

Company Registration No. SC110121 (Scotland)

BRIGGS ENVIRONMENTAL SERVICES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004



BRIGGS ENVIRONMENTAL SERVICES LIMITED

COMPANY INFORMATION

Directors	R Briggs D E Grant R C Briggs A Middleton
Secretary	D E Grant
Company number	SC110121
Registered office	Seaforth House Seaforth Place Burntisland Fife KY3 9AX
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 2004

The directors present their report and financial statements for the year ended 31 March 2004.

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 disappointed with the company's results for the year.

During the present year, the Directors have introduced a number of significant improvements, including a new management structure, improved financial discipline and a more focussed business strategy. These changes should see the company deliver significantly improved performance in the year to 31 March 2005 and thereafter.

Results and dividends

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

An interim ordinary dividend was paid amounting to £1,000,000. The directors do not recommend payment of a final 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 2003:

R Briggs	
D E Grant	
A Cook	(Resigned 19 February 2004)
R C Briggs	
A Middleton	

Directors' interests

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

	Ordinary shares of £ 1 each	
	31 March 2004	1 April 2003
R Briggs	-	-
D E Grant	-	-
R C Briggs	-	-
A Middleton	-	-

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

Mr Douglas Lawrie was appointed as director on 1 June 2004

BRIGGS ENVIRONMENTAL SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

Charitable donations	2004 £	2003 £
During the year the company made the following payments:		
Charitable donations	2,000	-

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.

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.

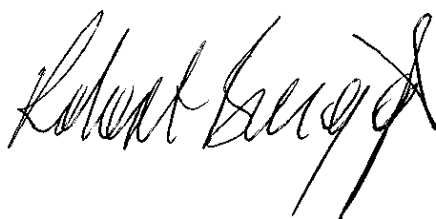
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board

R Briggs

Director

27 January 2005



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 17 for the year ended 31 March 2004. 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 2004 and of its loss 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 January 2005

BRIGGS ENVIRONMENTAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2004

	Notes	2004 £	2003 £
Turnover			
Company and share of joint ventures	2	7,332,488	11,247,615
Less: share of joint venture		<u>2,708,111</u>	<u>2,355,749</u>
		4,624,377	8,891,866
Cost of sales		<u>(3,592,493)</u>	<u>(6,400,343)</u>
Gross profit		1,031,884	2,491,523
Administrative expenses		(2,373,337)	(2,263,717)
Other operating income		<u>40,883</u>	<u>6,217</u>
Operating (loss)/profit	3	(1,300,570)	234,023
Share of operating profit in joint ventures		<u>620,728</u>	<u>883,956</u>
		(679,842)	1,117,979
Interest payable and similar charges	5	<u>(25,899)</u>	<u>(42,639)</u>
(Loss)/profit on ordinary activities before taxation		(705,741)	1,075,340
Tax on (loss)/profit on ordinary activities *	6	<u>(197,145)</u>	<u>(374,282)</u>
(Loss)/profit on ordinary activities after taxation		(902,886)	701,058
Dividends	7	<u>(1,000,000)</u>	-
Retained (loss)/profit for the year	15	<u><u>(1,902,886)</u></u>	<u><u>701,058</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	(50,497)
Joint Ventures	247,642

BRIGGS ENVIRONMENTAL SERVICES LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2004

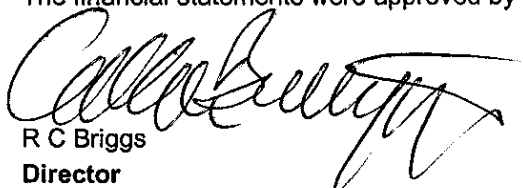
	2004 £	2003 £
(Loss)/profit for the financial year	(902,886)	701,058
Currency translation differences on foreign currency net investments	(23,014)	(336,025)
Total recognised gains and losses relating to the year	(925,900)	365,033

BRIGGS ENVIRONMENTAL SERVICES LIMITED

BALANCE SHEET AS AT 31 MARCH 2004

	Notes	2004 £	2003 £
Fixed assets			
Tangible assets	8	634,756	693,580
Investments in joint ventures:	9		
Share of gross assets		1,407,578	1,343,363
Share of gross liabilities		(701,044)	(533,946)
		<u>706,534</u>	<u>809,417</u>
		1,341,290	1,502,997
Current assets			
Stocks	10	334,261	715,170
Debtors	11	4,025,592	4,632,589
Cash at bank and in hand		10,465	68,015
		<u>4,370,318</u>	<u>5,415,774</u>
Creditors: amounts falling due within one year	12	<u>(4,332,404)</u>	<u>(3,541,999)</u>
Net current assets		<u>37,914</u>	<u>1,873,775</u>
Total assets less current liabilities		<u>1,379,204</u>	<u>3,376,772</u>
Provisions for liabilities and charges		<u>-</u>	<u>(71,668)</u>
		<u>1,379,204</u>	<u>3,305,104</u>
Capital and reserves			
Called up share capital	14	1,000	1,000
Other reserves	15	(359,039)	(336,025)
Profit and loss account	15	1,737,243	3,640,129
Shareholders' funds - equity interests	16	<u>1,379,204</u>	<u>3,305,104</u>

