

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

Company No: 110121

FINANCIAL STATEMENTS

- for the year ended -

31 MARCH 1997

MORRIS & YOUNG , CHARTERED ACCOUNTANTS & REGISTERED AUDITORS
6 Atholl Crescent
PERTH, PH1 5JN



BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

DIRECTORS

R Briggs
W F Forbes
R B Middleton FNI
D E Grant FCCA
N W F McArthur

SECRETARY

D E Grant FCCA

REGISTERED OFFICE

West Dock
Burntisland
FIFE
KY3 9AH

AUDITORS

Morris & Young
Chartered Accountants & Registered Auditors
6 Atholl Crescent
PERTH
PH1 5JN

PRINCIPAL BANKERS

Clydesdale Bank plc
238 Union Street
ABERDEEN
AB1 1TS

REGISTERED IN SCOTLAND

Company No. 110121

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

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BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 1997.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company provides pollution control and consultancy services.

The Directors are satisfied with the Company's results and anticipate making further progress in the present year.

DIVIDEND AND TRANSFER TO RESERVES

The directors do not recommend payment of a dividend.

It is proposed that the retained profit of £190,484 is transferred to reserves.

FIXED ASSETS

The movements in fixed assets during the year are set out in note 7 to the financial statements.

SHARE CAPITAL

The Company is a wholly owned subsidiary of Briggs Commercial Limited.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as stated below.

R Briggs
W F Forbes
R B Middleton FNI
D E Grant FCCA
N W F McArthur
A D D MacCrae

The interests of the directors in the Holding Company, Briggs Commercial Limited are disclosed in that Company's accounts.

A D D MacCrae resigned from the board on 1 December 1996. The directors are pleased to welcome N McArthur to the board on 1 November 1996.

There were no rights to subscribe for shares in the company or the group granted or exercised during the year.

CLOSE COMPANY

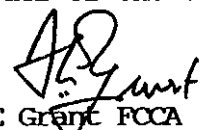
The company is a close company as defined by the Income and Corporation Taxes Act 1988.

AUDITORS

The auditors, Morris & Young, Chartered Accountants & Registered Auditors, are willing to be re-appointed in accordance with section 385 of the Companies Act 1985.

By Order of the Board

Date: 8 December 1997


D E Grant FCCA
Secretary

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to (a) select suitable accounting policies and then apply them consistently, (b) make judgements and estimates that are reasonable and prudent, (c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and (d) 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 which disclose with reasonable accuracy at any time the financial position of the company and to 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.

Report of the auditors to the members of Briggs Marine Environmental Services Limited

We have audited the financial statements on pages 3 to 14, which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described above the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion based on our audit of those financial statements and to report our opinion to you.

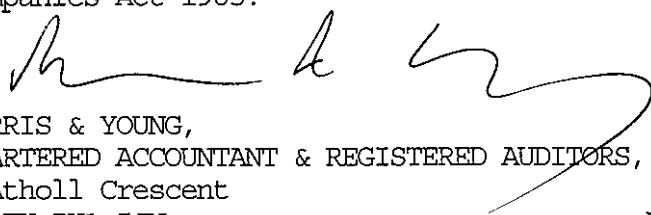
Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



MORRIS & YOUNG,
CHARTERED ACCOUNTANT & REGISTERED AUDITORS,
6 Atholl Crescent
PERTH PH1 5JN

Date : 21 January 1998

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1997

	Notes	1997 £	1996 £
TURNOVER		6,249,107	5,273,249
Cost of sales		(3,240,920)	(3,064,325)
GROSS PROFIT		3,008,187	2,208,924
Administrative expenses		(2,744,950)	(2,150,786)
		263,237	58,138
Other operating income		27,759	39,437
OPERATING PROFIT BEFORE INTEREST	2	290,996	97,575
Interest receivable		106	-
Interest payable	3	(9,674)	(10,801)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		281,428	86,774
Tax on profit on ordinary activities	6	(90,944)	(28,531)
PROFIT FOR THE FINANCIAL YEAR	12	190,484	58,243

The notes on pages 7 to 14 form part of these financial statements.

