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Company Registration No. SC080167

AARDVARK CLEAR MINE LIMITED

Report & Financial Statements

31 March 2008



Aardvark Clear Mine Limited

The directors submit their report and financial statements for the 17 month period ended 31 March 2008

Results and dividends

The profit for the period, after taxation, amounted to £436,697 (2006: Loss £13,234). The Directors do not propose the payment of a dividend.

Principal activity and review of the business

The company's principal activity during the year was the sales and marketing of the Aardvark Joint Service Flail Unit.

During the period, the ultimate parent Aardvark Holdings Limited was purchased by Penman Engineering Holdings Limited.

There have been no events since the Balance Sheet date which materially affect the company.

Directors and their interests

The directors of the company during the period were:

B S Findlay (appointed 18 December 2007)
A E Smith (appointed 18 December 2007)
A Rodgers (appointed 18 December 2007)
W A Faerstrand (appointed 18 December 2007)
D Sadler (resigned 18 December 2007)
J Bellchamber (resigned 18 December 2007)

The company is a wholly owned subsidiary of Penman Engineering Holdings Ltd. The Directors and their interests in the share capital of that company are shown in its Report and Accounts.

Directors' Indemnity

The company directors have been indemnified by the company against any costs incurred by them in defending any proceedings brought against them arising out of their positions as directors.

Aardvark Clear Mine Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial period. 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). 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 directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent, and
- 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 proper accounting records that 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 1985. 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.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP were appointed as auditors during the period and have expressed their willingness to continue in office.

A resolution to re-appoint them as the Company's auditors will be put to the forthcoming Annual General Meeting.

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

By order of the Board



A Rodgers – Secretary
11 February 2009

Aardvark Clear Mine Limited

Independent Auditors' Report to the Members of Aardvark Clear Mine Limited

We have audited the financial statements of Aardvark Clearmine Limited for the period ended 31 March 2008 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are 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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also 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 directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 judgments made by the directors 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

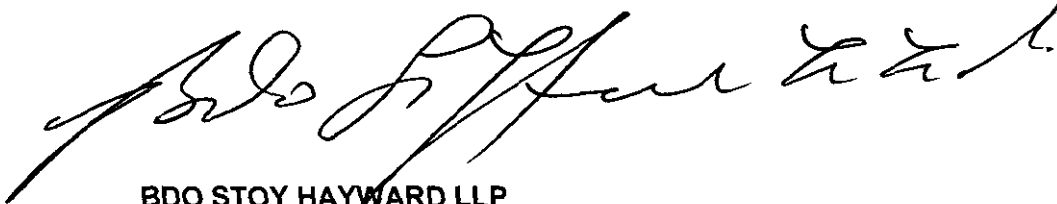
Aardvark Clear Mine Limited

evaluated the overall adequacy of the presentation of information in the financial statements.

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 31 March 2008 and of its profit for the period then ended;
- The financial statements have been properly prepared in accordance with the Companies Act 1985; and
- The information given in the directors' report is consistent with the financial statements.



BDO STOY HAYWARD LLP

Chartered Accountants and Registered Auditors
Glasgow

11 February 2009

Aardvark Clear Mine Limited

Profit & Loss Account
Period ended 31 March 2008

		17 Months Ended 31 March	12 Months Ended 31 October
		2008	2006
	Note	£	£
Turnover	2	5,096,621	1,591,381
Cost of sales		<u>(3,167,401)</u>	<u>(939,514)</u>
Gross Profit		1,929,220	651,867
Administrative expenses		<u>(1,338,375)</u>	<u>(667,021)</u>
Operating profit / (loss)	4	590,845	(15,154)
Interest receivable		29,727	2,307
Interest payable		(5,338)	-
Profit / (loss) on ordinary activities before tax		<u>615,234</u>	<u>(12,847)</u>
Tax on profit/(loss) on ordinary activities	5	178,537	(387)
Profit/(loss) for the financial period	12	<u>436,697</u>	<u>(13,234)</u>

All amounts relate to continuing activities. There are no recognised gains or losses for the current or preceding financial period other than as included in the profit and loss account. Accordingly, no Statement of Total Recognised Gains and Losses is presented.

