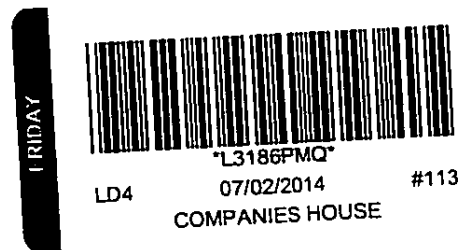


COMPANY REGISTRATION NUMBER 05551556

LILESTONE HOLDINGS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30th JUNE 2013



BREBNERS
Chartered Accountants & Statutory Auditor
130 Shaftesbury Avenue
London
W1D 5AR

LILESTONE HOLDINGS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30th JUNE 2013

CONTENTS	PAGES
Officers and professional advisers	1
Directors' report	2 to 3
Independent auditor's report to the shareholders	4 to 5
Profit and loss account	6
Group balance sheet	7
Balance sheet	8
Group cash flow cash flow statement	9 to 10
Notes to the financial statements	11 to 21

LILESTONE HOLDINGS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	D T Metcalfe J W Hay T J Low (alternate director to T S Low) T S Low
Registered office	130 Shaftesbury Avenue 2nd Floor London W1D 5EU
Auditor	Brebners Chartered Accountants & Statutory Auditor 130 Shaftesbury Avenue London W1D 5AR

LILESTONE HOLDINGS LIMITED
DIRECTORS' REPORT
YEAR ENDED 30th JUNE 2013

The directors present their report and the financial statements of the group for the year ended 30th June 2013

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the period was that of a holding company. The principal activity of the subsidiaries is that of designing, wholesaling and retailing lingerie and accessories.

Difficult economic and trading conditions continued through the financial year with losses across the business, particularly in the retail division. On 5th June 2013 Lilestone Holdings Limited, the parent company, was acquired by JW Silk (BVI) Limited. The new owners have already injected cash resources and will continue to do so, to secure the long term future of the group.

After a period of consolidation, the directors plan to grow and establish Myla as a leading international luxury lingerie and ladies lifestyle brand.

Financial Key Performance Indicators

	2013	2012
Turnover (£)	4,326,681	5,462,517
(Decrease) / increase in turnover	(21%)	4%
Gross profit margin	57%	53%

Post Balance Sheet Events

On 10th July 2013 the company allotted and issued 700,000,000 Ordinary shares for a total consideration of £700,000.

On 7th August 2013 the company allotted and issued a further 1,550,000,000 Ordinary shares for a total consideration of £1,550,000.

On 31st December 2013 the company allotted and issued 1,750,000,000 Ordinary shares for a total consideration of £1,750,000.

RESULTS AND DIVIDENDS

The loss for the year amounted to £2,825,086. The directors have not recommended a dividend.

DIRECTORS

The directors who served the company during the year were as follows:

D T Metcalfe	
J W Hay	(Appointed 5th June 2013)
T J Low	(Appointed as alternate director to T S Low 5th June 2013)
T S Low	(Appointed 5th June 2013)
S Llewellyn	(Resigned 5th June 2013)

LILESTONE HOLDINGS LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 30th JUNE 2013

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year.

In preparing these financial statements, the directors are required to

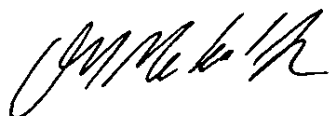
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the persons who is a director at the date of approval of this report confirm that

- so far as each director is aware, there is no relevant audit information of which the group's auditor is unaware, and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Signed on behalf of the directors



D T Metcalfe
Director

Approved by the directors on 7th FEBRUARY 2014

LILESTONE HOLDINGS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
LILESTONE HOLDINGS LIMITED
YEAR ENDED 30th JUNE 2013

We have audited the group and parent company financial statements ("the financial statements") of Lilestone Holdings Limited for the year ended 30th June 2013 on pages 6 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 30th June 2013 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

LILESTONE HOLDINGS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
LILESTONE HOLDINGS LIMITED *(continued)*
YEAR ENDED 30th JUNE 2013

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



MARTIN WIDDOWSON (Senior
Statutory Auditor)
For and on behalf of
BREBNEERS
Chartered Accountants
& Statutory Auditor

130 Shaftesbury Avenue
London
W1D 5AR

7/2/14

LILESTONE HOLDINGS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30th JUNE 2013