The Company has made no recognised gains or losses in 1997 or 1996 other than the profit for the year.

The company's turnover and expenses all relate to continuing operations.

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

BALANCE SHEET AT 31 MARCH 1997

	Notes	£	1997 £	£	1996 £
FIXED ASSETS					
Tangible assets	7		218,975		43,355
CURRENT ASSETS					
Stocks	8	375,759		354,247	
Debtors	9	1,751,344		1,272,877	
Cash at bank and in hand		15,658		3,553,010	
			<u>2,142,761</u>	<u>5,180,134</u>	
CREDITORS: Amounts falling due within one year	10	(1,404,755)		(4,456,992)	
NET CURRENT ASSETS			738,006		723,142
			<u>£ 956,981</u>		<u>£766,497</u>
SHAREHOLDERS FUNDS					
Called up share capital	11		10,000		10,000
Profit and loss account	12		946,981		756,497
			<u>£ 956,981</u>		<u>£766,497</u>

The financial statements were approved
by the board on 8 December 1997 and
signed on its behalf by

.....  D E Grant - Director

The notes on pages 7 to 14 form part of these financial statements.

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 1997

	1997		1996	
	£	£	£	£
Net cash flow from operating activities (note a)		(3,319,178)		1,505,145
Returns on investments and servicing of finance				
Interest received	106		-	
Interest paid	(9,127)		(9,973)	
Interest element of finance lease rental payments	(547)		(828)	
Net cash outflow from returns on investments and servicing of finance		(9,568)		(10,801)
Taxation				
UK Corporation tax paid	(24,194)		(3,365)	
Overseas tax paid	(51,026)		-	
Tax paid		(75,220)		(3,365)
Capital Expenditure				
Purchase of tangible fixed assets	(197,788)		(8,810)	
Net cash outflow from capital expenditure		(197,788)		(8,810)
Increase/(decrease) in cash and equivalents		(3,601,754)		1,482,169
Reconciliation of net cash flow to movement in net debt				
Increase/(decrease) in cash in the period		(3,601,754)		1,482,169
Movement in net debt in the period		(3,601,754)		1,482,169
Net debt at 1 April 1996		3,553,010		2,070,841
Net debt at 31 March 1997		48,744		3,553,010

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 1997**

(a) RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1997	1996
	£	£
Operating (loss)/profit	290,996	97,575
Depreciation charges	22,169	6,710
Loss on sale of tangible fixed assets	-	-
(Increase)/decrease in stock	(21,512)	(162,878)
(Increase)/decrease in debtors	(478,467)	(461,260)
Increase/(decrease) in creditors	(3,132,364)	2,024,998
Net cash inflow/(outflow) from operations	£ (3,319,178)	£ 1,505,145

(b) ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	1997	1996
	£	£
Balance at 1 April 1996	3,553,010	2,070,841
Net cash inflow / (outflow)	(3,601,754)	1,482,169
Balance at 31 March 1997	£ (48,744)	£ 3,553,010

(c) ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	1997	1996	1997 Change in year	1996 Change in year
	£	£	£	£
Cash at bank and in hand	15,658	3,553,010	(3,537,352)	1,482,169
Bank overdrafts	64,402	-	64,402	-
£ (48,744)	£ 3,553,010	£ (3,601,754)	£ 1,482,169	

(d) ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 1996	Cash Flows	Other Changes	At 31 March 1997
	£	£	£	£
Cash at bank and in hand	3,553,010	(3,537,352)	-	15,658
Bank overdrafts	-	64,402	-	64,402
Total	3,553,010	(3,601,754)	-	(48,744)

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention and are in accordance with applicable accounting standards.

1.2 TURNOVER

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

1.3 DEPRECIATION

Depreciation is provided using the following rates and bases to reduce by annual instalments the cost of the tangible assets over their estimated useful lives:-

Freehold buildings	Straight line over fifty years
Vessels and marine equipment	10% Reducing balance
Furniture & Equipment	15% Reducing balance
Motor vehicles	25% Reducing balance

No depreciation is provided on freehold buildings as it is the company's policy to maintain these so as to extend their useful lives.

