



**RUST RESOURCES LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2007**

**Company Registration Number 02704357**

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

**RUST RESOURCES LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2007**

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**RUST RESOURCES LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**  
**YEAR ENDED 30 SEPTEMBER 2007**

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**The director** D C Edwards

**Company secretary** P A Edwards

**Business address** 1st Floor  
31 High Street  
Cobham  
Surrey  
KT11 3DP

**Registered office** 1st Floor  
31 High Street  
Cobham  
Surrey  
KT11 3DP

**Auditor** 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 2007**

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The director presents his report and the financial statements of the company for the year ended 30 September 2007

**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

**Director's responsibilities**

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 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 which disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He 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

In so far as the director is, individually, aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information

**RUST RESOURCES LIMITED**  
**THE DIRECTOR'S REPORT** *(continued)*  
**YEAR ENDED 30 SEPTEMBER 2007**

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**Auditor**


The company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with section 386(1) of the Companies Act 1985. Therefore, the auditors, Tenon Audit Limited, will be deemed to be reappointed for each succeeding financial year.

**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.

Registered office  
1st Floor  
31 High Street  
Cobham  
Surrey  
KT11 3DP

Signed by



P A EDWARDS

Company Secretary

Approved by the director on 15-04-08

**RUST RESOURCES LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RUST**  
**RESOURCES LIMITED**  
**YEAR ENDED 30 SEPTEMBER 2007**

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We have audited the financial statements of Rust Resources Limited on pages 6 to 15 for the year ended 30 September 2007. 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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of director and auditor**

As described in the statement of director's responsibilities on pages 2 to 3, the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Director's 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 director's remuneration and other transactions is not disclosed.

We read the Director's 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 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 AUDITOR'S REPORT TO THE MEMBERS OF RUST**  
**RESOURCES LIMITED** *(continued)*

**YEAR ENDED 30 SEPTEMBER 2007**

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**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 30 September 2007 and of its profit for the year then ended,

the financial statements have been properly prepared in accordance with the Companies Act 1985, and

- the information given in the Director's Report is consistent with the financial statements

*Tenon Audit Limited*

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

*24 April 2008*

**RUST RESOURCES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 30 SEPTEMBER 2007**

		2007	2006 (restated)
	Note	£	£
<b>Turnover</b>	2	1,835,469	1,539,545
Cost of sales		(1,692,067)	(1,420,185)
<b>Gross profit</b>		<u>143,402</u>	<u>119,360</u>
Administrative expenses		(516,636)	(415,742)
Other operating income	3	410,000	240,000
<b>Operating profit/(loss)</b>	4	<u>36,766</u>	<u>(56,382)</u>
Interest receivable		14,950	23,060
Interest payable and similar charges		(14,855)	(15,326)
<b>Profit/(loss) on ordinary activities before taxation</b>		<u>36,861</u>	<u>(48,648)</u>
Tax on profit/(loss) on ordinary activities	6	(7,048)	(4,008)
<b>Profit/(loss) for the financial year</b>		<u><u>29,813</u></u>	<u><u>(52,656)</u></u>

All of the activities of the company are classed as continuing

The notes on pages 9 to 15 form part of these financial statements



**RUST RESOURCES LIMITED**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**YEAR ENDED 30 SEPTEMBER 2007**

	<b>2007</b>	<i>2006</i> <i>(restated)</i>
	<b>£</b>	<b>£</b>
Profit/(loss) for the financial year		
Attributable to the shareholders	29,813	(52,656)
Total recognised gains and losses relating to the year	<u>29,813</u>	<u>(52,656)</u>
Prior year adjustment	<u>—</u>	<u>350,000</u>
Total gains and losses recognised since the last annual report	<u>29,813</u>	<u>297,344</u>

The notes on pages 9 to 15 form part of these financial statements

# RUST RESOURCES LIMITED

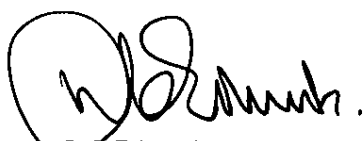
## BALANCE SHEET

**30 SEPTEMBER 2007**

		2007	2006 (restated)
	Note	£	£
<b>Fixed assets</b>			
Tangible assets	8	10,297	11,690
<b>Current assets</b>			
Debtors	9	845,751	848,762
Cash at bank and in hand		53,950	277,837
		<u>899,701</u>	<u>1,126,599</u>
<b>Creditors: Amounts falling due within one year</b>	10	<u>(341,869)</u>	<u>(599,973)</u>
<b>Net current assets</b>		557,832	526,626
<b>Total assets less current liabilities</b>		<u>568,129</u>	<u>538,316</u>
<b>Capital and reserves</b>			
Called-up share capital	15	100	100
Profit and loss account	16	568,029	538,216
<b>Shareholders' funds</b>	17	<u>568,129</u>	<u>538,316</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 and authorised for issue on 15-04-08



