

Company Registration No SC110121 (Scotland)

BRIGGS ENVIRONMENTAL SERVICES LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2006



BRIGGS ENVIRONMENTAL SERVICES LIMITED

DIRECTORS AND ADVISERS

Directors	R Briggs D G Lawrie R C Briggs G Humphries
Secretary	G A T Clarkson
Company number	SC110121
Registered office	Seaforth House Seaforth Place Burntisland Fife KY3 9AX
Registered auditors	Morris & Young Chartered Accountants & Registered Auditors 6 Atholl Crescent Perth PH1 5JN
Business address	Seaforth House Seaforth Place Burntisland Fife KY3 9AX
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 2006

The directors present their report and financial statements for the year ended 31 March 2006

Directors

The following directors have held office since 1 April 2005

R Briggs
D G Lawrie
R C Briggs
G Humphries

Principal activities and review of the business

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

Performance Review

Turnover for the year, including share of joint ventures, of £8.6 million was down 3% on the previous year. The market outwith the joint ventures continued to be challenging. The gross loss percentage for the group was 12% in 2005/06 compared with a gross profit of 8.5% in the previous financial year. Return on capital for the period was 108%.

Market Developments

The group continues to try and increase its sales both in existing and new geographical markets. A number of new opportunities have been identified in new and existing markets. The Brazilian contract is under review. Management are confident that the Brazilian relationship will continue.

Business Risks

With regard to our Environmental Services activities in the UK, utilisation of the workforce is the key to profitability in this area. This has improved since the year end. Most of the revenue generated in this area is on a call out basis and subject to significant fluctuations. The joint ventures are subject to contract which are renewed from time to time. If one of the contracts is not successfully renewed, there could be a significant impact on the Group's level of operations.

Trading

The results have been a little disappointing and we are looking to take action to change this situation. The overseas joint ventures in Brazil and Egypt continue to prosper and we will continue to develop these opportunities as they become available to us.

Financial Structure

During the year the debt funding of the group was restructured. A seven year tailored loan with a working capital overdraft facility was agreed which replaces the previous set up which relied heavily on overdraft funding. This has improved the working capital facilities and put the group in a sustainable cash position during an anticipated period of significant growth.

BRIGGS ENVIRONMENTAL SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

Health & Safety

Health and Safety is a fundamental building block in every area of our business. During the past 12 months the Board has focussed a great deal of effort in monitoring and improving our health and safety performance. For the period April 05 to March 06 our Incident Frequency Rate (IFR) was 0.6 per 100,000 man hours.

The target for the next 12 months is to continuously improve our performance in all areas of health and safety.

Headcount

The permanent headcount has increased by 6% over the year as a result of the growth in our business activities. The total headcount, as at 31 March 2006 was 54 excluding our joint ventures in Egypt and Brazil (31 March 2005 = 51).

Results and dividends

The consolidated profit and loss account for the year is set out on page 6.

Directors' interests

The directors' interests in the shares of the company and other group companies were as stated below.

Briggs Environmental Services Limited

Ordinary shares of £ 1 each	
31 March 2006	1 April 2005

R Briggs
D G Lawrie
R C Briggs
G Humphries

Briggs (Overseas) Limited

Ordinary shares of £ 1 each	
31 March 2006	1 April 2005

R C Briggs
R Briggs
D G Lawrie

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

Auditors

Morris & Young were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

BRIGGS ENVIRONMENTAL SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 group and of the profit or loss of the group 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,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

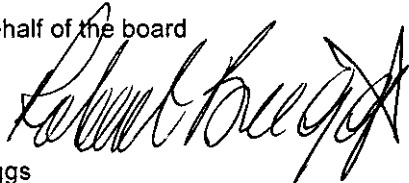
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding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

Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board



R Briggs

Director

31 August 2006

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 for the year ended 31 March 2006 set out on pages 6 to 27. These financial statements have been prepared under 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 auditors' 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 directors and auditors

As described in the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether, in our opinion, the directors' report is consistent with the financial statements, if the company has not kept proper accounting records or 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 and the group'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.

