

Company Registration No. SC110121 (Scotland)

BRIGGS ENVIRONMENTAL SERVICES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003



BRIGGS ENVIRONMENTAL SERVICES LIMITED

COMPANY INFORMATION

Directors	R Briggs D E Grant A Cook R C Briggs A Middleton (Appointed 20 November 2002)
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 ENVIRONMENTAL SERVICES LIMITED

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BRIGGS ENVIRONMENTAL SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2003

The directors present their report and financial statements for the year ended 31 March 2003.

Principal activities and review of the business

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

The directors are satisfied 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 2002:

R Briggs	
D E Grant	
J McMurtrie	(Resigned 20 May 2002)
A Cook	
R C Briggs	
A Middleton	(Appointed 20 November 2002)

Directors' interests

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

	Ordinary shares of £ 1 each	
	31 March 2003	1 April 2002
R Briggs	-	-
D E Grant	-	-
A Cook	-	-
R C Briggs	-	-
A Middleton	-	-

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.

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 ENVIRONMENTAL SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

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

29 April 2004

BRIGGS ENVIRONMENTAL SERVICES LIMITED

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

We have audited the financial statements of Briggs Environmental Services Limited on pages 4 to 18 for the year ended 31 March 2003. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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.

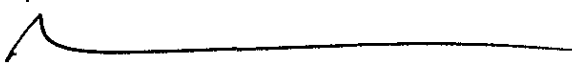
Basis of audit opinion

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

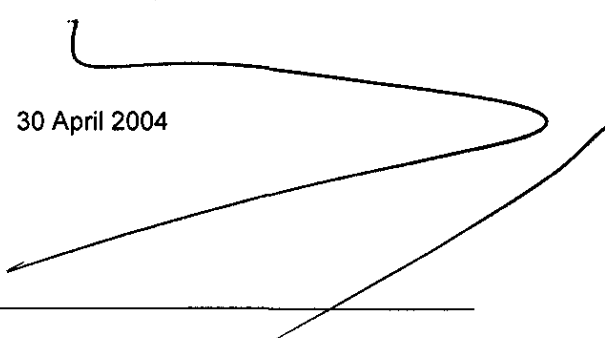
In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



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



30 April 2004



BRIGGS ENVIRONMENTAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2003

	Notes	2003 £	2002 £
Turnover			
Company and share of joint ventures	2	11,247,615	13,048,310
Less: share of joint venture		<u>2,355,749</u>	<u>4,189,406</u>
		8,891,866	8,858,904
Cost of sales		<u>(6,400,343)</u>	<u>(6,440,447)</u>
Gross profit		2,491,523	2,418,457
Administrative expenses		(2,263,717)	(1,975,371)
Other operating income		<u>6,217</u>	<u>136,210</u>
Operating profit	3	234,023	579,296
Share of operating profit in joint ventures		<u>883,956</u>	<u>1,371,229</u>
		1,117,979	1,950,525
Other interest receivable and similar income		-	38
Interest payable and similar charges	5	<u>(42,639)</u>	<u>(3,072)</u>
Profit on ordinary activities before taxation		1,075,340	1,947,491
Tax on profit on ordinary activities *	6	<u>(374,282)</u>	<u>(595,860)</u>
Profit on ordinary activities after taxation	15	<u><u>701,058</u></u>	<u><u>1,351,631</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	40,649
Joint Ventures	333,633

BRIGGS ENVIRONMENTAL SERVICES LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2003

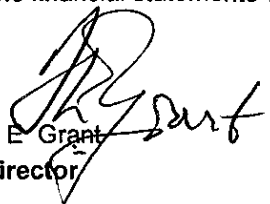
	2003 £	2002 £
Profit for the financial year	701,058	1,351,631
Currency translation differences on foreign currency net investments	(336,025)	-
Total recognised gains and losses relating to the year	365,033	1,351,631
Prior year adjustment	-	(48,174)
Total gains and losses recognised since last financial statements	365,033	1,303,457

BRIGGS ENVIRONMENTAL SERVICES LIMITED

BALANCE SHEET AS AT 31 MARCH 2003

	Notes	2003 £	£	2002 £	£
Fixed assets					
Tangible assets	7		693,580		620,306
Investments	8		-		813
			<u>693,580</u>		<u>621,119</u>
Investments in joint ventures:					
Share of gross assets		1,343,363		1,299,428	
Share of gross liabilities		<u>(533,946)</u>		<u>(328,234)</u>	
			809,417		971,194
			<u>1,502,997</u>		<u>1,592,313</u>
Current assets					
Stocks	9	715,170		396,040	
Debtors	10	4,632,589		5,087,820	
Cash at bank and in hand		<u>68,015</u>		<u>50,408</u>	
		5,415,774		5,534,268	
Creditors: amounts falling due within one year	11	<u>(3,541,999)</u>		<u>(4,132,154)</u>	
Net current assets			<u>1,873,775</u>		<u>1,402,114</u>
Total assets less current liabilities			<u>3,376,772</u>		<u>2,994,427</u>
Provisions for liabilities and charges	12		<u>(71,668)</u>		<u>(54,356)</u>
			<u>3,305,104</u>		<u>2,940,071</u>
Capital and reserves					
Called up share capital	14		1,000		1,000
Other reserves	15		<u>(336,025)</u>		-
Profit and loss account	15		<u>3,640,129</u>		<u>2,939,071</u>
Shareholders' funds - equity interests	16		<u>3,305,104</u>		<u>2,940,071</u>