D.C. Edwards  
Director

The notes on pages 9 to 15 form part of these financial statements

**RUST RESOURCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2007**

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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

**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**

Turnover represents amounts receivable during the year, exclusive of Value Added Tax, in relation to services performed during the accounting period

**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

**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 that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

**Foreign currencies**

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities and transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit

**RUST RESOURCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2007**

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**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>2007</b>	<b>2006</b> <i>(restated)</i>
	<b>£</b>	<b>£</b>
United Kingdom	330,900	562,150
Europe	794,017	72,357
Asia/USA	710,552	905,038
	<u>1,835,469</u>	<u>1,539,545</u>

**3. Other operating income**

	<b>2007</b>	<b>2006</b> <i>(restated)</i>
	<b>£</b>	<b>£</b>
Other operating income	<u>410,000</u>	<u>240,000</u>

Other operating income relates to management fees recharged from Rust Resources Inc. In the prior year this was included within sales. We have re-stated the comparative to show it as other operating income.

**4. Operating profit/(loss)**

Operating profit/(loss) is stated after charging

	<b>2007</b>	<b>2006</b> <i>(restated)</i>
	<b>£</b>	<b>£</b>
Director's emoluments	—	—
Depreciation of owned fixed assets	6,001	5,681
Operating lease costs		
-Other	30,891	28,722
Net loss on foreign currency translation	61,192	13,071
Auditor's remuneration	<u>9,000</u>	<u>7,750</u>
	<b>2007</b>	<b>2006</b> <i>(restated)</i>
	<b>£</b>	<b>£</b>
Auditor's remuneration - audit of the financial statements	<u>9,000</u>	<u>7,750</u>

**RUST RESOURCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2007**

**5. Particulars of employees**

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

	<b>2007</b>	<b>2006 (restated)</b>
	<b>No</b>	<b>No</b>
Number of contractors	7	6
Number of administrative staff	7	5
	<u>14</u>	<u>11</u>

The aggregate payroll costs of the above were

	<b>2007</b>	<b>2006 (restated)</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,031,529	894,580
Social security costs	105,766	131,874
Other pension costs	3,406	3,275
	<u>1,140,701</u>	<u>1,029,729</u>

**6. Taxation on ordinary activities**

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

	<b>2007</b>	<b>2006 (restated)</b>
	<b>£</b>	<b>£</b>
UK Corporation tax based on the results for the year at 20% (2006 - 30%)	7,324	(14,212)
Under provision in prior year	(276)	18,220
	<u>7,048</u>	<u>4,008</u>

The company has an unrecognised deferred tax asset of £2,110 (2006 £4,177)

**RUST RESOURCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2007**

**6. Taxation on ordinary activities (continued)**

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

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 20% (2006 - 30%)

	<b>2007</b>	<b>2006</b> <i>(restated)</i>
	<b>£</b>	<b>£</b>
Profit/(loss) on ordinary activities before taxation	<u>36,861</u>	<u>(48,648)</u>
Profit/(loss) on ordinary activities by rate of tax	7,372	(14,595)
Effects of		
Expenses not deductible for tax purposes	523	399
Depreciation in excess of capital allowances	(384)	710
Underprovision in prior years	(276)	18,220
Change in marginal relief after losses carried back	-	(726)
Sundry tax adjusting items	<u>(187)</u>	<u>-</u>
Total current tax (note 6(a))	<u>7,048</u>	<u>4,008</u>

**7 Dividends**

**Equity dividends**

	<b>2007</b>	<b>2006</b> <i>(restated)</i>
	<b>£</b>	<b>£</b>
Paid during the year		
Equity dividends on ordinary shares	<u>-</u>	<u>350,000</u>