BRIGGS ENVIRONMENTAL SERVICES LIMITED

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

Opinion

In our opinion the financial statements

give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's and the group's affairs as at 31 March 2006 and of the group's loss for the year then ended ,

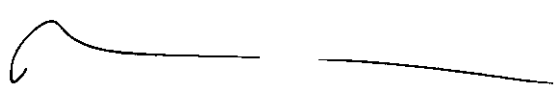
the information given in the directors' report is consistent with the financial statements, and

have been properly prepared in accordance with the Companies Act 1985

Emphasis of matter

Fundamental uncertainty

In forming our opinion, we have considered the continuing support from The Briggs Commercial Limited Group. The financial statements have been prepared on a going concern basis, the validity of which depends on the continuing support from Briggs Commercial Limited Group. The financial statements do not include any adjustments that would result from a failure to obtain continuing support. Details of the circumstances relating to this fundamental uncertainty are described in note 1. Our opinion is not qualified in this respect.



Morris & Young

Chartered Accountants & Registered Auditors

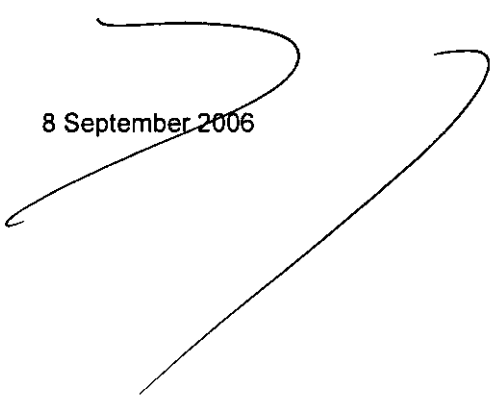
6 Atholl Crescent

Perth

PH1 5JN



8 September 2006



BRIGGS ENVIRONMENTAL SERVICES LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2006

	Notes	2006 £	2005 £
Turnover			
Group and share of joint ventures	8,581,372	8,862,071	
Less share of joint venture	(4,938,538)	(4,189,708)	
Group turnover		3,642,834	4,672,363
Cost of sales		(3,986,891)	(4,272,573)
Gross (loss)/profit		(344,057)	399,790
Administrative expenses		(1,249,501)	(1,108,637)
Other operating income		3,300	70,000
Group operating loss		(1,590,258)	(638,847)
Share of operating profit in Joint ventures		1,011,140	1,315,295
		(579,118)	676,448
Interest payable and similar charges	4	(17,028)	(33,455)
(Loss)/Profit on ordinary activities before taxation	3	(596,146)	642,993
Tax on (loss)/profit on ordinary activities*	5	(331,967)	(543,846)
(Loss)/profit on ordinary activities after taxation		(928,113)	99,147

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

***Tax relates to the following**

Parent and subsidiaries

Joint Ventures 331,967

BRIGGS ENVIRONMENTAL SERVICES LIMITED

STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2006

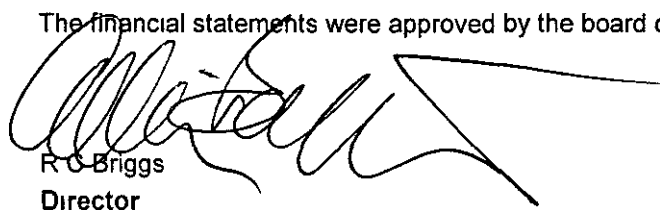
	2006 £	2005 £
(Loss)/profit for the financial year	(928,113)	99,147
Currency translation differences on foreign currency net investments	279,004	39,260
Total recognised gains and losses relating to the year	<u>(649,109)</u>	<u>138,407</u>

