

Company Registration No. SC110121 (Scotland)

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002



BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

COMPANY INFORMATION

Directors	R Briggs D E Grant J McMurtrie A Cook (Appointed 1 February 2002) R C Briggs
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 2002

The directors present their report and financial statements for the year ended 31 March 2002.

Principal activities and review of the business

The principal activity of the company continued to be that of providing pollution control and consultancy services. After the year end the company has changed its name to Briggs Environmental Services Limited.

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.

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 2001:

R Briggs

D E Grant

J McMurtrie

A Cook

(Appointed 1 February 2002)

R C Briggs

Directors' interests

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

	Ordinary shares of £ 1 each	
	31 March 2002	1 April 2001
R Briggs	-	-
D E Grant	-	-
J McMurtrie	-	-
A Cook	-	-
R C Briggs	-	-

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

John McMurtrie resigned as a director on 20 May 2002.

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.

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.

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2002**

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.

On behalf of the board



D E Grant
Director

31 March 2003

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

We have audited the financial statements of Briggs Marine Environmental Services Limited on pages 4 to 18 for the year ended 31 March 2002. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company 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.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Morris & Young

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

31 March 2003

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2002

	Notes	2002 £	2001 as restated £
Turnover			
Company and share of joint ventures	2	13,048,310	10,637,288
Less: share of joint venture		<u>4,189,406</u>	<u>-</u>
		8,858,904	10,637,288
Cost of sales		<u>(6,440,447)</u>	<u>(7,199,562)</u>
Gross profit		2,418,457	3,437,726
Administrative expenses		<u>(1,975,371)</u>	<u>(3,034,996)</u>
Operating profit	3	443,086	402,730
Share of operating profit in joint ventures		<u>1,371,229</u>	<u>-</u>
		1,814,315	402,730
Investment income	4	136,210	-
Other interest receivable and similar income		38	-
Interest payable and similar charges	5	<u>(3,072)</u>	<u>(2,699)</u>
Profit on ordinary activities before taxation		1,947,491	400,031
Tax on profit on ordinary activities *	6	<u>(595,860)</u>	<u>(144,608)</u>
Profit on ordinary activities after taxation	15	<u><u>1,351,631</u></u>	<u><u>255,423</u></u>

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

* Tax relates to the following

Company	130,240
Joint Ventures	465,620

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2002

	2002 £	2001 £
Profit for the financial year	1,351,631	255,423
Prior year adjustment	(48,174)	(51,716)
Total gains and losses recognised since last financial statements	<u>1,303,457</u>	<u>203,707</u>

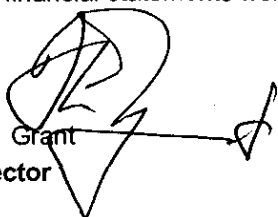
BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

BALANCE SHEET AS AT 31 MARCH 2002

		2002		2001 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	7	620,306		659,139	
Investments	8	813		813	
		<u>621,119</u>		<u>659,952</u>	
Investments in joint ventures:					
Share of gross assets		1,299,428	-	-	
Share of gross liabilities		<u>(328,234)</u>	-	-	
		971,194		-	
		<u>1,592,313</u>		<u>659,952</u>	
Current assets					
Stocks	9	396,040	465,135		
Debtors	10	5,096,820	3,551,230		
Cash at bank and in hand		<u>50,408</u>	<u>48,946</u>		
		5,543,268	4,065,311		
Creditors: amounts falling due within one year	11	<u>(4,132,154)</u>	<u>(3,079,649)</u>		
Net current assets		<u>1,411,114</u>		<u>985,662</u>	
Total assets less current liabilities		<u>3,003,427</u>		<u>1,645,614</u>	
Provisions for liabilities and charges	12	<u>(54,356)</u>		<u>(48,174)</u>	
		<u>2,949,071</u>		<u>1,597,440</u>	
Capital and reserves					
Called up share capital	14	10,000		10,000	
Profit and loss account	15	<u>2,939,071</u>		<u>1,587,440</u>	
Shareholders' funds - equity interests	16	<u>2,949,071</u>		<u>1,597,440</u>	

The financial statements were approved by the Board on 31 March 2003

D E Grant
Director



BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2002

	2002		2001	
	£	£	£	£
Net cash outflow from operating activities		(630,424)		(53,567)
Returns on investments and servicing of finance				
Interest received	38		-	
Interest paid	(3,072)		(2,699)	
Dividends received from joint ventures	136,210		-	
Net cash inflow/(outflow) for returns on investments and servicing of finance		133,176		(2,699)
Taxation		(114,506)		(41,359)
Capital expenditure and financial investment				
Payments to acquire tangible assets	(120,617)		(313,467)	
Payments to acquire investments	(65,585)		-	
Receipts from sales of tangible assets	45,251		-	
Net cash outflow for capital expenditure		(140,951)		(313,467)
Net cash outflow before management of liquid resources and financing		(752,705)		(411,092)
Decrease in cash in the year		(752,705)		(411,092)

