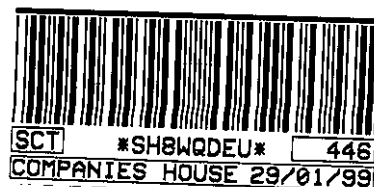


BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998

IAM.



BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

COMPANY INFORMATION

Directors

R Briggs
D E Grant
W F Forbes
R B Middleton
N W F McArthur
J McMurtrie

Secretary

D E Grant

Company number

SC110121

Registered office

West Dock
Burntisland
Fife
KY3 9AU

Auditors

Morris & Young
Chartered Accountants & Registered Auditors,
6 Atholl Crescent,
Perth.
PH1 5JN.

Business address

Leading Light Building
142 Sinclair Road, Torry
Aberdeen
AB11 9PR

Bankers

Clydesdale Bank
238 Union Street
Aberdeen
AB1 1TN

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

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BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1998

The directors present their report and financial statements for the year ended 31 March 1998.

Principal activities and review of the business

The principal activity of the company continued to be that of providing pollution control and consultancy services.

The directors are pleased with the company's results and anticipate making further progress in the present year.

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of an ordinary dividend.

It is proposed that the retained profit of £99,544 is transferred to reserves.

Market value of land and buildings

In the opinion of the directors the market value of land and buildings exceeds the current net book value.

Directors

The following directors have held office since 1 April 1997:

R Briggs
D E Grant
W F Forbes
R B Middleton
N W F McArthur
J McMurtrie

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	31 March 1998	1 April 1997
R Briggs	-	-
D E Grant	-	-
W F Forbes	-	-
R B Middleton	-	-
N W F McArthur	-	-
J McMurtrie	-	-

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

Taxation status

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1998

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.

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:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 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.

By order of the board



D E Grant

Director

28 January 1999

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

AUDITORS' REPORT

TO THE SHAREHOLDERS OF BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

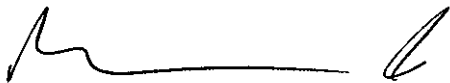
Basis of opinion

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 caused 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 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Morris & Young

28 January 1999

Chartered Accountants & Registered Auditors,
6 Atholl Crescent,
Perth.
PH1 5JN.

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1998

	Notes	1998 £	1997 £
Turnover	2	6,525,781	6,249,107
Cost of sales		(3,848,360)	(3,240,920)
Gross profit		2,677,421	3,008,187
Administrative expenses		(2,584,179)	(2,745,497)
Other operating income		12,426	27,759
Operating profit	3	105,668	290,449
Other interest receivable and similar income	4	-	106
Interest payable and similar charges	5	(4,356)	(9,127)
Profit on ordinary activities before taxation		101,312	281,428
Tax on profit on ordinary activities	6	(1,768)	(90,944)
Profit on ordinary activities after taxation	13	99,544	190,484

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

BALANCE SHEET AS AT 31 MARCH 1998

	Notes	1998 £	£	1997 £	£
Fixed assets					
Tangible assets	7		240,842		218,975
Current assets					
Stocks	8	242,828		375,759	
Debtors	9	2,361,841		1,751,344	
Cash at bank and in hand		51,199		15,658	
		<u>2,655,868</u>		<u>2,142,761</u>	
Creditors: amounts falling due within one year	10	<u>(1,840,185)</u>		<u>(1,404,755)</u>	
Net current assets			815,683		738,006
Total assets less current liabilities			<u>1,056,525</u>		<u>956,981</u>
Capital and reserves					
Called up share capital	12		10,000		10,000
Profit and loss account	13		1,046,525		946,981
Shareholders' funds - equity interests	14		<u>1,056,525</u>		<u>956,981</u>

The financial statements were approved by the Board on 28 January 1999


D E Grant
Director

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 1998

	1998 £	1997 £
Net cash inflow/(outflow) from operating activities	271,876	(3,314,832)
Returns on investments and servicing of finance		
Interest received	-	106
Interest paid	(4,356)	(9,127)
Net cash outflow for returns on investments and servicing of finance	(4,356)	(9,021)
Taxation	(114,394)	(80,161)
Capital expenditure		
Payments to acquire tangible assets	(52,107)	(197,788)
Net cash outflow for capital expenditure	(52,107)	(197,788)
Net cash inflow/(outflow) before management of liquid resources and financing	101,019	(3,601,802)
Increase/(decrease) in cash in the year	101,019	(3,601,802)

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 1998

1	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities			1998	1997
				£	£
	Operating profit			105,668	290,449
	Depreciation of tangible assets			30,241	22,169
	Decrease/(increase) in stocks			132,931	(21,512)
	Increase in debtors			(535,647)	(478,467)
	Increase/(decrease) in creditors within one year			538,683	(3,127,471)
	Net cash inflow/(outflow) from operating activities			271,876	(3,314,832)
2	Analysis of net funds/(debt)	1 April 1997	Cash flow	Other 31 March 1998	
				non-cash changes	
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	15,658	35,541		51,199
	Bank overdrafts	(64,402)	64,402		-
		<u>(48,744)</u>	<u>99,943</u>		<u>51,199</u>
	Debt:				
	Debts falling due within one year	(1,075)	1,075	-	-
	Net (debt)/funds	<u>(49,819)</u>	<u>101,018</u>	<u>-</u>	<u>51,199</u>
3	Reconciliation of net cash flow to movement in net funds/(debt)			1998	1997
				£	£
	Increase/(decrease) in cash in the year			99,943	(3,601,754)
	Cash outflow/(inflow) from decrease/(increase) in debt			1,075	(49)
	Movement in net funds/(debt) in the year			101,018	(3,601,803)
	Opening net (debt)/funds			(49,819)	3,551,984
	Closing net funds/(debt)			51,199	(49,819)

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	Straight line over fifty years
Land and buildings Leasehold	None
Vessels & marine equipment	10% Reducing balance
Fixtures, fittings & equipment	15% Reducing balance
Motor vehicles	25% Reducing balance

1.4 Stock and work in progress

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

1.5 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings. Any difference between the charge to the profit and loss account and the contributions paid to the scheme is shown as an asset or liability in the balance sheet.