BRIGGS ENVIRONMENTAL SERVICES LIMITED

BALANCE SHEETS AS AT 31 MARCH 2006

		Group 2006	2005	Company 2006	2005 as restated
	Notes	£	£	£	£
Fixed assets					
Tangible assets	7	888,839	548,137	888,839	548,137
Investments	8			2	
		<u>888,839</u>	<u>548,137</u>	<u>888,841</u>	<u>548,137</u>
Investments in joint ventures*	8				
Share of gross assets		2,243,767	2,307,960	2,021,464	2,059,128
Share of gross liabilities		(848,972)	(876,811)	(823,584)	(752,591)
		<u>2,283,634</u>	<u>1,979,286</u>	<u>2,086,721</u>	<u>1,854,674</u>
Current assets					
Stocks	9	259,066	326,341	259,066	326,341
Debtors	10	1,257,344	1,817,541	1,088,914	1,652,422
Cash at bank and in hand		23,037	85,961	23,037	85,961
		<u>1,539,447</u>	<u>2,229,843</u>	<u>1,371,017</u>	<u>2,064,724</u>
Creditors amounts falling due within one year	11	(2,954,582)	(2,691,521)	(2,749,209)	(2,463,931)
Net current liabilities		<u>(1,415,135)</u>	<u>(461,678)</u>	<u>(1,378,192)</u>	<u>(399,207)</u>
Total assets less current liabilities		<u>868,499</u>	<u>1,517,608</u>	<u>708,529</u>	<u>1,455,467</u>
Capital and reserves					
Called up share capital	13	1,000	1,000	1,000	1,000
Other reserves	14	(40,778)	(319,782)	(32,648)	(298,967)
Profit and loss account	14	908,277	1,836,390	740,177	1,753,434
Shareholders' funds - equity interests	15	<u>868,499</u>	<u>1,517,608</u>	<u>708,529</u>	<u>1,455,467</u>

The financial statements were approved by the board on 31 August 2006


R G Briggs
Director

BRIGGS ENVIRONMENTAL SERVICES LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2006

	2006	2005
	£	£
Net cash outflow from operating activities	(839,547)	(1,106,471)
Returns on investments and servicing of finance		
Interest paid	(17,028)	(33,455)
Dividends received from joint ventures	994,531	198,980
Net cash inflow for returns on investments and servicing of finance	977,503	165,525
Taxation	(57,849)	(62,668)
Capital expenditure		
Payments to acquire tangible assets	(468,386)	(61,954)
Receipts from sales of tangible assets	7,939	66,551
Net cash (outflow)/inflow for capital expenditure	(460,447)	4,597
Net cash outflow before management of liquid resources and financing	(380,340)	(999,017)
Decrease in cash in the year	(380,340)	(999,017)

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2006

1	Reconciliation of operating loss to net cash outflow from operating activities	2006	2005
		£	£
	Operating loss	(1,590,258)	(638,847)
	Depreciation of tangible assets	119,745	71,651
	Loss on disposal of tangible assets		10,369
	Decrease in stocks	67,275	7,920
	Decrease in debtors	512,336	2,450,878
	Increase/(decrease) in creditors within one year	51,355	(3,008,442)
	Net cash outflow from operating activities	(839,547)	(1,106,471)

2	Analysis of net debt	1 April 2005	Cash flow	Other non cash changes	31 March 2006
		£	£	£	£
	Net cash				
	Cash at bank and in hand	85,961	(62,924)		23,037
	Bank overdrafts	(1,275,342)	(317,416)		(1,592,758)
		(1,189,381)	(380,340)		(1,569,721)
	Net debt	(1,189,381)	(380,340)		(1,569,721)

3	Reconciliation of net cash flow to movement in net debt	2006	2005
		£	£
	Decrease in cash in the year	(380,340)	(999,017)
	Movement in net debt in the year	(380,340)	(999,017)
	Opening net debt	(1,189,381)	(190,364)
	Closing net debt	(1,569,721)	(1,189,381)

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

Discussions for the renewal of the service agreement with Petroleo Brasileiro S A which comprises a substantial portion of the revenues and profits of the main joint venture company are presently in progress. The maintenance of the joint ventures operations and profitability levels in future periods depends on the success of maintaining the service agreement.

If the renegotiation of the service agreement is not successful, the group may have to depend on the continuing support of Briggs Commercial Limited, the ultimate parent company.

Assurances have been received from Briggs Commercial Limited that this support will be forthcoming. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from the withdrawal of this support.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings and joint ventures, to the extent of group ownership, made up to 31 March 2006. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation. The subsidiary is Briggs (Overseas) Limited which was acquired in January 2006. Joint ventures are those undertakings, not recognised as subsidiaries, in which the group has a participating interest and are jointly controlled. The group's share of the results of joint ventures, which are accounted for under the net equity method, are included in the profit and loss, and its share of their net assets are included in investments in the group balance sheet.