	Note	Year to 30 Jun 13 £	Period from 3 Jul 11 to 30 Jun 12 £
GROUP TURNOVER	2	4,326,681	5,462,517
Cost of sales		1,849,971	2,558,812
GROSS PROFIT		2,476,710	2,903,705
Concession commission and distribution costs		1,005,273	922,818
Administrative expenses		4,220,255	4,339,758
Other operating income		-	(2,100)
OPERATING LOSS	3	(2,748,818)	(2,356,771)
Interest receivable and similar income	6	12,610	2,377
Interest payable and similar charges	7	(88,878)	(177,547)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,825,086)	(2,531,941)
Tax on loss on ordinary activities	8	-	-
LOSS FOR THE FINANCIAL YEAR	9	(2,825,086)	(2,531,941)

All of the activities of the group are classed as continuing

The group has no recognised gains or losses other than the results for the year as set out above

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account

The notes on pages 11 to 21 form part of these financial statements.

LILESTONE HOLDINGS LIMITED
GROUP BALANCE SHEET
30th JUNE 2013

	Note	2013 £	£	2012 £	£
FIXED ASSETS					
Intangible assets	10		511,948		361,782
Tangible assets	11		256,514		272,992
			<u>768,462</u>		<u>634,774</u>
CURRENT ASSETS					
Stocks	13	1,564,440		1,164,050	
Debtors	14	2,941,270		960,500	
Cash at bank and in hand		302,642		936,723	
		<u>4,808,352</u>		<u>3,061,273</u>	
CREDITORS Amounts falling due within one year	15	<u>1,202,117</u>		<u>4,790,567</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>3,606,235</u>		<u>(1,729,294)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,374,697</u>		<u>(1,094,520)</u>
CREDITORS . Amounts falling due after more than one year	16		790		4,468
			<u>4,373,907</u>		<u>(1,098,988)</u>
CAPITAL AND RESERVES					
Called-up equity share capital	20		5,217,274		39,762
Share premium account	21		19,435,174		16,327,183
Profit and loss account	21		(20,278,541)		(17,465,933)
SHAREHOLDERS' FUNDS/(DEFICIT)	22		<u>4,373,907</u>		<u>(1,098,988)</u>

These accounts were approved by the directors and authorised for issue on 07/02/2014 and are signed on their behalf by



D T Metcalfe
Director

LILESTONE HOLDINGS LIMITED

BALANCE SHEET

30th JUNE 2013

	Note	2013 £	£	2012 £	£
FIXED ASSETS					
Investments	12		11,679,267		6,100,000
CURRENT ASSETS					
Debtors	14	1,031		-	
Cash at bank		228,434		897,084	
		<u>229,465</u>		<u>897,084</u>	
CREDITORS: Amounts falling due within one year	15	-		3,225,459	
NET CURRENT ASSETS/(LIABILITIES)			<u>229,465</u>		<u>(2,328,375)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>11,908,732</u>		<u>3,771,625</u>
CAPITAL AND RESERVES					
Called-up equity share capital	20		5,217,274		39,762
Share premium account	21		19,435,174		16,327,183
Profit and loss account	21		(12,743,716)		(12,595,320)
SHAREHOLDERS' FUNDS			<u>11,908,732</u>		<u>3,771,625</u>

These accounts were approved by the directors and authorised for issue on 27/02/2014, and are signed on their behalf by