1.6 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.7 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.8 Liquid resources

Included in liquid resources are current asset investments held as readily disposable stores of value. There has been no change in the definition of liquid resources during the year.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

3	Operating profit	1998	1997
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	30,241	22,169
		<u> </u>	<u> </u>
4	Other interest receivable and similar income	1998	1997
		£	£
	Bank interest	-	106
		<u> </u>	<u> </u>
5	Interest payable	1998	1997
		£	£
	On bank loans and overdrafts	-	155
	On other loans wholly repayable within 5 years	3,982	8,972
	On overdue tax	374	-
		<u> </u>	<u> </u>
		4,356	9,127
		<u> </u>	<u> </u>
6	Taxation	1998	1997
		£	£
	U.K. current year taxation		
	U.K. corporation tax at 31% (1997 - 33%)	-	90,944
	Prior years		
	U.K. Corporation tax	1,768	-
		<u> </u>	<u> </u>
		1,768	90,944
		<u> </u>	<u> </u>

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

7 Tangible fixed assets

	Land and buildings Freehold £	Land and buildings Leasehold £	Vessels & marine equipment £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost						
At 1 April 1997	39,611	2,000	108,410	112,513	9,083	271,617
Additions	-	-	-	52,107	-	52,107
At 31 March 1998	39,611	2,000	108,410	164,620	9,083	323,724
Depreciation						
At 1 April 1997	111	-	10,841	39,419	2,271	52,642
Charge for the year	-	-	9,757	18,780	1,703	30,240
At 31 March 1998	111	-	20,598	58,199	3,974	82,882
Net book value						
At 31 March 1998	39,500	2,000	87,812	106,421	5,109	240,842
At 31 March 1997	39,500	2,000	97,569	73,094	6,812	218,975

8 Stocks and work in progress

	1998 £	1997 £
Work in progress	67,121	215,457
Finished goods and goods for resale	175,707	160,302
	242,828	375,759

9 Debtors

	1998 £	1997 £
Trade debtors	1,479,852	558,751
Amounts owed by parent and fellow subsidiary undertakings	710,257	972,482
Corporation tax	74,850	-
Other debtors	96,882	220,111
	2,361,841	1,751,344

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

10 Creditors: amounts falling due within one year	1998 £	1997 £
Bank loans and overdrafts	-	64,402
Trade creditors	309,462	144,806
Amounts owed to parent and fellow subsidiary undertakings	58,498	149,465
Corporation tax	2,142	39,918
Other taxes and social security costs	83,476	87,696
Other creditors	1,200,756	610,361
Accruals and deferred income	185,851	308,107
	<u>1,840,185</u>	<u>1,404,755</u>
Debt due within one year	-	<u>1,075</u>

The bank overdraft is secured by means of a bond and floating charge over the assets of the company.

11 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 £ 22,996 (1997 £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 the employee's 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 at 31 March 1990. The assumption 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 1998

12 Share capital	1998 £	1997 £
Authorised		
10,000 Ordinary shares of £1 each	10,000	10,000
Allotted, called up and fully paid		
10,000 Ordinary shares of £1 each	10,000	10,000

13 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 1997	946,981
Retained profit for the year	99,544
Balance at 31 March 1998	1,046,525

14 Reconciliation of movements in shareholders' funds	1998 £	1997 £
Profit for the financial year	99,544	190,484
Opening shareholders' funds	956,981	766,497
Closing shareholders' funds	1,056,525	956,981

15 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 parent company Briggs Commercial Limited and the other members of the group. The bank also holds two performance bonds with a total value of £31,431 on behalf of the company and a tender bond of £408.

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

16 Directors' emoluments	1998 £	1997 £
Emoluments for qualifying services	213,746	181,532
Company pension contributions to money purchase schemes	15,056	15,178
	<u>228,802</u>	<u>196,710</u>

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	57,438	51,266
Company pension contributions to money purchase schemes	8,685	3,185
	<u>66,123</u>	<u>54,451</u>

17 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	1998 Number	1997 Number
Production & sales	54	42
Management & administration	10	12
	<u>64</u>	<u>54</u>

Employment costs

	£	£
Wages and salaries	1,650,371	1,411,757
Social security costs	150,437	121,306
Other pension costs	22,997	20,216
	<u>1,823,805</u>	<u>1,553,279</u>

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

18 Control

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

Briggs Commercial Limited prepares group financial statements and copies can be obtained from Companies House, 37 Castle Terrace, Edinburgh.

The ultimate controlling party is Robert Briggs, the majority shareholder of Briggs Commercial Limited.

19 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.

20 Millennium Compliance Disclosure

The directors are aware of their responsibilities in respect of Millennium Compliance and are in the process of ensuring that all of their relevant systems and those of key suppliers are Year 2000 Ready.