1.4 Turnover

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

1.5 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.6 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 & 33% Straight line
Motor vehicles	25% Reducing balance

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

1 Accounting policies

(continued)

1.7 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.8 Investments

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

1.9 Stock and work in progress

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

1.10 Pensions

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.11 Deferred taxation

Deferred taxation 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.

1.12 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.

1.13 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 group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

The segmental analysis by geographical area is disclosed in the ultimate parent company's group accounts.

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

3	Operating loss	2006	2005
		£	£
	Operating loss is stated after charging		
	Depreciation of tangible assets	119,745	71,651
	Loss on disposal of tangible assets		10,369
	Loss on foreign exchange transactions		38,671
	Operating lease rentals	284,162	283,273
	Auditors' remuneration (company £3,000, 2005 £3,000)	3,000	3,000
	Remuneration of auditors for non audit work		2,000
	and after crediting		
	Profit on foreign exchange transactions	(18,879)	(556)
		<u> </u>	<u> </u>
4	Interest payable	2006	2005
		£	£
	On bank loans and overdrafts		3,366
	Hire purchase interest		10,055
	On overdue tax	17,028	20,034
		<u> </u>	<u> </u>
		17,028	33,455
		<u> </u>	<u> </u>
5	Taxation	2006	2005
		£	£
	Domestic current year tax		
	Adjustment for prior years		112,889
		<u> </u>	<u> </u>
	Current tax charge		112,889
		<u> </u>	<u> </u>
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	(612,755)	(473,322)
		<u> </u>	<u> </u>
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 0.00% (2005 0.00%)		
	Effects of		
	Adjustments to previous periods		112,889
		<u> </u>	<u> </u>
	Current tax charge		112,889
		<u> </u>	<u> </u>

The company has estimated losses of £ 617,896 (2005 £ 617,896) available for carry forward against future trading profits

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

6 Loss for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The loss for the financial year is made up as follows:

	2006 £	2005 £
Holding company's loss for the financial year	<u>(638,281)</u>	<u>(586,213)</u>

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

7 Tangible fixed assets

Group

	Land and buildings Freehold £	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2005	111	20,968	797,242	139,729	958,050
Additions		538	445,664	22,184	468,386
Disposals			(14,977)		(14,977)
At 31 March 2006	111	21,506	1,227,929	161,913	1,411,459
Depreciation					
At 1 April 2005	111		326,345	83,457	409,913
On disposals			(7,038)		(7,038)
Charge for the year		2,178	97,953	19,614	119,745
At 31 March 2006	111	2,178	417,260	103,071	522,620
Net book value					
At 31 March 2006		19,328	810,669	58,842	888,839
At 31 March 2005		20,968	470,897	56,272	548,137

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

Tangible fixed assets (continued)

Company

	Land and buildings Freehold £	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2005	111	20,968	797,242	139,729	958,050
Additions		538	445,664	22,184	468,386
Disposals			(14,977)		(14,977)
At 31 March 2006	111	21,506	1,227,929	161,913	1,411,459
Depreciation					
At 1 April 2005	111		326,345	83,457	409,913
On disposals			(7,038)		(7,038)
Charge for the year		2,178	97,953	19,614	119,745
At 31 March 2006	111	2,178	417,260	103,071	522,620
Net book value					
At 31 March 2006		19,328	810,669	58,842	888,839
At 31 March 2005		20,968	470,897	56,272	548,137

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

8 Fixed asset investments Group

Interests in joint ventures

	£	£
Cost		
Group's share of post acquisition reserves		
At 1 April 2005	1,431,149	
Exchange adjustment	279,004	
Share issue		
Share of retained profits/(losses) for the year	(315,358)	
At 31 March 2006		1,394,795

Fixed asset investments other

Alpina Briggs Defesa Ambiental S A

Alpina Briggs Defesa Ambiental S A provides pollution control services The group owns 33 1/3% of the common share capital of the company

Accounts for the year ended 31 March 2006

Share of turnover		4,862,180
Share of profit before tax	927,906	
Taxation	(331,967)	
Profit after tax		595,939