D T Metcalfe
Director

Company Registration Number 05551556

LILESTONE HOLDINGS LIMITED
GROUP CASH FLOW STATEMENT
YEAR ENDED 30th JUNE 2013

	Year to 30 Jun 13 £	£	Period from 3 Jul 11 to 30 Jun 12 £	£
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		(5,387,580)		(2,332,247)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received	12,610		2,377	
Interest paid	-		(172,344)	
Interest element of hire purchase	<u>(860)</u>		<u>(787)</u>	
NET CASH INFLOW/(OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		11,750		(170,754)
CAPITAL EXPENDITURE				
Payments to acquire intangible fixed assets	(178,027)		-	
Payments to acquire tangible fixed assets	(236,557)		(21,997)	
Receipts from sale of fixed assets	<u>-</u>		<u>4,201</u>	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(414,584)		(17,796)
CASH OUTFLOW BEFORE FINANCING		(5,790,414)		(2,520,797)
FINANCING				
Issue of equity share capital	5,159,626		1,099	
Share premium on issue of equity share capital	-		179,201	
Net inflow from other short-term creditors	-		3,002,000	
Capital element of hire purchase	<u>(3,293)</u>		<u>(3,016)</u>	
NET CASH INFLOW FROM FINANCING		5,156,333		3,179,284
(DECREASE)/INCREASE IN CASH		<u>(634,081)</u>		<u>658,487</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES				
		Year to 30 Jun 13 £		Period from 3 Jul 11 to 30 Jun 12 £
Operating loss		(2,748,818)		(2,356,771)
Interest payable		-		(4,416)
Amortisation		27,861		27,861
Depreciation		195,891		204,061
Loss/(Profit) on disposal of fixed assets		57,144		(1,571)
(Increase)/decrease in stocks		(400,390)		45,743
(Increase)/decrease in debtors		(1,980,770)		8,726
Decrease in creditors		<u>(538,498)</u>		<u>(255,880)</u>
Net cash outflow from operating activities		<u>(5,387,580)</u>		<u>(2,332,247)</u>

The notes on pages 11 to 21 form part of these financial statements.

LILESTONE HOLDINGS LIMITED
GROUP CASH FLOW STATEMENT
YEAR ENDED 30th JUNE 2013

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2013		2012	
	£	£	£	£
(Decrease)/increase in cash in the period	(634,081)		658,487	
Net outflow from/(inflow) from other short-term creditors	3,002,000		(3,002,000)	
Cash outflow in respect of hire purchase	<u>3,293</u>		<u>3,016</u>	
		<u>2,371,212</u>		<u>(2,340,497)</u>
Change in net funds		2,371,212		(2,340,497)
Net funds at 1 July 2012		<u>(2,073,868)</u>		<u>266,629</u>
Net funds at 30 June 2013		<u>297,344</u>		<u>(2,073,868)</u>

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jul 2012 £	Cash flows £	Other changes £	At 30 Jun 2013 £
Net cash				
Cash in hand and at bank	<u>936,723</u>	<u>(634,081)</u>	—	<u>302,642</u>
Debt				
Debt due within 1 year	(3,002,000)	—	3,002,000	—
Hire purchase agreements	<u>(8,591)</u>	<u>3,293</u>	—	<u>(5,298)</u>
	<u>(3,010,591)</u>	<u>3,293</u>	<u>3,002,000</u>	<u>(5,298)</u>
Net funds	<u>(2,073,868)</u>	<u>(630,788)</u>	<u>3,002,000</u>	<u>297,344</u>

LILESTONE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30th JUNE 2013

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention

Basis of preparation

The group profit and loss account for the year ended 30th June 2013 shows a loss of £2,825,086 and the group balance sheet shows shareholders funds of £4,373,907 at that date

The group has no bank facilities and meets its working capital requirements through agreed trade facilities with third party suppliers and statutory taxation payment terms and funds provided by the shareholders. Subsequent to 30th June 2013 the shareholders provided a further amount of £4,000,000 as a share capital subscription and have indicated that further amounts are available to meet future working capital and expansion plans

Although the current economic environment is challenging in terms of sales volume and pricing the directors believe that the group is now well placed to meet its challenges. The directors conclude that the following uncertainties facing the company are as follows

- (a) the level of demand for the group's products, and
- (b) the stability of the exchange rate between Sterling and Euros and US Dollars

After making enquiries, and considering the circumstances described above, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the financial statements

The financial statements do not include any adjustments that may result if the group was unable to continue as a going concern

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over twenty years from the the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006

Turnover

The turnover shown in the profit and loss account represents amounts receivable for goods sold during the period, exclusive of Value Added Tax. Retail turnover is recognised at the point of the sale. Wholesale and website turnover is recognised on the date of despatch

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Goodwill - Over 20 years

LILESTONE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30th JUNE 2013

1. ACCOUNTING POLICIES *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Fixtures & Fittings	-	Over two to five years
Equipment	-	Over two to five years

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. A FIFO basis is used.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating profit.

The balance sheet of overseas subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The profit and loss accounts of overseas subsidiaries are translated at the average rate of exchange for the financial year. Any exchange gains and losses arising on the retranslation of opening net assets and arising as a result of differences between the average and the year end exchange rates are shown in the Statement of Total Recognised Gains and Losses.