Aardvark Clear Mine Limited

Balance Sheet
At 31 March 2008

	Note	2008 £	2006 £
Fixed assets			
Tangible assets	6	48,525	68,105
Investments	7	<u>603</u>	<u>603</u>
		49,128	68,708
Current assets			
Stocks	8	869,249	1,031,711
Debtors	9	1,830,848	754,150
Cash at bank and in hand		<u>94,672</u>	<u>486,519</u>
		2,794,769	2,272,380
Creditors: amounts falling due within one period	10	<u>(1,492,800)</u>	<u>(1,426,688)</u>
Net current assets		<u>1,301,969</u>	<u>845,692</u>
Net assets		<u>1,351,097</u>	<u>914,400</u>
Capital and reserves			
Called up share capital	11	100	100
Profit and loss account	12	<u>1,350,997</u>	<u>914,300</u>
Total equity shareholders' funds	13	<u>1,351,097</u>	<u>914,400</u>

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

These financial statements were approved by the Board of Directors and authorised for issue on 10 February 2009

Signed on behalf of the Board of Directors


Bryan S Findlay


Anthony Rodgers

Aardvark Clear Mine Limited

Notes to the financial statements Period ended 31 March 2008

1. Accounting Policies

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the current and preceding financial period.

Accounting Convention

The financial statements are prepared under the historical cost convention.

Cash Flow Statement

The Company has taken advantage of the exemption conferred by the Financial Reporting Standard 1 "Cash Flow Statements (Revised 1996)" not to prepare a Cash Flow Statement on the grounds that it is a "small" company under the Companies Act 1985.

Tangible Fixed Assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on cost less residual value in equal annual instalments over the estimated useful lives of the assets. The annual rates of depreciation are as follows:

	% per annum
Heritable buildings	5
Property improvements	25
Plant and machinery	25
Office equipment	25

No depreciation is charged on heritable land

Investments

Fixed asset investments are shown at cost less provision for impairment.

Notes to the Financial Statements
Period Ended 31 March 2008

1. Accounting Policies (continued)

Stocks and Work in Progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost comprises the cost of materials and sub contractor costs. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Long Term Contracts

Profit on long term contracts is recognised as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit recorded is calculated on a prudent basis to reflect the proportion of the work carried out at the period end by recording turnover and related costs as contract activity progresses. Turnover is calculated on the basis of sales value of work performed by reference to the total sales value and stage of completion of these contracts. Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of work performed less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account. Full provision is made for losses on all contracts in the period in which they are foreseen.

Taxation

Current tax, comprising UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date, to pay more tax, or a right to pay less tax, at a future date at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2. Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and VAT.

Aardvark Clear Mine Limited

Notes to the Financial Statements
Period Ended 31 March 2008

2. Turnover (continued)

An analysis of turnover by class of business and geographical location is not presented as, in the opinion of the Directors; such disclosure could be prejudicial to the best interest of the company.

3. Information Regarding Directors and Employees

	2008 £	2006 £
Directors' remuneration		
Emoluments	<u>203,821</u>	<u>120,000</u>
Staff costs during the period (including directors)		
Wages and salaries	666,011	367,394
Social security costs	<u>72,025</u>	<u>39,741</u>
	<u>738,036</u>	<u>407,135</u>
	No.	No.
Average number of persons employed		
Distribution & manufacture	8	8
Administration	<u>3</u>	<u>3</u>
	<u>11</u>	<u>11</u>

4. Operating (loss)/profit

	2008 £	2006 £
Operating profit / (loss) is after charging:		
Depreciation	21,793	21,647
Auditors' remuneration	5,000	9,000
Profit on disposal of fixed assets	2,813	-

Aardvark Clear Mine Limited

Notes to the Financial Statements
Period Ended 31 March 2008

5. Tax on (loss)/profit on ordinary activities

	2008 £	2006 £
United Kingdom corporation tax	177,217	363
Adjustment in respect of prior periods	<u>1,320</u>	<u>24</u>
Tax on profit on ordinary activities	<u>178,537</u>	<u>387</u>

The standard rate of corporation tax for the period, based on the UK rate of corporation tax is 30% (2006 30%). The actual tax charge for the current period and the previous period differs from the standard rate for the reasons set out in the following reconciliations.

	2008 £	2006 £
Reconciliation of current tax		
Profit/(loss) on ordinary activities before taxation	<u>615,234</u>	<u>(12,847)</u>
Tax on profit/(loss) on ordinary activities at standard rate of corporation tax in the UK of 30%	184,570	(3,854)
Factors affecting charge for the period		
Expenses not deductible for tax purposes	3,465	1,417
Capital allowances in excess of depreciation	(2,036)	3,414
Marginal relief	(8,782)	(614)
Prior period adjustments	<u>1,320</u>	<u>24</u>
Total actual amount of current tax	<u>178,537</u>	<u>387</u>