**RUST RESOURCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2007**

**8. Tangible fixed assets**

	Property Lease £	Fixtures, fittings and office furniture £	Total £
<b>Cost</b>			
At 1 October 2006	7,500	45,859	53,359
Additions	–	4,608	4,608
Disposals	–	(20,998)	(20,998)
At 30 September 2007	<u>7,500</u>	<u>29,469</u>	<u>36,969</u>
<b>Depreciation</b>			
At 1 October 2006	4,527	37,142	41,669
Charge for the year	852	5,149	6,001
On disposals	–	(20,998)	(20,998)
At 30 September 2007	<u>5,379</u>	<u>21,293</u>	<u>26,672</u>
<b>Net book value</b>			
At 30 September 2007	<u>2,121</u>	<u>8,176</u>	<u>10,297</u>
At 30 September 2006	<u>2,973</u>	<u>8,717</u>	<u>11,690</u>

**9. Debtors**

	2007 £	2006 (restated) £
Trade debtors	207,072	253,829
Amounts owed by group undertakings	602,445	551,534
Corporation tax repayable	7,164	14,212
VAT recoverable	421	–
Other debtors	472	2,019
Prepayments and accrued income	28,177	27,168
	<u>845,751</u>	<u>848,762</u>

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

	2007 £	2006 (restated) £
Overdrafts	–	224,040
Trade creditors	78,377	118,109
Amounts owed to group undertakings	17,625	–
Other creditors including taxation and social security		
PAYE and social security	91,397	54,116
VAT	–	4,763
Other creditors	114,677	155,934
Accruals and deferred income	39,793	43,011
	<u>245,867</u>	<u>257,824</u>
	<u>341,869</u>	<u>599,973</u>

**RUST RESOURCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2007**

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**11. Deferred taxation**

No provision has been made in the financial statements and the amounts unprovided at the end of the year are as follows

	2007	2006 (restated)
	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>2,110</u>	<u>-</u>

The deferred tax asset has not been recognised in accordance with FRS 19 as it is currently not more likely than not that it will be realised in the foreseeable future. This potential deferred tax asset will be recoverable in the event that the company's trade begins generating sufficient taxable trade profits to relieve its accumulated trade losses.

**12. Commitments under operating leases**

At 30 September 2007 the company had annual commitments under non-cancellable operating leases as set out below

	<i>Land &amp; buildings</i> 2007	2006 (restated)
	£	£
Operating leases which expire Within 2 to 5 years	<u>28,475</u>	<u>28,475</u>

**13. Contingencies**

The company has given a cross guarantee in support of a joint overdraft facility with fellow group undertakings. At 30 September 2007 the level of overdraft was £nil (2006 £nil).

**14. Related party transactions**

During the year the company charged Rust Resources Inc £410,000 (2006 £240,000) for management services provided. Total sales of £395,579 (2006 £373,795) were also made to Rust Resources Inc. Amounts of £60,000 (2006 £60,000) were paid to Rust Services Limited for management services provided to Rust Resources Limited.

At the year end Rust Resources Inc owed Rust Resources Limited £602,442 (2006 £502,401) interest receivable of £14,621 (2006 £22,318) has been charged on this debt. At the year end there was also an amount of £17,625 (2006 £48,520) owed to Rust Services Limited.

Another fellow subsidiary, LKH Properties, had owed Rust Resources Limited £105 at the end of the prior period. This has all been received during the year and the amount now due from LKH Properties is £nil.

The director of Rust Resources Limited (David Edwards) is also a director of Rust Services Limited, Rust Resources Inc and LKH Properties Limited.



**RUST RESOURCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2007**

**15. Share capital**

**Authorised share capital:**

	<b>2007</b>	<b>2006 (restated)</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>2007</b>	<b>2006 (restated)</b>
	<b>No</b>	<b>No</b>
	<b>£</b>	<b>£</b>
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

**16 Profit and loss account**

	<b>2007</b>	<b>2006 (restated)</b>
	<b>£</b>	<b>£</b>
Balance brought forward as previously reported	538,216	590,872
Prior year adjustment	—	350,000
Balance brought forward restated	538,216	940,872
Profit/(loss) for the financial year	29,813	(52,656)
Equity dividends	—	(350,000)
Balance carried forward	<u>568,029</u>	<u>538,216</u>

**17 Reconciliation of movements in shareholders' funds**

	<b>2007</b>	<b>2006 (restated)</b>
	<b>£</b>	<b>£</b>
Profit/(loss) for the financial year	29,813	(52,656)
Equity dividends	—	(350,000)
Net addition/(reduction) to shareholders' funds	29,813	(402,656)
Opening shareholders' funds	538,316	590,972
Prior year adjustment	—	350,000
Closing shareholders' funds	<u>568,129</u>	<u>538,316</u>

**18. 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.