LILESTONE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30th JUNE 2013

1. ACCOUNTING POLICIES (continued)**Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below.

	Year to 30 Jun 13 £	Period from 3 Jul 11 to 30 Jun 12 £
United Kingdom	3,073,704	3,959,564
Overseas sales	1,252,977	1,502,953
	<u>4,326,681</u>	<u>5,462,517</u>

3. OPERATING LOSS

Operating loss is stated after charging/(crediting)

	Year to 30 Jun 13 £	Period from 3 Jul 11 to 30 Jun 12 £
Amortisation of intangible assets	27,861	27,861
Depreciation of owned fixed assets	193,348	201,873
Depreciation of assets held under hire purchase agreements	2,543	2,188
Loss/(Profit) on disposal of fixed assets	57,144	(1,571)
Auditor's remuneration		
- as auditor	15,450	15,450
Operating lease costs		
- Other	369,339	445,380
Net loss on foreign currency translation	<u>76,002</u>	<u>1,112</u>

Other operating lease costs are in respect of land and buildings.

LILESTONE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30th JUNE 2013

4 PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to

	Year to 30 Jun 13 No	Period from 3 Jul 11 to 30 Jun 12 No
Number of sales and administration staff	67	76
Number of management staff	3	3
	<u>70</u>	<u>79</u>

The aggregate payroll costs of the above were

	Year to 30 Jun 13 £	Period from 3 Jul 11 to 30 Jun 12 £
Wages and salaries	2,115,189	2,052,346
Social security costs	225,948	196,811
	<u>2,341,137</u>	<u>2,249,157</u>

5 DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	Year to 30 Jun 13 £	Period from 3 Jul 11 to 30 Jun 12 £
Remuneration receivable	<u>310,000</u>	<u>205,000</u>

Remuneration of highest paid director

	Year to 30 Jun 13 £	Period from 3 Jul 11 to 30 Jun 12 £
Total remuneration (excluding pension contributions)	<u>310,000</u>	<u>110,000</u>

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	Year to 30 Jun 13 £	Period from 3 Jul 11 to 30 Jun 12 £
Bank interest receivable	-	2,377
Other similar income receivable	12,610	-
	<u>12,610</u>	<u>2,377</u>

LILESTONE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30th JUNE 2013

7. INTEREST PAYABLE AND SIMILAR CHARGES

	Year to 30 Jun 13 £	Period from 3 Jul 11 to 30 Jun 12 £
Finance charges	860	787
Other similar charges payable	<u>88,018</u>	<u>176,760</u>
	<u>88,878</u>	<u>177,547</u>

8. TAXATION ON ORDINARY ACTIVITIES**Factors affecting current tax charge**

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20% (2012 - 20%)

	Year to 30 Jun 13 £	Period from 3 Jul 11 to 30 Jun 12 £
Loss on ordinary activities before taxation	<u>(2,825,086)</u>	<u>(2,531,941)</u>
Loss on ordinary activities by rate of tax	(565,017)	(506,388)
Expenses not allowed for tax purposes	13,105	8,269
Depreciation in excess of capital allowances	23,274	(807)
Tax losses carried forward	<u>528,638</u>	<u>498,926</u>
Total current tax	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The group has available losses of approximately £19.4m (2012 £16.8m) to carry forward against future trading profits. No deferred tax asset has been provided due to the uncertainty of the timing of the recovery.

9. LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss dealt with in the financial statements of the parent company was £(148,396) (2012 - £(2,405,612))

LILESTONE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30th JUNE 2013

10 INTANGIBLE FIXED ASSETS

Group	Goodwill £
COST	
At 1st July 2012	557,223
Additions	<u>178,027</u>
At 30th June 2013	<u>735,250</u>
AMORTISATION	
At 1st July 2012	195,441
Charge for the year	<u>27,861</u>
At 30th June 2013	<u>223,302</u>
NET BOOK VALUE	
At 30th June 2013	<u>511,948</u>
At 30th June 2012	<u>361,782</u>