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2002

1	Reconciliation of operating profit to net cash outflow from operating activities	2002		2001	
		£		£	
	Operating profit	443,086		402,730	
	Depreciation of tangible assets	87,943		80,837	
	Loss on disposal of tangible assets	26,256		83,324	
	Decrease in stocks	69,095		48,671	
	Increase in debtors	(1,496,535)		(720,487)	
	Increase in creditors within one year	239,731		51,358	
	Net cash outflow from operating activities	(630,424)		(53,567)	
2	Analysis of net debt	1 April 2001	Cash flow	Other non-cash changes	31 March 2002
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	48,946	1,462	-	50,408
	Bank overdrafts	(1,488,959)	(754,167)	-	(2,243,126)
		(1,440,013)	(752,705)	-	(2,192,718)
	Net debt	(1,440,013)	(752,705)	-	(2,192,718)
3	Reconciliation of net cash flow to movement in net debt	2002		2001	
		£		£	
	Decrease in cash in the year	(752,705)		(411,092)	
	Movement in net debt in the year	(752,705)		(411,092)	
	Opening net debt	(1,440,013)		(1,028,921)	
	Closing net debt	(2,192,718)		(1,440,013)	

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

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	None
Land and buildings Leasehold	None
Vessels & marine equipment	10% Reducing balance
Fixtures, fittings & equipment	15% Reducing balance
Motor vehicles	25% Reducing balance

1.4 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.5 Stock and work in progress

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

1.6 Pensions

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

1.7 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value as the company does not intend to sell the revalued assets.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

The adoption of the standard requires a prior period adjustment to be made to recognise the liability which existed at the start of the financial year and which was not recognised under the old accounting policy. This has increased the deferred tax liability and reduced the retained profits by £48,174.

1.8 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.

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2002

1 Accounting policies (continued)

1.9 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.

The segmental analysis by geographical area is disclosed in the group accounts.

3	Operating profit	2002 £	2001 £
	Operating profit is stated after charging:		
	Depreciation of tangible assets	87,943	80,837
	Loss on disposal of tangible assets	26,256	83,324
	Auditors' remuneration	3,180	-
	and after crediting:		
	Profit on foreign exchange transactions	(680)	-
		<u> </u>	<u> </u>
4	Investment income	2002 £	2001 £
	Income from joint ventures	136,210	-
		<u> </u>	<u> </u>
5	Interest payable	2002 £	2001 £
	On bank loans and overdrafts	1,189	-
	On other loans wholly repayable within 5 years	1,883	2,699
		<u> </u>	<u> </u>
		3,072	2,699
		<u> </u>	<u> </u>

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2002

6	Taxation	2002 £	2001 £
	Domestic current year tax		
	U.K. corporation tax	124,058	116,778
	Adjustment for prior years	-	31,372
	Current tax charge	124,058	148,150
	Deferred tax		
	Deferred tax charge/credit current year	6,182	(3,542)
		130,240	144,608
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	576,262	400,031
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2001 : 30.00%)	172,879	120,009
	Effects of:		
	Non deductible expenses	1,966	16,894
	Depreciation add back	34,259	24,251
	Capital allowances	(42,167)	(44,376)
	Adjustments to previous periods	-	31,372
	Dividends and distributions received	(40,863)	-
	Other tax adjustments	(2,016)	-
		(48,821)	28,141
	Current tax charge	124,058	148,150

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2002

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 2001	39,611	2,000	633,410	98,839	50,493	824,353
Additions	15,450	-	28,517	12,175	64,475	120,617
Disposals	(39,500)	-	(54,205)	-	-	(93,705)
At 31 March 2002	15,561	2,000	607,722	111,014	114,968	851,265
Depreciation						
At 1 April 2001	111	-	111,715	40,765	12,623	165,214
On disposals	-	-	(22,198)	-	-	(22,198)
Charge for the year	-	-	51,820	10,537	25,586	87,943
At 31 March 2002	111	-	141,337	51,302	38,209	230,959
Net book value						
At 31 March 2002	15,450	2,000	466,385	59,712	76,759	620,306
At 31 March 2001	39,500	2,000	521,695	58,074	37,870	659,139

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2002

8 Fixed asset investments

	Loans in participating interests £
Cost	
At 1 April 2001 & at 31 March 2002	813
	<u>813</u>
 Interests in joint ventures:	
	£
Cost	
Company's share of post-acquisition reserves:	
At 1 April 2001	-
Share of retained profits for the year	451,322
	<u>451,322</u>
At 31 March 2002	<u>451,322</u>
 Fixed asset investments - other	
Alpina Briggs Defesa Ambiental S.A.	
Alpina Briggs Defesa Ambiental S.A. provides pollution control services. The company owns 33 1/3% of the common share capital of the company.	
Accounts for the year ended 31 December 2001 and the quarter ended 31 March 2002	
Share of turnover	3,813,952
	<u>3,813,952</u>
Share of profit before tax	1,322,534
Taxation	(465,620)
	<u>856,914</u>
Profit after tax	<u>856,914</u>
 Share of assets	
Fixed assets	105,989
Current assets	975,902
	<u>1,081,891</u>
Share of liabilities	
Due within one year or less	(651,935)
Due after more than one year	-
	<u>(651,935)</u>
Share of net assets	<u>429,956</u>