The financial statements were approved by the Board on 29 April 2004


D E Grant
Director

BRIGGS ENVIRONMENTAL SERVICES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2003

	2003	2002
	£	£
Net cash inflow/(outflow) from operating activities	1,492,795	(494,214)
Returns on investments and servicing of finance		
Interest received	-	38
Interest paid	(42,639)	(3,072)
Dividends received from joint ventures	398,294	-
	<u>355,655</u>	<u>(3,034)</u>
Net cash inflow/(outflow) for returns on investments and servicing of finance	355,655	(3,034)
Taxation	(173,032)	(114,506)
Capital expenditure and financial investment		
Payments to acquire tangible assets	(144,945)	(120,617)
Payments to acquire investments	(22,219)	(65,585)
Receipts from sales of tangible assets	-	45,251
Receipts from sales of investments	813	-
	<u>(166,351)</u>	<u>(140,951)</u>
Net cash outflow for capital expenditure	(166,351)	(140,951)
Net cash inflow/(outflow) before management of liquid resources and financing	<u>1,509,067</u>	<u>(752,705)</u>
Increase/(decrease) in cash in the year	<u><u>1,509,067</u></u>	<u><u>(752,705)</u></u>

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2003

1	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	2003	2002
		£	£
	Operating profit	234,023	579,296
	Depreciation of tangible assets	71,671	87,943
	Loss on disposal of tangible assets	-	26,256
	(Increase)/decrease in stocks	(319,130)	69,095
	Decrease/(increase) in debtors	461,120	(1,496,535)
	Increase in creditors within one year	1,045,111	239,731
	Net cash inflow/(outflow) from operating activities	1,492,795	(494,214)

2	Analysis of net debt	1 April 2002	Cash flow	Other non-cash changes	31 March 2003
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	50,408	17,607	-	68,015
	Bank overdrafts	(2,243,126)	1,491,460	-	(751,666)
		(2,192,718)	1,509,067	-	(683,651)
	Net debt	(2,192,718)	1,509,067	-	(683,651)

3	Reconciliation of net cash flow to movement in net debt	2003	2002
		£	£
	Increase/(decrease) in cash in the year	1,509,067	(752,705)
	Movement in net debt in the year	1,509,067	(752,705)
	Opening net debt	(2,192,718)	(1,440,013)
	Closing net debt	(683,651)	(2,192,718)

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

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

1.4 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	8% Reducing balance
Fixtures, fittings & equipment	15% Reducing balance
Motor vehicles	25% Reducing balance

1.5 Investments

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

1.6 Stock and work in progress

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

1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

1.8 Deferred taxation

The accounting policy in respect of deferred tax reflects 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.

1.9 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.

1.10 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.

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

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	2003 £	2002 £
Operating profit is stated after charging:		
Depreciation of tangible assets	71,671	87,943
Loss on disposal of tangible assets	-	26,256
Auditors' remuneration	3,000	3,180
and after crediting:		
Profit on foreign exchange transactions	(38,917)	(680)

4 Investment income	2003 £	2002 £
Income from participating interests	398,294	-

5 Interest payable	2003 £	2002 £
On bank loans and overdrafts	40,488	1,189
On other loans wholly repayable within 5 years	1,057	1,883
On overdue tax	1,094	-
	42,639	3,072

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

6	Taxation	2003 £	2002 £
	Domestic current year tax		
	U.K. corporation tax	-	124,058
	Adjustment for prior years	23,337	-
	Current tax charge	23,337	124,058
	Deferred tax		
	Deferred tax charge/credit current year	17,312	6,182
		40,649	130,240
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	589,678	576,262
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 0.00 % (2002 : 30.00 %)	-	172,879
	Effects of:		
	Non deductible expenses	-	1,966
	Depreciation add back	-	34,259
	Capital allowances	-	(42,167)
	Adjustments to previous periods	23,337	-
	Dividends and distributions received	-	(40,863)
	Other tax adjustments	-	(2,016)
	Current tax charge	23,337	124,058

The company has estimated losses of £ 527,697 (2002 : £ nil) available for carry forward against future trading profits.