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

8 Fixed asset investments

(continued)

Share of assets		
Fixed assets	506,282	
Current assets	1,515,182	
	<u> </u>	2,021,464
Share of liabilities		
Due within one year or less	(569,277)	
Due after more than one year	(254,307)	
	<u> </u>	(823,584)
Share of net assets		<u>1,197,880</u>

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 ended 31 December

Share of turnover		<u>76,358</u>
Share of profit before tax	83,234	
Taxation	<u> </u>	
Profit after tax		<u>83,234</u>
Share of assets		
Fixed assets	100,898	
Current assets	121,405	
	<u> </u>	222,303
Share of liabilities		
Due within one year or less	(25,388)	
Due after more than one year	<u> </u>	(25,388)
Share of net assets		<u>196,915</u>

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

8 Fixed asset investments (continued)

Fixed asset investments Company

Shares in
group
undertakings
£

Cost

At 1 April 2005

Additions

2

At 31 March 2006

2

Interests in joint ventures

£

£

Cost

Company's share of post acquisition reserves

At 1 April 2005

1,306,537

Exchange adjustment

266,319

Share issue

Share of retained profits/(losses) for the year

(374,976)

At 31 March 2006

1,197,880

Fixed asset investments - other

Alpina Briggs Defesa Ambiental S A

Alpina Briggs Defesa Ambiental S A provides pollution control services The group owns
33 1/3% of the common share capital of the company

Accounts for the year ended 31 March 2006

Share of turnover

4,862,180

Share of profit before tax

927,906

Taxation

(331,967)

Profit after tax

595,939

Share of assets

Fixed assets

506,283

Current assets

1,515,182

2,021,465

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

8 Fixed asset investments (continued)

Share of liabilities	
Due within one year or less	(569,277)
Due after more than one year	(254,308)
	<u>(823,585)</u>
Share of net assets	<u>1,197,880</u>

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

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	Shares held	
		Class	%
Subsidiary undertakings			
Briggs (Overseas) Limited	Scotland	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows

	Principal activity
Briggs (Overseas) Limited	Dormant

9 Stocks and work in progress

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Work in progress	129,283	242,710	129,283	242,710
Finished goods and goods for resale	129,783	83,631	129,783	83,631
	<u>259,066</u>	<u>326,341</u>	<u>259,066</u>	<u>326,341</u>

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

10 Debtors

	Group 2006 £	2005 £	Company 2006 £	2005 £
Trade debtors	736,551	635,054	736,551	635,054
Amounts owed by group undertakings	196,509	118,895	28,079	118,895
Corporation tax	198,216	246,077	198,216	246,077
Other debtors	63,003	752,330	63,003	587,211
Prepayments and accrued income	63,065	65,185	63,065	65,185
	<u>1,257,344</u>	<u>1,817,541</u>	<u>1,088,914</u>	<u>1,652,422</u>

11 Creditors - amounts falling due within one year

	Group 2006 £	2005 £	Company 2006 £	2005 £
Bank loans and overdrafts	1,592,758	1,275,342	1,592,758	1,275,342
Trade creditors	208,900	335,983	208,900	335,983
Amounts owed to group undertakings	379,105	229,995	173,732	2,405
Corporation tax		105,710		105,710
Taxes and social security costs	83,879	85,035	83,879	85,035
Other creditors	135,326	211,545	135,326	211,545
Accruals and deferred income	554,614	447,911	554,614	447,911
	<u>2,954,582</u>	<u>2,691,521</u>	<u>2,749,209</u>	<u>2,463,931</u>

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

12 Pension costs

Defined contribution

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.

