

**RUST RESOURCES LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2005**

Company Registration Number 02704357



**Tenon Limited**  
66 Chiltern Street  
London  
W1U 4JT

**RUST RESOURCES LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2005**

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**RUST RESOURCES LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**  
**YEAR ENDED 30 SEPTEMBER 2005**

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**The director** D C Edwards

**Company secretary** P A Edwards

**Business address** First Floor  
31 High Street  
Cobham  
Surrey  
KT11 3DP

**Registered office** First Floor  
31 High Street  
Cobham  
Surrey  
KT11 3DP

**Auditors** Tenon Audit Limited  
Registered Auditor  
66 Chiltern Street  
London  
W1U 4JT

**Accountants** Tenon Limited  
66 Chiltern Street  
London  
W1U 4JT

**RUST RESOURCES LIMITED**  
**THE DIRECTOR'S REPORT**  
**YEAR ENDED 30 SEPTEMBER 2005**

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The director presents his report and the financial statements of the company for the year ended 30 September 2005.

**Principal activities and business review**

The principal activity of the company is that of a contractor to the engineering industry in the UK and overseas.

The profit and loss account for the period is set out on page 6. The company has obtained a number of new contracts in the UK and overseas which provide a good foundation for future trading.

**Director**

The director who served the company during the year was as follows:

D C Edwards

The company is a wholly owned subsidiary and the interests of the group director are disclosed in the financial statements of the parent company.

**Director's responsibilities**

Company law requires the director to prepare financial statements for each financial year which 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 year. 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 to enable him to ensure that the financial statements comply with the Companies Act 1985. The director 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.

**Auditors**

Tenon Audit Limited have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

**RUST RESOURCES LIMITED**  
**THE DIRECTOR'S REPORT** *(continued)*  
**YEAR ENDED 30 SEPTEMBER 2005**

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**Small company provisions**

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Signed by order of the director



P A Edwards  
Company Secretary

Approved by the director on 16th July 2006.

**RUST RESOURCES LIMITED**  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RUST**  
**RESOURCES LIMITED**  
**YEAR ENDED 30 SEPTEMBER 2005**

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We have audited the financial statements of Rust Resources Limited for the year ended 30 September 2005 on pages 6 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

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 director and auditors**

As described in the Statement of Director's Responsibilities the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Director's Report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read other information contained in the Director's Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards 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.

**RUST RESOURCES LIMITED**  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RUST**  
**RESOURCES LIMITED** *(continued)*  
**YEAR ENDED 30 SEPTEMBER 2005**

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**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2005 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

*Tenon Audit Limited*

Tenon Audit Limited  
Registered Auditor  
66 Chiltern Street  
London  
W1U 4JT

Date:- *20.09.06*

**RUST RESOURCES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 30 SEPTEMBER 2005**

	Note	2005 £	2004 £
<b>Turnover</b>	2	2,305,885	1,648,435
Cost of sales		(1,880,951)	(1,321,882)
<b>Gross profit</b>		<u>424,934</u>	<u>326,553</u>
Administrative expenses		(353,884)	(313,171)
Other operating income	3	22,653	4,872
<b>Operating profit</b>	4	<u>93,703</u>	<u>18,254</u>
Interest receivable		35,153	46,718
Interest payable and similar charges		(13,422)	(22,466)
<b>Profit on ordinary activities before taxation</b>		<u>115,434</u>	<u>42,506</u>
Tax on profit on ordinary activities	5	(27,758)	–
<b>Profit on ordinary activities after taxation</b>		<u>87,676</u>	<u>42,506</u>
Equity dividends proposed		(350,000)	–
<b>(Loss)/retained profit for the financial year</b>		<u>(262,324)</u>	<u>42,506</u>

All of the activities of the company are classed as continuing.

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

The notes on pages 8 to 12 form part of these financial statements.



# RUST RESOURCES LIMITED

## BALANCE SHEET

**30 SEPTEMBER 2005**

	Note	2005 £	£	2004 £	£
<b>Fixed assets</b>					
Tangible assets	6		8,350		13,676
<b>Current assets</b>					
Debtors	7	1,344,940		856,254	
Cash at bank and in hand		159,161		253,846	
		<u>1,504,101</u>		<u>1,110,100</u>	
<b>Creditors: Amounts falling due within one year</b>	8	<u>(921,479)</u>		<u>(270,480)</u>	
<b>Net current assets</b>			582,622		839,620
<b>Total assets less current liabilities</b>			<u>590,972</u>		<u>853,296</u>
<b>Capital and reserves</b>					
Called-up share capital	12		100		100
Profit and loss account	13		590,872		853,196
<b>Shareholders' funds</b>	14		<u>590,972</u>		<u>853,296</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved and signed by the director on .....

*11th July 2006*

  
D C Edwards  
Director

The notes on pages 8 to 12 form part of these financial statements.

**RUST RESOURCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2005**

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**1. Accounting policies**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

**Consolidation**

In the opinion of the director, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

**Cash flow statement**

The director has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

**Turnover**

The turnover shown in the profit and loss account represents amounts receivable during the year, exclusive of Value Added Tax.

**Fixed assets**

All fixed assets are initially recorded at cost.