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

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 2002	15,561	2,000	607,722	111,014	114,968	851,265
Additions	49,101	-	36,684	54,535	4,625	144,945
At 31 March 2003	64,662	2,000	644,406	165,549	119,593	996,210
Depreciation						
At 1 April 2002	111	-	141,337	51,302	38,209	230,959
Charge for the year	-	-	38,788	13,404	19,479	71,671
At 31 March 2003	111	-	180,125	64,706	57,688	302,630
Net book value						
At 31 March 2003	64,551	2,000	464,281	100,843	61,905	693,580
At 31 March 2002	15,450	2,000	466,385	59,712	76,759	620,306

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

8 Fixed asset investments

	Loans in participating interests £
Cost	
At 1 April 2002	813
Disposals	(813)
At 31 March 2003	-
Interests in joint ventures:	
Cost	
Company's share of post-acquisition reserves:	
At 1 April 2002	971,194
Exchange adjustment	(336,025)
Share issue	22,219
Share of retained profits for the year	152,029
At 31 March 2003	809,417
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 March 2003	
Share of turnover	2,322,434
Share of profit before tax	934,906
Taxation	(333,633)
Profit after tax	601,273
Share of assets	
Fixed assets	162,650
Current assets	940,906
	1,103,556
Share of liabilities	
Due within one year or less	(340,299)
Due after more than one year	-
	(340,299)
Share of net assets	763,257

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

8 Fixed asset investments

(continued)

Fixed asset investments - other

Briggs Egypt Marine Environmental Services

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

Accounts for the period 1 July 2002 to 31 March 2003

Share of turnover	33,315
Share of loss before tax	(50,950)
Taxation	-
Loss after tax	(50,950)
Share of assets	
Fixed assets	72,020
Current assets	167,787
	239,807
Share of liabilities	
Due within one year or less	(193,647)
Due after more than one year	-
	(193,647)
Share of net assets	46,160

9 Stocks and work in progress

2003

2002

£

£

Work in progress	518,910	151,991
Finished goods and goods for resale	196,260	244,049
	715,170	396,040

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

10 Debtors	2003 £	2002 £
Trade debtors	1,340,262	1,594,901
Amounts owed by parent and fellow subsidiary undertakings	2,908,625	2,934,598
Corporation tax	134,975	129,086
Other debtors	248,727	429,235
	<u>4,632,589</u>	<u>5,087,820</u>

11 Creditors: amounts falling due within one year	2003 £	2002 £
Bank loans and overdrafts	751,666	2,243,126
Trade creditors	280,341	432,216
Amounts owed to parent and fellow subsidiary undertakings	98,123	122,749
Amounts owed to subsidiary undertakings	1,523,388	-
Corporation tax	31,579	175,385
Other taxes and social security costs	133,765	111,517
Other creditors	301,631	628,424
Accruals and deferred income	421,506	418,737
	<u>3,541,999</u>	<u>4,132,154</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.

12 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 April 2002	54,356
Profit and loss account	17,312
	<u>71,668</u>
Balance at 31 March 2003	

The deferred tax liability is made up as follows:

	2003 £	2002 £
Accelerated capital allowances	<u>71,668</u>	<u>54,356</u>

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

13 Pension costs

Defined contribution

	2003 £	2002 £
Contributions payable by the company for the year	40,621	25,349

14 Share capital

	2003 £	2002 £
Authorised		
1,000 Ordinary shares of £ 1 each	1,000	1,000
Allotted, called up and fully paid		
1,000 Ordinary shares of £ 1 each	1,000	1,000

15 Statement of movements on profit and loss account

	Other reserves (see below) £	Profit and loss account £
Balance at 1 April 2002	-	2,939,071
Retained profit for the year	-	701,058
Foreign currency translation differences	(336,025)	-
Balance at 31 March 2003	(336,025)	3,640,129

Other reserves

16 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Profit for the financial year	701,058	1,351,631
Other recognised gains and losses	(336,025)	-
Net addition to shareholders' funds	365,033	1,351,631
Opening shareholders' funds	2,940,071	1,588,440
Closing shareholders' funds	3,305,104	2,940,071

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

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.

18 Directors' emoluments	2003 £	2002 £
Emoluments for qualifying services	137,542	75,381
Company pension contributions to money purchase schemes	8,433	-
	<u>145,975</u>	<u>75,381</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2002 - 0).

19 Employees

Number of employees

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

	2003 Number	2002 Number
Production & sales	52	72
Management & administration	11	11
	<u>63</u>	<u>83</u>

Employment costs

	£	£
Wages and salaries	2,163,249	1,993,634
Social security costs	171,218	179,484
Other pension costs	40,621	25,349
	<u>2,375,088</u>	<u>2,198,467</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

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

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.

During the year the company has paid expenses of £132,038 on behalf of Briggs Spilfyter Limited, a company that is a joint venture of Briggs Commercial Limited. The company has received funds of £16,863 on behalf of Briggs Spilfyter Limited. These transactions have been entered in a loan account and the balance due by Briggs Spilfyter Limited at the period end is £65,175. Briggs Spilfyter Limited has supplied goods of £35,660 to the company. There is a balance in trade creditors of £35,660 due to Briggs Spilfyter Limited. 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.