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2002

8 Fixed asset investments

(continued)

Fixed asset investments - other

Briggs Egypt Marine Environmental Services

Briggs Egypt Marine Environmental Services provides pollution control services. The group owns 50% of the share capital of the company.

Accounts for the period September 2001 to 30 June 2002

Share of turnover	375,454
Share of profit before tax	47,696
Taxation	-
Profit after tax	47,696
Share of assets	
Fixed assets	51,769
Current assets	165,768
	217,537
Share of liabilities	
Due within one year or less	(129,587)
Due after more than one year	-
	(129,587)
Share of net assets	87,950

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Participating interests			
Maritim Miljo-Beredskap A.S	Norway	Ordinary	33

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves 2002 £	Profit for the year 2002 £
Maritim Miljo-Beredskap A.S	16,154	7,481

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2002

The investment is included at cost. The directors are of the opinion that the valuation of the shares are not less than the cost.

The profit and loss and reserves figures have been taken from draft accounts for the year to 31 July 2000. After the year end the company has sold the shares.

9	Stocks and work in progress	2002	2001
		£	£
	Work in progress	151,991	292,544
	Finished goods and goods for resale	244,049	172,591
		<u>396,040</u>	<u>465,135</u>
10	Debtors	2002	2001
		£	£
	Trade debtors	1,594,901	1,157,440
	Amounts owed by parent and fellow subsidiary undertakings	2,943,598	2,207,458
	Corporation tax	129,086	80,031
	Other debtors	429,235	106,301
		<u>5,096,820</u>	<u>3,551,230</u>
11	Creditors: amounts falling due within one year	2002	2001
		£	£
	Bank loans and overdrafts	2,243,126	1,488,959
	Trade creditors	432,216	411,751
	Amounts owed to parent and fellow subsidiary undertakings	122,749	53,598
	Corporation tax	175,385	116,778
	Other taxes and social security costs	111,517	50,832
	Other creditors	628,424	500,149
	Accruals and deferred income	418,737	457,582
		<u>4,132,154</u>	<u>3,079,649</u>

The bank overdraft is secured by means of a standard security over office and warehouse premises at Aberdeen and a floating charge over the assets of the company.

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2002

12 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 April 2001	48,174
Profit and loss account	6,182
	<u>54,356</u>
Balance at 31 March 2002	<u>54,356</u>

The deferred tax liability is made up as follows:

	2002 £	2001 £
Accelerated capital allowances	<u>54,356</u>	<u>48,174</u>

13 Pension costs

Defined contribution

	2002 £	2001 £
Contributions payable by the company for the year	<u>25,349</u>	<u>26,066</u>

14 Share capital

	2002 £	2001 £
Authorised		
10,000 Ordinary shares of £ 1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
10,000 Ordinary shares of £ 1 each	<u>10,000</u>	<u>10,000</u>

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2002

15 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2001 as previously reported	1,635,614
Prior year adjustment	(48,174)
Balance at 1 April 2001 as restated	1,587,440
Retained profit for the year	1,351,631
Balance at 31 March 2002	2,939,071

16 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Profit for the financial year	1,351,631	255,423
Opening shareholders' funds	1,597,440	1,342,017
Closing shareholders' funds	2,949,071	1,597,440

Opening shareholders' funds were originally £1,645,614 before deducting prior year adjustments of £48,174.

17 Contingent liabilities

The company's bankers hold a 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 company's bankers hold a performance bond for £394,409 to guarantee the completion of the sale of a vessel, Environscharm. The sale has been successfully completed after the year end.

18 Directors' emoluments

	2002 £	2001 £
Emoluments for qualifying services	75,381	180,902

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2001 - 4).

BRIGGS MARINE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2002

19 Employees

Number of employees

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

	2002 Number	2001 Number
Production & sales	72	42
Management & administration	11	10
	<u>83</u>	<u>52</u>

Employment costs

	£	£
Wages and salaries	1,993,634	1,499,905
Social security costs	179,484	119,822
Other pension costs	25,349	26,066
	<u>2,198,467</u>	<u>1,645,793</u>

20 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

21 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 and group accounts are prepared.

During the year the company has paid rent of £176,580 for the warehouse in Baku to Briggs Commercial Limited Pension Scheme. There are no amounts outstanding at the year end.

No provisions have 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 related parties.