Aardvark Clear Mine Limited

Notes to the Financial Statements
Period Ended 31 March 2008

6. Tangible Fixed Assets

	Heritable Land & Buildings £	Property Improve- ments £	Plant & Machinery £	Office Equipment £	Total £
Cost					
At 1 November 2006	40,500	61,788	166,715	146,697	415,700
Disposals	—	—	(55,850)	—	(55,850)
Additions	—	—	14,400	—	14,400
At 31 March 2008	<u>40,500</u>	<u>61,788</u>	<u>125,265</u>	<u>146,697</u>	<u>374,250</u>
Accumulated depreciation					
At 1 November 2006	3,500	61,788	141,621	140,686	347,595
Disposals	—	—	(43,663)	—	(43,663)
Charge in period	708	—	15,074	6,011	21,793
At 31 March 2008	<u>4,208</u>	<u>61,788</u>	<u>113,032</u>	<u>146,697</u>	<u>325,725</u>
Net book value					
At 31 March 2008	<u>36,292</u>	<u>—</u>	<u>12,233</u>	<u>—</u>	<u>48,525</u>
At 31 October 2006	<u>37,000</u>	<u>—</u>	<u>25,094</u>	<u>6,011</u>	<u>68,105</u>

Heritable land and buildings includes land which is not depreciated amounting to £30,500 (2006: £30,500).

The heritable land and buildings shown on the accounts at £37k have, in the opinion of the directors, a market value of approx £ 70,000 in excess of the book value.

Aardvark Clear Mine Limited

Notes to the Financial Statements Period Ended 31 March 2008

7. Investments Held as Fixed Assets

	Shares in Subsidiary £
Cost & net book value	
At 31 October 2006 and 31 March 2008	<u>603</u>

The following is a subsidiary undertaking of Aardvark Clear Mine Limited

	Proportion of ordinary shares held	Activity	Country of registration
Aardvark Landmine Clearance Incorporated	100%	Landmine Clearance	USA

The un-audited financial statements of Aardvark Landmine Clearance Inc at 31 March 2008 show that the company equity shareholders' funds of \$7,755 and has recognised a loss for the financial period of \$ 1,487

8. Stocks

	2008 £	2006 £
Raw materials and consumables	116,454	67,455
Work in progress	339,957	737,079
Finished goods	100,000	227,177
Payments on account	<u>312,838</u>	<u>-</u>
	<u>869,249</u>	<u>1,031,177</u>

Aardvark Clear Mine Limited

Notes to the Financial Statements
Period Ended 31 March 2008

9. Debtors

	2008 £	2006 £
Trade debtors	575,729	180,875
Amounts owed by ultimate parent company	1,216,191	488,813
Other debtors	22,568	24,960
Prepayments and accrued income	10,860	58,802
Corporation tax	-	700
Withholding tax	5,500	-
	<u>1,830,848</u>	<u>754,150</u>

10. Creditors: amounts falling due within one period

	2008 £	2006 £
Bank overdraft	38,064	-
Trade creditors	152,849	235,346
Amounts owed to other group companies	689,920	846,781
Other taxes and social security	10,823	20,889
Accruals and deferred income	423,927	323,672
Corporation tax	177,217	-
	<u>1,492,800</u>	<u>1,426,688</u>

Bank of Scotland holds a charge over the assets of the company as security for any borrowings which may arise; cross guarantees are in place with group companies.

11. Called Up Share Capital

	2008 £	2006 £
Authorised:		
10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Called up, allotted and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

Aardvark Clear Mine Limited

Notes to the Financial Statements Period Ended 31 March 2008

12. Profit and Loss Account

	2008 £	2006 £
Balance at 1 November	914,300	927,534
Profit / (Loss) for the financial period	<u>436,697</u>	<u>(13,234)</u>
Balance at 31 March and 31 October	<u>1,350,997</u>	<u>914,300</u>

13. Reconciliation of Movements in Equity Shareholders' Funds

	2008 £	2006 £
Profit / (Loss) for the financial period	436,697	(13,234)
Opening equity shareholders' funds	<u>914,400</u>	<u>927,634</u>
Closing equity shareholders' funds	<u>1,351,097</u>	<u>914,400</u>

14. Ultimate Parent Company

The company's immediate parent company is Aardvark (UK) Limited.

The ultimate parent company is Penman Engineering Holdings Limited, a private company registered in Scotland. Financial statements of the ultimate parent company can be obtained from Heathhall Dumfries.

Aardvark Holdings Limited is exempt from preparing consolidated financial statements under the provisions of Section 248 of the Companies Act 1985 by virtue of the fact that the company is the parent of a medium sized group.

15. Related Party Transactions

The company did not trade with Aardvark Holdings Limited during the period. The balance outstanding at the period end due to Aardvark Holdings Limited was £110,083 (2006: owed from £488,813).

The company did not trade with Aardvark (UK) during the period. The balance outstanding at period end to Aardvark (UK) Limited was £247,885 (2006 £846,781).

The Company did not trade with Penman Engineering Holdings Limited but had a balance due from them of £1,216,191.

Aardvark Clear Mine Limited

**Notes to the Financial Statements
Period Ended 31 March 2008**

15. Related Party Transactions (Cont'd)

The Company did not trade with Penman Engineering Ltd but had a balance outstanding due to them of £331,953.