11. TANGIBLE FIXED ASSETS

Group	Fixtures & Fittings £	Equipment £	Total £
COST			
At 1st July 2012	992,510	356,450	1,348,960
Additions	223,076	13,481	236,557
Disposals	<u>(508,351)</u>	<u>(65,775)</u>	<u>(574,126)</u>
At 30th June 2013	<u>707,235</u>	<u>304,156</u>	<u>1,011,391</u>
DEPRECIATION			
At 1st July 2012	817,474	258,494	1,075,968
Charge for the year	157,041	38,850	195,891
On disposals	<u>(452,990)</u>	<u>(63,992)</u>	<u>(516,982)</u>
At 30th June 2013	<u>521,525</u>	<u>233,352</u>	<u>754,877</u>
NET BOOK VALUE			
At 30th June 2013	<u>185,710</u>	<u>70,804</u>	<u>256,514</u>
At 30th June 2012	<u>175,036</u>	<u>97,956</u>	<u>272,992</u>

Hire purchase agreements

Included within the net book value of £256,514 is £6,995 (2012 - £10,303) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £2,543 (2012 - £2,188)

LILESTONE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30th JUNE 2013

12 INVESTMENTS

Company	Group companies £
COST	
At 1st July 2012	926,579
Additions	<u>4,458,761</u>
At 30th June 2013	<u>5,385,340</u>
 AMOUNTS WRITTEN OFF	
At 1st July 2012 and 30th June 2013	<u>11,337,818</u>
 LOANS	
At 1st July 2012	16,511,239
Net advances in the year	<u>1,120,506</u>
At 30th June 2013	<u>17,631,745</u>
 NET BOOK VALUE	
At 30th June 2013	<u>11,679,267</u>
At 30th June 2012	<u>6,100,000</u>

Principal subsidiary undertakings

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Lilestone Limited	England and Wales	Ordinary shares	100%	Retailer of lingerie and accessories
Myla Investments Limited *	Ireland	Ordinary shares	100%	Retailer of lingerie and accessories

* = 100% subsidiary of Lilestone Limited

All the subsidiaries are included in the consolidated accounts

13 STOCKS

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Stock	<u>1,564,440</u>	<u>1,164,050</u>	<u>-</u>	<u>-</u>

LILESTONE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30th JUNE 2013

14 DEBTORS

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade debtors	275,768	323,996	-	-
VAT recoverable	102,209	-	-	-
Other debtors	2,127,199	189,226	-	-
Prepayments and accrued income	436,094	447,278	1,031	-
	<u>2,941,270</u>	<u>960,500</u>	<u>1,031</u>	<u>-</u>

Other debtors includes an amount of £47,250 (2012 £75,886) due after more than one year in respect of rent deposits secured to the order of various landlords for future rental obligations

At 30th June 2013 an amount of £2,000,000 was held in escrow on behalf of the group secured by a fixed charge in favour of a supplier in respect of future liabilities. At 30th June 2013 an amount of £90,064 was due to this supplier

15 CREDITORS: Amounts falling due within one year

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade creditors	535,237	1,066,636	-	-
Hire purchase agreements	4,508	4,123	-	-
Other creditors including taxation and social security				
Other taxation and social security	286,791	117,582	-	-
Other creditors	76,093	144,397	-	-
Convertible loan notes	-	3,002,000	-	3,002,000
Accruals and deferred income	299,488	455,829	-	223,459
	<u>1,202,117</u>	<u>4,790,567</u>	<u>-</u>	<u>3,225,459</u>

16 CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Hire purchase agreements	790	4,468	-	-

17 COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Amounts payable within 1 year	(4,508)	(4,123)	-	-
Amounts payable between 2 to 5 years	(750)	(4,468)	-	-
	<u>(5,298)</u>	<u>(8,591)</u>	<u>-</u>	<u>-</u>

LILESTONE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30th JUNE 2013

18 COMMITMENTS UNDER OPERATING LEASES

At 30th June 2013 the group had annual commitments under non-cancellable operating leases as set out below

Group	Land and buildings	
	2013	2012
	£	£
Operating leases which expire		
Within 1 year	52,500	91,000
Within 2 to 5 years	132,750	84,000
After more than 5 years	-	197,750
	<u>185,250</u>	<u>372,750</u>

19. RELATED PARTY TRANSACTIONS**Control**

Control vests with the parent undertaking as shown in note 23 to the accounts and ultimate control vests with Mr Low

