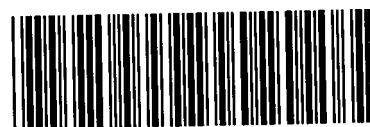


REGISTERED NUMBER: 04349192 (England and Wales)

Report of the Directors and
Financial Statements for the Year Ended 31 December 2013
for
LCC Deployment Services UK Limited

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for the Year Ended 31 December 2013**

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LCC Deployment Services UK Limited

Company Information
for the Year Ended 31 December 2013

DIRECTORS:

K M Young
C J G Schreuder
B J Dunn
A Medina
R A Marioni

SECRETARY:

L Eleftheriou

REGISTERED OFFICE:

450 Bath Road
West Drayton
Middlesex
UB7 0EB

REGISTERED NUMBER:

04349192 (England and Wales)

AUDITORS:

Hardcastle Burton LLP
Lake House
Market Hill
Royston
Hertfordshire
SG8 9JN

Report of the Directors
for the Year Ended 31 December 2013

The directors present their report with the financial statements of the company for the year ended 31 December 2013.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of acquisition, design and consulting services regarding the construction and maintenance of telecom networks in the United Kingdom.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2013 to the date of this report.

K M Young
C J G Schreuder
B J Dunn
A Medina

Other changes in directors holding office are as follows:

R A Marioni - appointed 12 March 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 of the profit or loss of the company for that period. 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

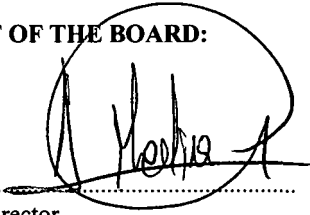
AUDITORS

The auditors, Hardcastle Burton LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the Directors
for the Year Ended 31 December 2013

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'A Medina', is written over a horizontal dotted line. The signature is enclosed within a hand-drawn circle.

A Medina - Director

Date: 06/06/2014

Report of the Independent Auditors to the Members of
LCC Deployment Services UK Limited

We have audited the financial statements of LCC Deployment Services UK Limited for the year ended 31 December 2013 on pages six to thirteen. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, 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 members those matters we are required to state to them in a Report of the Auditors 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 directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 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 Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the Independent Auditors to the Members of
LCC Deployment Services UK Limited

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.



Denise Lindsell FCA (Senior Statutory Auditor)
for and on behalf of Hardcastle Burton LLP
Lake House
Market Hill
Royston
Hertfordshire
SG8 9JN

Date: 24/6/14

LCC Deployment Services UK Limited (Registered number: 04349192)

Profit and Loss Account
for the Year Ended 31 December 2013

	Notes	31.12.13 £	31.12.12 £
TURNOVER		6,777,073	4,592,512
Cost of sales		<u>5,786,892</u>	<u>4,211,384</u>
GROSS PROFIT		990,181	381,128
Administrative expenses		<u>611,694</u>	<u>223,329</u>
OPERATING PROFIT	2	378,487	157,799
Interest payable and similar charges		<u>151,994</u>	<u>26,338</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		226,493	131,461
Tax on profit on ordinary activities	3	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>226,493</u></u>	<u><u>131,461</u></u>

The notes form part of these financial statements

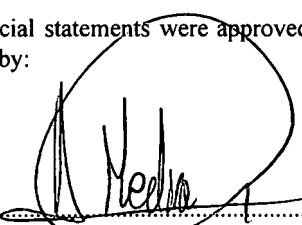
LCC Deployment Services UK Limited (Registered number: 04349192)

Balance Sheet
31 December 2013

	Notes	31.12.13 £	£	31.12.12 £	£
FIXED ASSETS					
Tangible assets	4		142,252		1,843
Investments	5		361,000		361,000
			<u>503,252</u>		<u>362,843</u>
CURRENT ASSETS					
Debtors	6	1,696,190		1,486,502	
Cash at bank		117,358		46,173	
		<u>1,813,548</u>		<u>1,532,675</u>	
CREDITORS					
Amounts falling due within one year	7	1,660,769		1,484,313	
			<u>152,779</u>		<u>48,362</u>
NET CURRENT ASSETS					
			<u>656,031</u>		<u>411,205</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
CREDITORS					
Amounts falling due after more than one year	8		18,333		-
			<u>637,698</u>		<u>411,205</u>
NET ASSETS					
			<u>637,698</u>		<u>411,205</u>
CAPITAL AND RESERVES					
Called up share capital	12		1,500,097		1,500,097
Share premium	13		4,999,904		4,999,904
Other reserves	13		2,953,216		2,953,216
Profit and loss account	13		(8,815,519)		(9,042,012)
SHAREHOLDERS' FUNDS			<u>637,698</u>		<u>411,205</u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Directors on 06/06/2014 and were signed on its behalf by:


