

Scarab Resources Ltd

Incorporated in England & Wales as Company No. 4644306

Managing director: P.J. Crabb

Registered office: 140 Ashley Crescent, London SW11 5QZ

Telephone: (45+) 61 71 38 96

e-mail: admin@scarabresources.co.uk

or scarab@webhiker.dk

Bank: Sparekassen Thy, Store Torv, DK-7700 Thisted, Denmark

Account no. 9090 0000 532789

SE-no. (DK): 12 09 67 20

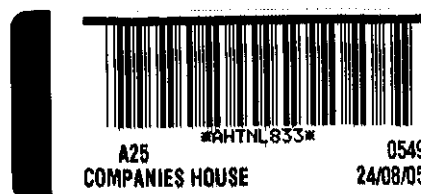
Company no. **4644306**

16th August, 2005

Company account for the accounting year 22 Jan.-31 Dec. 2004
Director's report

SCOPE:

1. The company provides archaeological services in the form of:
 - a) linguistic revision, technical translation and book production in the field of prehistoric ("Submarine Excavations in Tybrind Vig" in progress), classical ("Ancient Akamas" in progress) and Medieval archaeology, geology (e.g. marine shell deposits), anthropology (e.g. hunter-gatherers in Thailand, eskimology) and botany ("Plant World of the Bible" in progress)
 - b) Mineral identification
 - c) Landscape modelling
 - d) Ground radar, speculatively as yet.
2. Much work occurs abroad, especially in Denmark (collaboration, scanning, layout, printing), France (book production), and Cyprus (photography, description and mineral sampling of artefacts, which cannot be taken out of the country).
3. "Le Gondal": Central to the book-publishing concept is the prospective provision of a "retreat" for clients in the process of publishing a book. The company will provide accommodation for authors and dependants, linguistic and technical consultancy and all facilities necessary for bringing a book to the printing stage, in congenial surroundings in the South of France. Travel expenses will be incurred by the director in the planning stage and when the centre has to be manned.



ACCOUNTING FORMAT:

4. Accounting is done in sterling, Danish crowns (primarily) and Euros. Inland Revenue (annual average) exchange rates have been used in conversion.
5. The company is VAT-registered in Denmark in accordance with European Union scope and UK Customs & Excise recommendations. Its bank is likewise located in Denmark since most expenditure is incurred there, all client institutions are situated in Scandinavia, and most services are provided in the same area.
6. VAT (Danish Moms) is, where applicable, included in both income and payments and offset under code 10.

Moms dues for the October quarter, but actually paid in the following one, feature in the running accounts for the following year, but are included in the balance and tax return for the current one.
7. Accounts are prepared solely by the director without the intervention of an accountant. Day-to-day Accounting is double-entry and balanced for each entry.

Being very small by Revenue and Companies House definition, the company is exempt from auditing (see Balance Sheet endorsement).
8. Entries and documentation on which these accounts are based are filed on an item-by-item basis. Source of funds – Danish company account, UK private account, Danish private account, other foreign private account, director's "own pocket" (i.e. ultimately always from his private account – no cash client payments to director ever involved) – indicated in each case. All bank accounts and files are, of course, available for inspection.
9. Income is shown for the year in which work is billed. There is for major publications an extremely long "latency period" of a decade or mere before work can be billed, and no advances are normally available from clients, who are State-financed and often impecunious.

OPERATIONS 2004 – Second year of trading:

10. It should be remarked that demand for the company's services fluctuates enormously, especially as individual tasks can be very extensive (years of work) and are subject to (usually Danish) Government grant policy. The company has, however, high expectations of the retreat Le Gondal that is in

process of establishment in the South of France (see point 3 above).

Investment has been moderate in the second year of trading, in accordance with reduced income. Investment is necessarily tailored to income.

The company is not in a position to raise a bank loan, on account of the sole director's age and lack of collateral.

11. The company's overheads are likely to be consistently large in relation to income, but not unduly so in relation to the amount and nature of the (translation) work involved. Attention is here drawn to the remarks under point 9 on payment "latency".

16th August 2005



P.J. Crabb
Director

Code	Category	GBP	DKK	EUR0	Notes
001	Publication income	+ 282.28 +12,234.11< 134,153.16 ----- +12,516.39			Translation, linguistic revision, scanning, lay-out and make-up
007	Bank interest	+ 0.39 + 3.15< ----- + 3.54 ----- +12,519,93	33.09		HSBC private account, company holding. Company account, Denmark.
	INCOME				
010	Value added tax - MOMS - Denmark	- 1,866.61< -19,588.00			SE-no. DK 12 09 67 20.
012	Bank fees	- 10.44< - 172.50			Check, transfer and dispensing fees.
021	Director's emolument incl. PAYE	- 4,668.48 - 3,265.32< 34,265.91 ----- - 7,933.80			
040	Company annual fee	- 15.00			
041	Company tax	0.00			
051	Office equipment	- 31.03< - 325,60			Minor items:
	Outlay carried over	- 9,856.88			

Code	Category	GBP	DKK	EUR0	Notes
Outlay brought forward		- 9,856.88			
052	Stationery	- 397.44<	- 4,170.71	- 13.89	Consumables: paper, toner, plastic pockets and bags, ring-binders, pens, ink, etc. Initially high expenditure.
		- 9.42<			

		- 406.86			
060	IT	- 91.11			
		- 1,027.26<	-10,780.00		Drives, recording media, etc.