1.4 STOCK

Stock and work in progress are valued at the lower of cost and estimated net realisable value.

1.5 DEFERRED TAXATION

Deferred taxation is provided where there is a reasonable probability of the amount becoming payable in the foreseeable future.

1.6 FOREIGN EXCHANGE

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the profit and loss account.

1.7 DEFERRED INCOME

Deferred income is calculated by taking a pro rated proportion of the known charter income reduction for the year to 31 December 1997 at the date of the signing of these accounts.

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997

1.8 PENSIONS

Pension contributions are charged to the profit and loss account so as to spread the cost of the pensions over the employees' working lives with the Company. These contributions are invested separately from the Company's assets.

2. OPERATING PROFIT	1997 £	1996 £
The operating profit is stated after charging:-		
Depreciation	22,169	6,710
Auditors' remuneration	3,000	3,000
Hire of equipment	33,961	9,330
Loss on foreign currencies	11,902	-
and after crediting:-		
Rents receivable	27,759	39,437

3. INTEREST PAYABLE AND SIMILAR CHARGES	1997 £	1996 £
On bank loans and overdrafts and on loans repayable in full within five years	9,127	9,973
Finance charges	547	828
	<u>£ 9,674</u>	<u>£10,801</u>

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997

4. DIRECTORS AND EMPLOYEES	1997	1996
	£	£
Staff costs:-		
Wages and salaries	1,216,575	786,230
Social security costs	121,306	75,292
Other pension costs	20,216	13,364
	<u>1,358,097</u>	<u>874,886</u>
The average weekly number of employees during the year were made up as follows:	Number	Number
Production & sales	42	56
Management & administration	12	14
	<u>54</u>	<u>70</u>
	£	£
Directors' emoluments:-		
Remuneration (incl. pension contributions)	196,710	202,957
	<u>£ 196,710</u>	<u>£ 202,957</u>
The division of directors' emoluments, excluding pension contributions, is as follows:-		
Highest paid director	<u>£ 51,266</u>	<u>£ 46,500</u>
Other directors' remuneration fell within the following ranges:	Number	Number
£Nil - £5,000	1	-
£20,001 - £25,000	1	-
£25,001 - £30,000	2	-
£40,001 - £45,000	-	1
£45,001 - £50,000	-	1
£50,001 - £55,000	1	1

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997

5. PENSION COSTS

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £20,216.

The Company also operates a pension scheme providing benefits based on final pensionable pay through the Merchant Navy Officers Pension Fund. The assets of the scheme are held separately from those of the Company. Contributions to the scheme are charged to the Profit and Loss Account so as to spread the cost of pensions over employees' working lives with the Company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was as at 31 March, 1990. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 9% per annum, the salary increases would average 7% per annum and that present and future pensions would increase at the rate of 3.25% per annum.

The most recent actuarial valuation of the Merchant Navy Officers Pension Fund showed that the market value of the scheme's assets was £816.7m and that the actuarial valuation of those assets represented 116% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contributions of the Company and employees will remain at 6.9% and 4.7% of earnings respectively.

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997

6.	TAX ON PROFIT ON ORDINARY ACTIVITIES	1997 £	1996 £
	The taxation charge based on the profit before tax comprises:-		
	U.K. corporation tax at 33% (1996 - 33%)	90,944	29,135
	Less: Relief for overseas taxation	51,026	-
		39,918	29,135
	Adjustment in respect of prior years	-	(604)
		£ 39,918	£ 28,531