.....
A Medina - Director

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31 December 2013

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The Company has taken the exemption provided by section 400 of the Companies Act 2006 not to prepare consolidated accounts as it forms part of the consolidated financial statements of the ultimate parent company, Lightbridge Communications Corporation Limited Inc., a company incorporated in the USA. The consolidated accounts of this group can be obtained from 7900 Westpark Drive, Suite A-315, Mclean, VA 22102, USA.

The financial statements have been prepared on the going concern basis. The balance sheet shows net current assets of £153k (2012: £48k) and net current assets of £459k (2012: £872k) after the removal of intergroup balances. The directors believe this to be appropriate for the following reasons.

LCC Europe Holdings BV is the parent of LCC Deployment Services Limited. Change of parenthood was organised in order to optimise the capturing of business opportunities that will lead to the future success of the UK operations.

LCC Europe Holdings BV consider that the UK operations and budget for 2014/2015 onwards indicate that the operations are feasible. LCC Europe Holdings BV will support the UK operations financially if needed within the constraints set out in the budget cycle held with local management. Financing needs have been fulfilled by the transfer of funds. According to plan additional funding may be needed and will be executed as necessary. From 2014 onwards the UK operations are planned to be cash flow positive and no further furnishing of financing is expected to be necessary.

Due to the above factors local, EU and US management of LCC UK Limited and LCC Deployment Services Limited have full faith in the feasibility and subsequent going concern of the UK operations.

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Preparation of consolidated financial statements

The financial statements contain information about LCC Deployment Services UK Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken the option under Section 398 of the Companies Act 2006 not to prepare consolidated financial statements.

Exemption from preparing a cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that the company's results will be included in the consolidated financial statements of its ultimate parent undertaking, Lightbridge Communications Corporation Inc., which will be publicly available.

Turnover

Turnover represents the total net sales to customers excluding value added tax. Contract revenue is recognised over the duration of the contract as work is performed.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery etc - Straight line over 1 years, 50% on cost and 33% on cost

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

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 result.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2013

1. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Investments

Investments in subsidiary undertakings are stated at cost less provision for impairment.

Related party disclosure

As the company is a wholly owned subsidiary of Lightbridge Communications Corporation Inc. the company has taken advantage of the exemption contained within FRS 8 and has therefore not disclosed transactions with entities which form part of the group. The consolidated financial statements of Lightbridge Communications Corporation Inc. within which this company is included, can be obtained from the address given in note 15. Note 16 details the balances due (to)/from group undertakings as included in the current assets/(liabilities) on the balance sheet.

2. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	31.12.13	31.12.12
	£	£
Depreciation - owned assets	14,106	-
Auditors' remuneration	18,000	20,000
Non - audit remuneration	-	5,000
Foreign exchange differences	19,170	(1,640)
Pension costs	19,181	-
	<u>124,131</u>	<u>98,463</u>
Directors' remuneration and other benefits etc	<u>124,131</u>	<u>98,463</u>

3. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2013 nor for the year ended 31 December 2012.

Factors that may affect future tax charges

At the year end there were tax losses carried forward of approximately £2.3m available for carry forward to be set against future taxable profits.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2013

4. TANGIBLE FIXED ASSETS

	Plant and machinery etc £
COST	
At 1 January 2013	1,843
Additions	154,515
	<hr/>
At 31 December 2013	156,358
	<hr/>
DEPRECIATION	
Charge for year	14,106
	<hr/>
At 31 December 2013	14,106
	<hr/>
NET BOOK VALUE	
At 31 December 2013	142,252
	<hr/>
At 31 December 2012	1,843
	<hr/>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery etc £
COST	
Additions	40,000
	<hr/>
At 31 December 2013	40,000
	<hr/>
NET BOOK VALUE	
At 31 December 2013	40,000
	<hr/>

5. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2013 and 31 December 2013	361,000
	<hr/>
NET BOOK VALUE	
At 31 December 2013	361,000
	<hr/>
At 31 December 2012	361,000
	<hr/>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2013

