current tax charge for the year	-	-

	2008 £	2007 £
Other debtors	2,147,065	2,147,065
	<u>2,147,065</u>	<u>2,147,065</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008	2007
	£	£
Bank overdraft	-	-
Trade creditors	43,452	43,452
Accruals and deferred income	5,000	5,000
Other creditors	2,282,107	2,282,107
	<u>2,330,559</u>	<u>3,843,480</u>

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NOTES TO THE ACCOUNTS **Year ended 31 December 2008**

9. CALLED UP SHARE CAPITAL

	2008 £	2007 £
Authorised		
300,000,000 Ordinary shares of 1p each	3,000,000	3,000,000
Called up, allotted and paid		
5,000,000 Ordinary shares of 1p each	50,000	50,000

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital £	Profit and loss account £	2008 Total £	2007 Total £
Balance at 1 January 2007	50,000	(340,164)	(290,164)	(290,164)
Profit (Loss) after taxation for the period	-	106,670	106,670	106,670
Issue of share capital	-	-	-	-
Balance at 31 December 2007	50,000	(233,494)	(183,494)	(183,494)

11. RELATED PARTY TRANSACTIONS

During the year the Company entered into transactions with the following organisations, which were related by virtue of common directors and officers:

12. POST BALANCE SHEET EVENTS

None