		- 1,118.37			
061	Computer programmes	- 58.15<	- 613.41		
062	Computer repairs	- 13.00			
063	Electrical parts	- 10.49<	- 119.90		Bulbs, leads, batteries, etc.
071	Conditioners	- 3.05<	- 32.00		Paint, paintbrush, glue, abrasives, lubricants, solvents.
080	Fares	- 880.92<	- 9,244.30	- 56.20	Public transport (air, sea and road) from office for scanning, meetings, consultancy, Internet, posting, library visits, Le Gondal planning. etc. Daily log-book maintained.
		- 38.13<			

		- 919.05			
081	Travel expenses	- 129.52<	- 1,420.28		Documentation by receipt.
		- 38.20<		-56.30	

		- 167.72			
Outlay carried over		-12,553.57			

Code	Category	GBP	DKK	EUR0	Notes
Outlay brought forward		-12,553.57			
083	Postage	- 54.17< -	594.00	- 21.80	Corrected manuscripts, but mostly letters to Inland Revenue.
		- 14.79< -			
		- 68.96			
084	Mail forwarding	- 256.93			Mail forwarded to work sites.
		- 61.40< -	673.26		
		- 318.33			
086	Business 'phone calls	- 212.03< -	2,325.00		Log-book maintained.
		- 4.75< -		- 7.00	
		- 216.78			
087	Internet access	- 21.89< -	240.00		Libraries (free) and Internet cafés.
088	Internet prints & library photocopying	- 35.20< -	386.00		Primarily downloaded manuscripts.
092	Van maintenance	- 57.09< -	626.00		
097	Road tax	- 60.55< -	664.00		Scanning unit.
100/1	Heating & electricity	- 297.22< -	3,259.20		
Outlay carried over		-13,629.59			

Code	Category	GBP	DKK	EUR0	Notes
	Outlay brought forward	-13,629.59			
110	Literature	- 103.51<	- 1,135.05		
		- 6.78<	-	10.00	

		- 110.29			
112	Advertising	- 39.95			Website
130	Scientific equipment	- 18.24<	- 200.00		
141	Modelling materials	- 1,026.74<	-11,258.76		Cardboard shredder
150	Storage boxes	- 51.66<	- 566.50		

	OUTLAY	-14,876.47			

	INCOME	+12,519.93			
	OUTLAY	-14,876.47			

		- 2,356.54			
	Moms last quarter	- 87.55<	- 960.00		
	due 2005				

		- 2,444.09			
		=====			
	PAYE				
	Company tax on				
	written-down			0.00	
	taxable income				
	£ -1,913.59				

P. J. Laval

16th August 2005

Closing balance 31.12.2004

Exchange rate 2004: DKK 10.9655; EURO 1.474

ASSETS

Bank accounts

Company account:

Sparekassen Thy, Store Torv 1, DKK 27,173.94 > GBP 2,478.13
DK-7700 Thisted, Denmark

Share holding in private account

HSBC plc, 92 Kensington High Street,
Kensington, London W8 4SH 100.00

TOTAL BANK HOLDING £ 2,578.13

Invoice payment outstanding DKK 12,686.98 < £ 1,156.99Machinery writing-down pool

Code 091 £ 801.06

Code 095 385.61

Code 132 1,175.56

TOTAL POOL £ 4,199.50

TOTAL ASSETS £ 12,674.88

LIABILITIES

Moms payment outstandingMoms last quarter DKK 960.00 > £ 87.55
(Paid 2005)

Invoice payment outstanding 0.00

TOTAL CREDIT OUTSTANDING £ 150.14

Company tax & PAYE

0.00

Director's loan to company

Sterling £ -602.00

Danish crowns Kr. -33,343.13 > -3,101.72

DIRECTOR'S TOTAL CREDIT £ -3,703.72

£ 12,674.88

-3,703.72

CLOSING BALANCE £ 8,971.16

16th August 2005

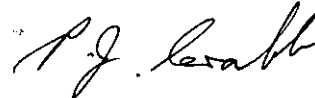
P.J. Crabb

Director

Audit exemption endorsement

- (a) For the year ended 31.12.2004 the company was entitled to exemption under section 249A(1) of the Companies Act 1985.
- (b) Members have not required the company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985.
- (c) The director acknowledges his responsibility for:
 - (i) ensuring the company keeps accounting records which comply with section 221; and
 - (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of its profit or loss for the financial year, in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.
- (d) The accounts have been prepared in accordance with the special provisions in Part VII of the Companies Act 1985 relating to small companies.

16th August 2005



P.J. Crabb
Director