**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:

Leasehold Property	- term of lease (8 years 10 months)
Fixtures, fittings and office equipment	- 25% straight line

**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.

**2. Turnover**

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
United Kingdom	905,964	501,839
Europe	472,467	395,689
Asia/USA	927,454	750,907
	<u>2,305,885</u>	<u>1,648,435</u>

**RUST RESOURCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2005**

**3. Other operating income**

	2005 £	2004 £
Exchange gain	22,653	4,870
Other operating income	—	2
	<u>22,653</u>	<u>4,872</u>

**4. Operating profit**

Operating profit is stated after charging:

	2005 £	2004 £
Director's emoluments	—	—
Staff pension contributions	2,886	2,886
Depreciation of owned fixed assets	6,147	9,755
Auditors' fees	7,750	8,000
Operating lease costs:		
-Other	25,725	23,450
	<u>25,725</u>	<u>23,450</u>

**5. Taxation on ordinary activities**

**(a) Analysis of charge in the year**

	2005 £	2004 £
UK Corporation tax based on the results for the year at 30% (2004 - 30%)	27,758	—
	<u>27,758</u>	<u>—</u>

The company has an unrecognised deferred tax asset of £3,467 (2004: £2,208)

**(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2004 - 30%).

	2005 £	2004 £
Profit on ordinary activities before taxation	115,434	42,506
Profit on ordinary activities multiplied by rate of tax	34,630	12,752
Effects of:		
Expenses not deductible for tax purposes	263	255
Income not chargeable for tax purposes	—	(4,564)
Small company relief	(7,116)	—
Depreciation in excess of capital allowances	(19)	609
Group relief	—	(9,052)
Total current tax (note 5(a))	<u>27,758</u>	<u>—</u>

**RUST RESOURCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2005**

**6. Tangible fixed assets**

	Property Lease £	Fixtures, fittings and office furniture £	Total £
<b>Cost</b>			
At 1 October 2004	7,500	48,349	55,849
Additions	–	821	821
Disposals	–	(407)	(407)
At 30 September 2005	<u>7,500</u>	<u>48,763</u>	<u>56,263</u>
<b>Depreciation</b>			
At 1 October 2004	2,830	39,343	42,173
Charge for the year	849	5,298	6,147
On disposals	–	(407)	(407)
At 30 September 2005	<u>3,679</u>	<u>44,234</u>	<u>47,913</u>
<b>Net book value</b>			
At 30 September 2005	<u>3,821</u>	<u>4,529</u>	<u>8,350</u>
At 30 September 2004	<u>4,670</u>	<u>9,006</u>	<u>13,676</u>

**7. Debtors**

	2005 £	2004 £
Trade debtors	318,297	205,824
Amounts owed by group undertakings	927,301	585,644
VAT recoverable	35,106	–
Other debtors	7,706	4,359
Prepayments and accrued income	56,530	60,427
	<u>1,344,940</u>	<u>856,254</u>

**8. Creditors: Amounts falling due within one year**

	2005 £	2004 £
Overdrafts	120,937	743
Trade creditors	80,933	30,274
Amounts owed to group undertakings	–	15,987
Other creditors including taxation and social security:		
Corporation tax	27,758	–
PAYE and social security	91,588	25,437
VAT	–	19,783
Dividends payable	350,000	–
Other creditors	180,384	115,819
Accruals and deferred income	69,879	62,437
	<u>719,609</u>	<u>223,476</u>
	<u>921,479</u>	<u>270,480</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the company.

**RUST RESOURCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2005**

**9. Commitments under operating leases**

At 30 September 2005 the company had annual commitments under non-cancellable operating leases as set out below.

	<b>Land &amp; buildings</b>	
	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Operating leases which expire:		
After more than 5 years	<u>28,475</u>	<u>23,450</u>

**10. Contingencies**

The company has given a cross guarantee in support of a joint overdraft facility with fellow group undertakings. At 30 September 2005 the level of overdraft was £nil (2004: £nil)

**11. Related party transactions**

During the year the company charged Rust Resources Inc £239,939 (2004: £170,000) for management services provided, total sales of £801,934 (2004: £276,735) were also made to Rust Resources Inc. Amounts of £80,000 (2004: £121,000) was paid to Rust Services Limited for management services provided to Rust Resources Limited.

At the year end Rust Resources Inc owed Rust Resources Limited £573,178 (2004: -£15,587) and amounts of £353,811 was due from Rust Services Limited (2004: £569,754), interest received of £33,934 (2004: £45,183) has been charged on this debt. At the year end Rust Resources Limited owed Rust Pty £193 (2004: -£15,877).

The director of Rust Resources Limited is also a director of Rust Services Limited, Rust Resources Inc and Rust Pty.

**12. Share capital**

**Authorised share capital:**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

**Allotted, called up and fully paid:**

	<b>2005</b>		<b>2004</b>	
	<b>No</b>	<b>£</b>	<b>No</b>	<b>£</b>
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

**13. Profit and loss account**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Balance brought forward	853,196	810,690
(Accumulated loss)/retained profit for the financial year	<u>(262,324)</u>	<u>42,506</u>
Balance carried forward	<u>590,872</u>	<u>853,196</u>

**RUST RESOURCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2005**

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**14. Reconciliation of movements in shareholders' funds**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	87,676	42,506
Dividends	(350,000)	—
	<u>(262,324)</u>	<u>42,506</u>
Opening shareholders' equity funds	853,296	810,790
Closing shareholders' equity funds	<u>590,972</u>	<u>853,296</u>

**15. Ultimate parent company**

The ultimate parent undertaking is Rust Services Limited, a company registered in England and Wales. The ultimate controlling party is Mr D C Edwards and his spouse Mrs P A Edwards who together own 90% of the share capital of the parent undertaking.