5. FIXED ASSET INVESTMENTS - continued

The company's investments at the balance sheet date in the share capital of companies include the following:

Merlin Projects Limited

Nature of business: Maintenance of mobile networks

	%		
Class of shares:	holding		
Ordinary	100.00		
		31.12.13	31.12.12
		£	£
Aggregate capital and reserves		139,583	166,286
Loss for the year		<u>(26,703)</u>	<u>(96,319)</u>

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.13	31.12.12
	£	£
Trade debtors	417,092	501,381
Amounts owed by group undertakings	644,453	410,645
Other debtors	634,645	574,476
	<u>1,696,190</u>	<u>1,486,502</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.13	31.12.12
	£	£
Hire purchase contracts	20,000	-
Trade creditors	388,771	164,386
Amounts owed to group undertakings	950,696	1,224,275
Taxation and social security	154,395	32,304
Other creditors	146,907	63,348
	<u>1,660,769</u>	<u>1,484,313</u>

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.12.13	31.12.12
	£	£
Hire purchase contracts	<u>18,333</u>	<u>-</u>

9. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	31.12.13	31.12.12
	£	£
Expiring:		
Within one year	<u>47,840</u>	<u>47,840</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2013

10. SECURED DEBTS

The following secured debts are included within creditors:

	31.12.13	31.12.12
	£	£
Hire purchase contracts	38,333	-
	<u>38,333</u>	<u>-</u>

11. DEFERRED TAX

	£
Balance at 1 January 2013	(38,883)
Tax losses carried forward	
	<u>-</u>
Balance at 31 December 2013	<u>(38,883)</u>

The deferred tax asset is made up of tax losses carried forward.

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.13	31.12.12
			£	£
150,009,700	Ordinary	0.01	1,500,097	1,500,097
			<u>1,500,097</u>	<u>1,500,097</u>

13. RESERVES

	Profit and loss account £	Share premium £	Other reserves £	Totals £
At 1 January 2013	(9,042,012)	4,999,904	2,953,216	(1,088,892)
Profit for the year	226,493			226,493
	<u>226,493</u>	<u>4,999,904</u>	<u>2,953,216</u>	<u>8,178,699</u>
At 31 December 2013	<u>(8,815,519)</u>	<u>4,999,904</u>	<u>2,953,216</u>	<u>(862,399)</u>

14. PENSION COMMITMENTS

The company operates a defined contribution scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £19,181 (2012: £11,825)

Contributions amounting to £Nil (2012 - £Nil) were payable to the scheme at the year end.

15. ULTIMATE PARENT COMPANY

Lightbridge Communications Corporation Inc (incorporated in United States) is regarded by the directors as being the company's ultimate parent company.

The largest group in which the results of the company are consolidated is that headed by Lightbridge Communications Corporation Inc., a company incorporated in the USA. The consolidated accounts of this group can be obtained from 7900 Westpark Drive, Suite A - 315, McLean, VA 22102, USA

Notes to the Financial Statements - continued
for the Year Ended 31 December 2013

16. RELATED PARTY DISCLOSURES

On 18 December 2012 ownership of the company was transferred from LCC United Kingdom Limited to LCC Europe Holding B. V, a company incorporated in the Netherlands. From this date the immediate parent company was LCC Europe Holdings B.V and the ultimate controlling party is Lightbridge Communications Corporation Inc., the ultimate holding company.

The company has taken advantage of the exemption under the terms of Financial Reporting Standard No 8 "Related party disclosures" not to disclose related party transactions with wholly owned subsidiaries within the wider group.

Amounts due from and (to) other wholly owned subsidiaries within the wider group are as follows:

	2013 £	2012 £
LCC International Inc	332,057	259,236
LCC WFI Turkey	(1)	(1)
LCC UK Limited	200,352	38,627
LCC NL Branch	-	-
LCC Espana	(21,609)	(13,942)
LCC Network Services	(9,486)	(9,486)
LCC Germany GmbH	(62,981)	(59,225)
LCC UK Saudi Branch	(42,182)	(42,182)
LCC North Central Europe	102,093	102,832
LCC Pakistan	(1,561)	(1,561)
LCC Europe Holdings	(551,208)	(396,727)
Merlin Projects Limited	(261,668)	(701,152)
LCC International Inc: Intercompany transfer pricing	9,951	9,951
	<u>(306,243)</u>	<u>(813,630)</u>