The financial statements were approved by the Board on 27 January 2005


R C Briggs
Director

BRIGGS ENVIRONMENTAL SERVICES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2004

	2004		2003	
	£	£	£	£
Net cash inflow from operating activities		1,354,582		1,492,795
Returns on investments and servicing of finance				
Interest paid	(25,899)		(42,639)	
Dividends received from joint ventures	333,160		398,294	
Net cash inflow for returns on investments and servicing of finance		307,261		355,655
Taxation		(108,363)		(173,032)
Capital expenditure and financial investment				
Payments to acquire tangible assets	(60,193)		(144,945)	
Payments to acquire investments	-		(22,219)	
Receipts from sales of investments	-		813	
Net cash outflow for capital expenditure		(60,193)		(166,351)
Equity dividends paid		(1,000,000)		-
Net cash inflow before management of liquid resources and financing		493,287		1,509,067
Increase in cash in the year		493,287		1,509,067

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2004

1	Reconciliation of operating (loss)/profit to net cash inflow from operating activities	2004	2003
		£	£
	Operating (loss)/profit	(1,300,570)	234,023
	Depreciation of tangible assets	78,111	71,671
	Loss on disposal of tangible assets	40,906	-
	Decrease/(increase) in stocks	380,909	(319,130)
	Decrease in debtors	782,405	461,120
	Increase in creditors within one year	1,372,821	1,045,111
	Net cash inflow from operating activities	1,354,582	1,492,795

2	Analysis of net debt	1 April 2003	Cash flow	Other non- cash changes	31 March 2004
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	68,015	(57,550)	-	10,465
	Bank overdrafts	(751,666)	550,837	-	(200,829)
		<u>(683,651)</u>	<u>493,287</u>	<u>-</u>	<u>(190,364)</u>
	Net debt	<u>(683,651)</u>	<u>493,287</u>	<u>-</u>	<u>(190,364)</u>

3	Reconciliation of net cash flow to movement in net debt	2004	2003
		£	£
	Increase in cash in the year	493,287	1,509,067
	Movement in net debt in the year	493,287	1,509,067
	Opening net debt	(683,651)	(2,192,718)
	Closing net debt	<u>(190,364)</u>	<u>(683,651)</u>

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

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
Fixtures, fittings & equipment	10 - 15% Reducing balance
Motor vehicles	25% Reducing balance

During the year machinery and equipment with a net book value at 31 March 2003 of £464,281 has been reclassified as Fixtures, fittings & equipment.

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 FRS 17.

1.7 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.

1.8 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.

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.

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

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 (loss)/profit	2004	2003
	£	£
Operating (loss)/profit is stated after charging:		
Depreciation of tangible assets	78,111	71,671
Loss on disposal of tangible assets	40,906	-
Auditors' remuneration	3,000	3,000
and after crediting:		
Profit on foreign exchange transactions	(23,781)	(38,917)
	<u> </u>	<u> </u>
4 Investment income	2004	2003
	£	£
Income from participating interests	452,955	398,294
	<u> </u>	<u> </u>
5 Interest payable	2004	2003
	£	£
On bank loans and overdrafts	21,285	40,488
On other loans wholly repayable within 5 years	1,200	1,057
On overdue tax	3,414	1,094
	<u> </u>	<u> </u>
	<u>25,899</u>	<u>42,639</u>

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

6	Taxation	2004 £	2003 £
	Domestic current year tax		
	Adjustment for prior years	21,171	23,337
	Current tax charge	21,171	23,337
	Deferred tax		
	Deferred tax charge/credit current year	(71,668)	17,312
		<u>(50,497)</u>	<u>40,649</u>
	Factors affecting the tax charge for the year		
	(Loss)/profit on ordinary activities before taxation	<u>(873,514)</u>	<u>589,678</u>
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 0.00% (2003: 0.00%)	<u>-</u>	<u>-</u>
	Effects of:		
	Adjustments to previous periods	<u>21,171</u>	<u>23,337</u>
		<u>21,171</u>	<u>23,337</u>
	Current tax charge	<u>21,171</u>	<u>23,337</u>

The company has estimated losses of £ 980,655 (2003: £ nil) available for carry forward against future trading profits.