	2006 £	2005 £
Contributions payable by the group for the year	<u>26,442</u>	<u>29,769</u>

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

13	Share capital	2006 £	2005 £
	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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

14 Statement of movements on reserves Group

	Other reserves (see below) £	Profit and loss account £
Balance at 1 April 2005	(319,782)	1,836,390
Retained profit for the year		(928,113)
Foreign currency translation differences	279,004	
	<u></u>	<u></u>
Balance at 31 March 2006	<u>(40,778)</u>	<u>908,277</u>

Other reserves

Exchange

Balance at 1 April 2005	(319,782)
Foreign currency translation differences	279,004
	<u></u>
Balance at 31 March 2006	<u>(40,778)</u>

Company

	Profit and loss account £
Balance at 1 April 2005	1,836,388
Prior year adjustment	(82,954)
	<u></u>
Balance at 1 April 2005 as restated	1,753,434
Retained loss for the year	(1,013,257)
	<u></u>
Balance at 31 March 2006	<u>740,177</u>

Other reserves

Other reserves

Exchange

Balance at 1 April 2005	(298,967)
Foreign currency translation differences	266,319
	<u></u>
Balance at 31 March 2006	<u>(32,648)</u>

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

15 Reconciliation of movements in shareholders' funds	2006	2005
	£	£
Group		
(Loss)/Profit for the financial year	(928,113)	99,147
Other recognised gains and losses	279,004	39,260
Net depletion in shareholders' funds	(649,109)	138,407
Opening shareholders' funds	1,517,608	1,379,201
Closing shareholders' funds	868,499	1,517,608
	2006	2005
	£	£
Company		
(Loss)/Profit for the financial year	(1,013,257)	13,394
Other recognised gains and losses	266,319	38,666
Net depletion in shareholders' funds	(746,938)	52,060
Opening shareholders' funds	1,455,467	1,403,407
Closing shareholders' funds	708,529	1,455,467

Opening shareholders' funds were originally £1,517,606 before deducting prior year adjustments of £82,954

16 Contingent liabilities

Group

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

Company

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BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

17 Financial commitments

At 31 March 2006 the group had annual commitments under non cancellable operating leases as follows

	Land and buildings	
	2006	2005
	£	£
Expiry date		
Within one year	113,040	116,890
In over five years	128,814	113,189
	<u>241,854</u>	<u>230,079</u>

At 31 March 2006 the company had annual commitments under non cancellable operating leases as follows

	Land and buildings	
	2006	2005
	£	£
Expiry date		
Within one year	113,040	116,890
In over five years	128,814	113,189
	<u>241,854</u>	<u>230,079</u>

18 Directors' emoluments

	2006	2005
	£	£
Emoluments for qualifying services	87,200	14,440
Company pension contributions to money purchase schemes		2,970
	<u>87,200</u>	<u>17,410</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2005 2)

BRIGGS ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

19 Employees

Number of employees

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

	2006 Number	2005 Number
Production & sales	44	46
Management & administration	10	10
	<u>54</u>	<u>56</u>

Employment costs	2006 £	2005 £
Wages and salaries	1,841,812	1,765,201
Social security costs	148,013	159,143
Other pension costs	26,442	29,769
	<u>2,016,267</u>	<u>1,954,113</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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

21 Related party transactions

Group

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 £96,000 for the warehouse in Baku by Briggs Commercial Limited Pension Scheme. There is £216,000 due to Briggs Commercial Limited Pension Scheme at the year end.

During the year the company has paid expenses of £27,080 on behalf of Briggs Spilfyter Limited, a company that is a joint venture of Briggs Commercial Limited. Briggs Spilfyter Limited has invoiced the company £55,000. Briggs Spilfyter Limited has supplied goods of £45,052 to the company. The company has received funds of £16,254 on behalf of Briggs Spilfyter Limited. The company has taken over the net assets and liabilities of the company of £193,029. These transactions have been entered in a loan account and the balance due to Briggs Spilfyter Limited at the year end is £21,477.

Company

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 £96,000 for the warehouse in Baku by Briggs Commercial Limited Pension Scheme. There is £216,000 due to Briggs Commercial Limited Pension Scheme at the year end.

During the year the company has paid expenses of £27,080 on behalf of Briggs Spilfyter Limited, a company that is a joint venture of Briggs Commercial Limited. Briggs Spilfyter Limited has invoiced the company £55,000. Briggs Spilfyter Limited has supplied goods of £45,052 to the company. The company has received funds of £16,254 on behalf of Briggs Spilfyter Limited. The company has taken over the net assets and liabilities of the company of £193,029. These transactions have been entered in a loan account and the balance due to Briggs Spilfyter Limited at the year end is £21,477.