

Scarab Resources Ltd

Incorporated in England & Wales as Company No. 4644306

Managing director: P.J. Crabb

Registered office: Dalton House, 60 Windsor Avenue, London SW19 2RR

e-mail: scarab@webhiker.dk

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

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

20th October, 2006/signed 13th October 2006

Company account for the accounting year 1 Jan.-31 Dec. 2005
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. Most 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 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, most client institutions are situated in Scandinavia, most services are provided in the same area and U.K. banks consistently refuse to harbour a business account.
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.
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 account, UK private account, Danish private account, French 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 on demand
9. Income is shown for the year in which work is billed. There is for major publications an extremely and increasingly 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 2005 – Third year of trading:

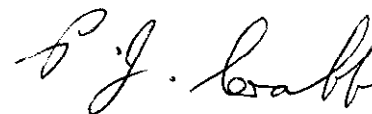
10. It should be remarked that demand for the company's services fluctuates enormously, especially as individual tasks can be very extensive (years of work) and are subject to (usually Danish) Government grant policy. The company has, however, high expectations of the retreat Le Gondal that is in process of establishment in the South of France (see point 3 above).

Investment has been moderate in the third year of trading, in accordance with reduced income. Investment is necessarily tailored to income, but to a high degree to the director's ability to lend it cash surplus to his income from a modest retirement pension.

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. "Latency" (see 9) is becoming an increasingly serious problem. Not only does it affect liquidity and investment, but it also curtails activity in other fields than translation/book production. There is now virtually no relation whatsoever between work and income.

20th October/13th November 2006



P.J. Crabb
Director

Cd de	Category	GBP	DKK	EURO	Notes
001	Publication income	412.82 4,707.91<	51,186.33		Translation, linguistic revision, scanning, lay-out and make-up.
		<u>5,120.73</u>			
007	Bank interest	3.82<	41.52		Company account, Denmark
	INCOME	<u>5,124.55</u> =====			
010	Value added tax - MOMS - Denmark	458.13<	4,981.00		SE-no. 12 09 67 20. 25% of net income.
012	Bank fees	16.00<	174.00		Check, transfer and dispensing fees.
021	Director's emolument gross	83.12<	903.71		
040	Company annual fee	15.00			
051	Office equipment	87.60<	952.40		Calculators, waste-paper baskets, clips, clock, scales, lamp armatures, cotton gloves
052	Stationery	434.76< 3.02<	4,726.86	4.41	Consumables: paper, toner, plastic pockets and bags, ring-binders and clipboards, pens, ink, etc.
	<u>437.78</u>				
	Outlay carried over	1,097.63			

C o u n t	Category	GBP	DKK	EURO	Notes
Outlay brought forward		1,097.63			
060	IT	1,297.67<	14,108.77		Storage devices, cables, colour laser printer
061	Computer programmes	218.61<	2,376.81		Pagemaker 7
062	Computer repairs	10.14<	110.21		
063	Electrical parts	194.43<	2,113.90		Bulbs, cables, batteries, velcro
070	Tools	45.89<	498.95		Sack truck
071	Conditioners	51.08<	555.50		Paint
080	Fares	94.60 797.09< 1.92<	8,666.26	2.80	From office for scanning, meetings, consultancy, Internet, posting, library visits, Le Gondal planning (see Introduction, 3), etc.
		893.61			
081	Travel expenses	138.50 200.03< 23.77<	2,174.80	34.68	Documentation by receipt.
		362.30			
082	Representation	30.26<	329.00		
		4,201.62			
Outlay carried over		4,201.62			

IR exchange rates - average of 12 months 1st Jan - 31st Dec 2005: DKK 10.8724; EURO 1.4592

C o d e	Category	GBP	DKK	EURO	Notes
Outlay brought forward		4,201.62			
083	Postage	84.34< 11.75<	917.00	17.15	Corrected manuscripts.
		96.09			
084	Mail forwarding	200.00			
086	Business 'phone calls, fax	181.28<	1,971.00		Number, client and price logged.
087	Internet access	3.68< 5.48<	40.00	8.00	Libraries (free) and Internet cafés.
		9.16			
088	Internet prints & library photocopying	27.04<	294.00		Downloaded manuscripts & product info.
092	Vehicle maintenance	7.81<	84.95		Battery meter, tyre meter.
097	Road tax	61.07<	664.00		
100-1	Heating/electricity	513.07<	5,547.68		
110	Literature	68.75<	747.50		Flora, French dictionary.
130	Scientific equipment	60.00			Field microscope.
		5,425.89			
	Outlay carried over	5,425.89			

IR exchange rates - average of 12 months 1st Jan - 31st Dec 2005: DKK 10.8724; EURO 1.4592

Code	Category	GBP	DKK	EURO	Notes
	Outlay brought forward	5,425.89			
132	Surveying equipment	3.59<	39.00		Tape measure.
150	Storage boxes	13.61<	148.00		Aluminium storage boxes.
	OUTLAY	<u>5,443.09</u>			
		=====			
	INCOME	<u>5,120.73</u>			
	OUTLAY	<u>5,443.89</u>			
	RESULT	<u>- 323.16</u>			
		=====			

IR exchange rates - average of 12 months 1st Jan - 31st Dec 2005: DKK 10.8724; EURO 1.4592

Co Re	Category	GBP	DKK	EURO	Notes
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Cash in hand primo

January	500.00
Debitors	0
Stock	4,590.27
Bank	4,816.11

Total current assets 9,583.22

Creditors: amounts due within one year (MOMS) 995.00

Net current assets Creditors due after one year (director) 1,645.14

Total net assets 7.266.24
Called up share capital 100.00

7,166.24

	Note	£	£	£
<u>Fixed assets</u>				
Tangible		0		0
				<u>0</u>
<u>Current assets</u>				
Debtors		0		
Stock	1	4,590.27		1,413.80
Cash in bank and in hand	2	5,316.11		3,909.58
				<u>4,478.13</u>
Total current assets		<u>9,906.38</u>		<u>9,801.51</u>
<u>Creditors: amounts falling due within one year</u>		(995.00)		(913.58)
Net Current Assets			8,911.38	8,887.93
Total assets less current liabilities			<u>8,911.38</u>	<u>8,887.93</u>
Creditors due after more than one year			1,645,14	2,000.00
Provisions for Liabilities and Charges			0	0
Total Net Assets			<u>7,266.24</u>	<u>6,887,93</u>
Capital and Reserves				
Profit and loss account			7,166.24	6,787.93
Called up Share capital			100.00	100.00
<u>Shareholders' funds</u>			<u>7,266.24</u>	<u>6,887.93</u>

NOTES

1. "Stock" is here considered equivalent to written-down equipment.
2. The company is compelled to use the director's private UK account for sterling holdings in that the UK banks will not allow it to open a company account.

Audit exemption endorsement

- (a) For the year ended 31.12.2005 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 less 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.

20th October 2005/12th January 2007



P.J. Crabb
Director