7	Dividends	2004 £	2003 £
	Ordinary interim paid	<u>1,000,000</u>	<u>-</u>

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

8 Tangible fixed assets

	Land and buildings Freehold £	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2003	64,662	2,000	809,955	119,593	996,210
Additions	-	-	55,893	4,300	60,193
Disposals	-	-	(67,054)	(6,391)	(73,445)
At 31 March 2004	64,662	2,000	798,794	117,502	982,958
Depreciation					
At 1 April 2003	111	-	244,831	57,688	302,630
On disposals	-	-	(29,359)	(3,180)	(32,539)
Charge for the year	-	-	62,363	15,748	78,111
At 31 March 2004	111	-	277,835	70,256	348,202
Net book value					
At 31 March 2004	64,551	2,000	520,959	47,246	634,756
At 31 March 2003	64,551	2,000	565,124	61,905	693,580

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

9 Fixed asset investments

Interests in joint ventures:

Cost

Company's share of post-acquisition reserves:

At 1 April 2003 809,417

Exchange adjustment (23,014)

Share issue -

Share of retained profits/(losses) for the year (79,869)

At 31 March 2004 706,534

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 2004

Share of turnover 2,603,073

Share of profit before tax 620,271

Taxation (247,642)

Profit after tax 372,629

Share of assets

Fixed assets 183,315

Current assets 1,029,230

1,212,545

Share of liabilities

Due within one year or less (461,612)

Due after more than one year (82,667)

(544,279)

Share of net assets 668,266

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 year ended 31 March 2004

Share of turnover 106,038

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

Share of profit before tax		457
Taxation		-
Profit after tax		<u>457</u>
Share of assets		
Fixed assets		99,630
Current assets		95,403
		<u>195,033</u>
Share of liabilities		
Due within one year or less		(156,765)
Due after more than one year		-
		<u>(156,765)</u>
Share of net assets		<u>38,268</u>
10 Stocks and work in progress	2004	2003
	£	£
Work in progress	248,586	518,910
Finished goods and goods for resale	85,675	196,260
	<u>334,261</u>	<u>715,170</u>
11 Debtors	2004	2003
	£	£
Trade debtors	1,020,029	1,340,262
Amounts owed by parent and fellow subsidiary undertakings	2,069,701	2,908,625
Corporation tax	190,588	134,975
Other debtors	549,583	248,727
Prepayments and accrued income	195,691	-
	<u>4,025,592</u>	<u>4,632,589</u>

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

12 Creditors: amounts falling due within one year	2004	2003
	£	£
Bank loans and overdrafts	200,829	751,666
Trade creditors	439,278	280,341
Amounts owed to parent and fellow subsidiary undertakings	93,788	98,123
Amounts owed to subsidiary undertakings	2,798,831	1,523,388
Corporation tax	-	31,579
Other taxes and social security costs	159,413	133,765
Other creditors	453,961	301,631
Accruals and deferred income	186,304	421,506
	<u>4,332,404</u>	<u>3,541,999</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.

13 Pension costs

Defined contribution

	2004	2003
	£	£
Contributions payable by the company for the year	<u>40,901</u>	<u>40,621</u>

14 Share capital

	2004	2003
	£	£
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

15 Statement of movements on reserves

	Other reserves (see below) £	Profit and loss account £
Balance at 1 April 2003	(336,025)	3,640,129
Retained loss for the year	-	(1,902,886)
Foreign currency translation differences	(23,014)	-
Balance at 31 March 2004	<u>(359,039)</u>	<u>1,737,243</u>
Other reserves		
exchange reserve		

16 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
(Loss)/Profit for the financial year	(902,886)	701,058
Dividends	(1,000,000)	-
	<u>(1,902,886)</u>	<u>701,058</u>
Other recognised gains and losses	(23,014)	(336,025)
Net (depletion in)/addition to shareholders' funds	(1,925,900)	365,033
Opening shareholders' funds	<u>3,305,104</u>	<u>2,940,071</u>
Closing shareholders' funds	<u>1,379,204</u>	<u>3,305,104</u>

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

	2004 £	2003 £
Emoluments for qualifying services	131,317	137,542
Company pension contributions to money purchase schemes	10,458	8,433
	<u>141,775</u>	<u>145,975</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2003- 2).

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

19 Employees

Number of employees

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

	2004 Number	2003 Number
Production & sales	54	52
Management & administration	12	11
	<u>66</u>	<u>63</u>

Employment costs

	£	£
Wages and salaries	2,226,445	2,163,249
Social security costs	175,274	171,218
Other pension costs	40,901	40,621
	<u>2,442,620</u>	<u>2,375,088</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 been charged rent of £122,860 for the warehouse in Baku to Briggs Commercial Limited Pension Scheme. There is £24,000 due to Briggs Commercial Limited Pension Scheme at the year end.

During the year the company has paid expenses of £260,976 on behalf of Briggs Spilfyter Limited, a company that is a joint venture of Briggs Commercial Limited. Briggs Spilfyter Limited has paid expenses of £14,596 on behalf of the company. The company has received funds of £17,737 on behalf of Briggs Spilfyter Limited. Briggs Spilfyter Limited has received funds of £3,003 on behalf of the company. These transactions have been entered in a loan account and the balance due by Briggs Spilfyter Limited at the period end is £296,821. Briggs Spilfyter Limited has supplied goods of £103,923 to the company. There is a balance in trade creditors and accruals of £139,583 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.