7. TANGIBLE FIXED ASSETS

<u>Cost</u>	Beginning of year £	Additions £	Disposals £	End of year £
Properties:				
Freehold	-	39,611	-	39,611
Long leasehold	2,000	-	-	2,000
Vessels and marine equipment	-	108,410	-	108,410
Furniture & equipment	71,829	40,684	-	112,513
Motor vehicles	-	9,083	-	9,083
	73,829	197,788	-	271,617
<u>Depreciation</u>	Beginning of year £	Charge for year £	On disposals £	End of year £
Freehold Property	-	111	-	111
Vessels and marine equipment	-	10,841	-	10,841
Furniture & equipment	30,473	8,946	-	39,419
Motor vehicles	-	2,271	-	2,271
	30,473	22,169	-	52,642
	Beginning of year			End of year
<u>Total net book values</u>	£ 43,356			£ 218,975

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997

8. STOCKS	1997	1996
	£	£
Goods for resale	115,818	61,752
Fuel & lubes	15,892	37,684
Vessel maintenance stock	26,815	30,237
Sundry stock	1,777	1,177
Work in progress	215,457	223,397
	<u>£375,759</u>	<u>£354,247</u>
9. DEBTORS	1997	1996
	£	£
Trade debtors	558,751	1,068,190
Amounts due to Briggs Marine Contractors Ltd	208,921	114,030
Other debtors & prepayments	210,564	71,996
Amounts owed by Briggs Commercial Ltd	763,561	-
Malaysia	9,547	18,661
	<u>£1,751,344</u>	<u>£1,272,877</u>
10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	1997	1996
	£	£
Bank loans and overdrafts	64,402	-
Trade creditors	144,806	425,627
Amounts due to Briggs Commercial Limited	-	2,767,798
Amounts due to Briggs Shipping Limited	24,017	23,886
Amounts owed to Alba International Ltd	149,465	55,949
Corporation tax	39,918	29,135
Other taxes and social security costs	33,010	46,062
Due to Customs & Excise	54,686	131,912
Pensions	1,075	1,026
Deferred income	25,463	70,453
Sundry creditors	585,269	453,903
Accruals	282,644	451,241
	<u>£1,404,755</u>	<u>£4,456,992</u>

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997

11. SHARE CAPITAL	1997 £	1996 £
Authorised		
10,000 Ordinary shares of £1 each	10,000	10,000
	<u>£10,000</u>	<u>£10,000</u>
Allotted, called up and fully paid		
10,000 Ordinary shares of £1 each	10,000	10,000
	<u>£10,000</u>	<u>£10,000</u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital £	Profit & Loss Account £	Total Shareholders Funds £
Balance at 1 April 1995	10,000	698,254	708,254
Profit for the year	-	58,243	58,243
Dividends paid	-	-	-
	<u>10,000</u>	<u>756,497</u>	<u>766,497</u>
Balance at 31 March 1996	10,000	756,497	766,497
Profit for the year	-	190,484	190,484
Dividends paid & proposed	-	-	-
	<u>10,000</u>	<u>946,981</u>	<u>956,981</u>

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997

13. CONTINGENT LIABILITIES

The Company's bankers hold a bond and floating charge over the assets of the Company which also serves to guarantee the borrowings of the Holding Company, Briggs Commercial Limited and those of a fellow subsidiary, Briggs Marine Contractors Limited. There is also a cross guarantee from Briggs Marine Environmental Services Ltd on behalf of each company, without limit.

14. RELATED PARTY TRANSACTIONS

The company is exempt from disclosing the transactions with the other members of the group as it is a wholly owned subsidiary. Included in current liabilities is a loan from Briggs Shipping Limited, a company R Briggs, a director, is the majority shareholder of. Briggs Marine Environmental Services Limited received £131 from HM Customs & Excise on behalf of Briggs Shipping Limited during the year. This transaction has been entered in a loan account with the balance being due to Briggs Shipping Limited at the year end £24,017. There is no interest to be charged on this loan and it is repayable on demand.

The ultimate controlling company is Briggs Commercial Limited and the ultimate controlling party is Robin Briggs, the majority shareholder of Briggs Commercial Limited.

No provision has been made against any of the debts due from the related parties identified nor have any amounts been written off in the year in respect of debts due to or from the related parties.

15. ULTIMATE PARENT COMPANY

The ultimate parent company is Briggs Commercial Limited, a company registered in Scotland.