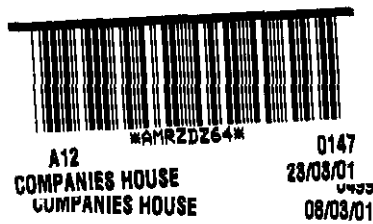


LILY GARDNER LIMITED

Company No: 3783621

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

For the Period 7th June 1999 to 30th June 2000



LILY GARDNER LTD

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LILY GARDNER LIMITED

DIRECTOR'S REPORT For the Period Ended

The Director presents his report and financial statements for the period ended 30th June 2000.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of marketing jewellery.

Director

The following director has held office throughout the year. Ms Adrienne Gardner

Director's interests

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

Ordinary Shares of £1 each

Ms Adrienne Gardner

2

Results & Dividends

Details of the profit for the year are set out in the profit and loss account on page 3. The Director is recommending that a dividend no dividend be paid.

This report has been prepared in accordance with the special provisions of Part V11 of the Companies Act 1985.

By order of the board



Director

7/3/2001

ACCOUNTANT'S REPORT TO THE SHAREHOLDERS ON THE UNAUDITED ACCOUNTS OF LILY GARDNER LIMITED

We report on the accounts for the period ended 30th June 2000 as set out on pages 3 to 7.

Respective responsibilities of the Director and reporting Accountants

As described on page 4 the Company's Director is responsible for the preparation of the accounts, and he considers that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the accounts with the accounting records kept by the company, and making such limited enquiries of the company as we consider necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

The examination was not an audit conducted in accordance with Auditing Standards. Accordingly, we do not express an audit opinion on the financial statements. Therefore our examination does not provide any assurance that the accounting records and the financial statements are free from material misstatement.

OPINION

In our opinion:

- (a) The accounts are in agreement with the accounting records kept by the company under Section 221 of the Companies Act 1985.
- (b) Having regard only to, and on the basis of, the information contained in those accounting records:
 - (i) the accounts have been drawn up in a manner consistent with the accounting requirements specified in Section 249C(6) of the Act; and
 - (ii) the company satisfied the conditions for exemption from an audit of the accounts for the period specified in section 249A(4) of the Act and did not, at any time within that period, fall within any of the categories of companies not entitled to the exemption specified in section 249B(1)

JDA Tax & Accountancy Services Ltd

32/34 Trafalgar Road
Portslade, East Sussex

LILY GARDNER LTD
PROFIT AND LOSS ACCOUNT FOR PERIOD ENDED

	Notes	£
TURNOVER		32907
Cost of Sales		36740
Gross Loss		3833
Administrative Expenses		17079
Operating Loss	2	20912
Other interest receivable and similar income		
Loss on ordinary activities before taxation		20912
Dividend paid	1	0
Tax on profit on ordinary activities		0
Loss on ordinary activities after taxation		20912

The profit and loss account has been prepared on the basis that all operations are continuing operations. These activities are dependant upon the continuing financial support of the Director.

There are no recognised gains and losses other than those passing through the profit and loss account.

LILY GARDNER LTD

BALANCE SHEET AS AT 30TH JUNE 2000

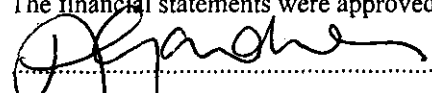
	£	£
Fixed assets		
Tangible assets	Notes 5	1052
Current assets		
Stock in hand	5494	
Debtors	9684	
Cash at bank and in hand	2013	
	17191	
Creditors: amounts falling due within one year	11664	
Net Current Assets		5527
Director's Loan		27489
Total liabilities less assets		20910
Capital and reserves		
Called up share capital		2
Profit and loss account – Deficit		20912
Shareholder's funds – equity interests		(20910)

In preparing these financial statements:

- (a) The director is of the opinion that the company was entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985;
- (b) that no notice has been deposited under Section 249B(2) of the Companies Act 1985, and
- (c) The director acknowledges his responsibilities for:
 - (i) Ensuring that the Company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
 - (ii) 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.

The financial statements were approved by the Board on 7 March 2001


 DIRECTOR

LILY GARDNER LTD

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

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

1.3 Tangible fixed assets and depreciation

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

Vehicles and equipment @ 25% Reducing Balance

1.4 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the director, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2000

2 Operating loss

3 Operating loss is stated after charging:

Depreciation of tangible assets	350
Director's emoluments	0

3 Other interest receivable and similar income

Bank interest	0
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4 Taxation

U.K. current year taxation	
U.K. corporation tax at 20%	0

LILY GARDNER LTD

5	Tangible fixed assets	Equipment
		£
	At cost	1402
	Depreciation	
	Charge for the period	350
	Net book value	
	At 30 th June 2000	1052
6.	Debtors	9684
	Trade debtors	
	Other debtors	
7.a	Creditors: amounts falling due within one year	
	Trade creditors	10039
	Taxation and social security	1027
	Other creditors	598
7b	Creditors: long term	
	Director's loan	27489

LILY GARDNER LTD

	£	
8.	Share capital	
	Authorised	
	1000 Ordinary Shares of £1 each	
	100 Non voting A Ordinary shares of £1 each	
	Allotted, called up and fully paid	
	Ordinary Shares of £1 each	2
9.	Statement of movements in shareholder's funds	
		Profit and Loss account
		£
	Retained loss for the period	<u>20912</u>
10.	Reconciliation of movements in shareholder's funds	
	Loss for the financial period	20912
	Dividend voted	0
	Closing shareholder's funds	20912