Transactions with third parties

During the year Duet Capital SA, a significant shareholder at the time advanced short term funding that was subsequently repaid Duet Capital SA also subscribed for convertible loan notes and at 30th June 2013 an amount of £Nil (2012 £502,000) was due to that company Interest due for the year amounted to £30,533 (2012 £174,368)

During the year the company received waivers for fees incurred in previous years in respect of the services of directors nominated by the following significant shareholders

- Duet Capital SA £49,500
- Kadima Holdings Limited £42,500

At 30th June 2013 the following amounts were due in respect of such services

- Duet Capital SA £Nil (2012 £49,500)
- Kadima Holdings Limited £Nil (2012 £42,00)

During the year the company incurred warehousing and similar costs amounting to £54,143 (2012 £24,176) from Courtaulds Limited, a company related by common directorships At 30th June 2013 an amount of £5,971 (2012 £28,828) was due to Courtaulds Limited

During the year the company purchased stock amounting to £709,433 (2012 £634,830) from PD Garments Limited, a company related by common directorships At 30th June 2013 an amount of £90,064 (2012 £276,389) was due to PD Garments Limited

Transactions within Group

Lilestone Holdings Limited has advanced a cumulative amount of £17,631,745 (2012 £16,511,239) to Lilestone Limited As described in note 12 this is considered a long term investment together with the cost of investment of £5,385,340 (2012 £926,579)

LILESTONE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30th JUNE 2013

20. SHARE CAPITAL**Allotted, called up and fully paid**

	2013		2012	
	No	£	No	£
Ordinary shares of £0.001 each	<u>5,217,273,960</u>	<u>5,217,274</u>	<u>39,761,891</u>	<u>39,762</u>

On the 5th December 2012 the company allotted and issued 17,886,559 Ordinary shares for a total consideration of £3,125,878 at an average price of £0.1748

On the 5th June 2013 the company allotted and issued 5,159,625,510 Ordinary shares for a total consideration of £5,159,625.51 at par

Both issues were to provide working capital, and an amount of £3,107,991 was credited to share premium

Post Balance Sheet Events

On 10th July 2013 the company allotted and issued 700,000,000 Ordinary shares for a total consideration of £700,000

On 7th August 2013 the company allotted and issued 1,550,000,000 Ordinary shares for a total consideration of £1,550,000

On 31st December 2013 the company allotted and issued 1,750,000,000 Ordinary shares for a total consideration of £1,750,000

21 RESERVES

Group	Share premium account £	Profit and loss account £
Balance brought forward	16,327,183	(17,465,933)
Loss for the year	-	(2,825,086)
Exchange rate movement	-	12,478
Other movements		
New equity share capital subscribed	<u>3,107,991</u>	<u>-</u>
Balance carried forward	<u>19,435,174</u>	<u>(20,278,541)</u>

LILESTONE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30th JUNE 2013

21 RESERVES (continued)

Company	Share premium account £	Profit and loss account £
Balance brought forward	16,327,183	(12,595,320)
Loss for the year	-	(148,396)
Other movements		
New equity share capital subscribed	<u>3,107,991</u>	-
Balance carried forward	<u>19,435,174</u>	<u>(12,743,716)</u>

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013		2012	
	£	£	£	£
Loss for the financial year		(2,825,086)		(2,531,941)
New equity share capital subscribed	5,177,512		1,099	
Premium on new share capital subscribed	<u>3,107,991</u>		<u>179,201</u>	
		8,285,503		180,300
Exchange rate movement		<u>12,478</u>		-
Net addition/(reduction) to shareholders' (deficit)/funds		5,472,895		(2,351,641)
Opening shareholders' (deficit)/funds		<u>(1,098,988)</u>		<u>1,252,653</u>
Closing shareholders' funds/(deficit)		<u>4,373,907</u>		<u>(1,098,988)</u>

23 ULTIMATE PARENT COMPANY

The immediate parent company of Lilestone Holdings Limited is JW Silk (BVI) Limited, a company incorporated in the British Virgin Islands. The directors consider that the ultimate parent company is Jynwel Capital Holdings Limited a company incorporated in the British Virgin Islands. The largest group preparing group accounts is Jynwel Capital Holdings Limited.

24 NOTES TO THE CASH FLOW STATEMENT

The non-cash adjustment of £3,002,000 relates to loan notes converted into Ordinary share capital during the year.