

WRG ENVIRONMENTAL LIMITED
(Formerly Caird Environmental Limited)

Registered Number 2206141

REPORT AND FINANCIAL STATEMENTS

3 MONTHS ENDED 30 JUNE 2004



WRG ENVIRONMENTAL LIMITED
(Formerly Caird Environmental Limited)

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WRG ENVIRONMENTAL LIMITED
(Formerly Caird Environmental Limited)
DIRECTORS' REPORT

The Directors present their Report and financial statements for 3 months ended 30 June 2004.

PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE PROSPECTS

The principal activity of the Company during the period was the operation of waste collection and disposal services for industry and local authorities.

On 1 July 2004, the Company was sold to WRG Acquisitions 2 Limited (formerly Cholet Acquisitions 2 Limited), a wholly owned subsidiary of WRG Holdings Limited. The Company accordingly amended its Accounting Reference Date to match the date on which ultimate ownership of the Company was transferred. On 21 July 2004 the Company changed its name from Caird Environmental Limited to WRG Environmental Limited.

The Company plans to continue to increase its market share in the waste management sector and will invest in additional landfill void at economic cost and in new geographical areas with growth potential.

TRADING RESULTS AND DIVIDEND

The loss on ordinary activities before tax for the 3 months ended 30 June 2004 was £728,000 (12 months to 31 March 2004: £1,034,000 profit). The Directors recommend that no dividend be paid in respect of the 3 months ended 30 June 2004 (12 months to 31 March 2004: £Nil). The loss transferred to reserves for the 3 months ended 30 June 2004 was £510,000 (12 months to 31 March 2004: £1,502,000 profit).

POST BALANCE SHEET EVENTS

On 12 December 2004 the authorised share capital of the Company was increased by £14,950,000 from £45,050,000 to £60,000,000 by the creation of 14,950,000 new ordinary shares of £1.00 each.

On 12 December 2004 WRG Acquisitions 2 Limited transferred 1 ordinary share of £1.00 in the Company to WRG Acquisitions Plc.

On 12 December 2004 the Company allotted to WRG Acquisitions 2 Limited, 908,164 ordinary shares of £1.00 each in consideration of the transfer to the Company by WRG Acquisitions 2 Limited of 908,164 ordinary shares in WRG Properties Limited.

On 13 December 2004 the Company allotted to WRG Acquisitions 2 Limited, 9,700,000 ordinary shares of £1.00 each.

The current shareholders of the Company are now:

WRG Acquisitions Plc - 1 ordinary share
WRG Acquisitions 2 Limited - 55,608,165 ordinary shares

On 15th December 2004 the Company was a party to the refinancing of WRG Finance Plc and its subsidiary companies under which it granted security by way of fixed and floating charges over its assets and became a borrower and guarantor under an Amended and Restated Facilities Agreement dated 9th June 2003.

WRG ENVIRONMENTAL LIMITED
(Formerly Caird Environmental Limited)
DIRECTORS' REPORT - continued

DIRECTORS AND DIRECTORS' INTERESTS

The Directors who held office during the period and up to the date of this report were as follows:

Q R Stewart (appointed 1 July 2004, resigned 25 October 2004)
P W Burns (appointed 1 July 2004, resigned 25 October 2004)
J R Meredith (appointed 1 July 2004)
L J D Cassells (appointed 1 July 2004)
S N Hardman (appointed 16 August 2004)
M C E Averill (resigned 1 July 2004)
D J Downes (resigned 1 July 2004)
M J Clarke (resigned 1 July 2004)
A M Ryan (resigned 30 June 2004)
CA Brown (resigned 14 May 2004)

None of the Directors held an interest in the share capital of the Company during the year. The interests of Messrs Meredith, Cassells and Hardman in the share capital of intermediate and ultimate holding companies are disclosed in the accounts of WRG Investments Limited.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial period 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;
- 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 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.

EMPLOYMENT POLICIES

There is a continuing commitment in the Company to provide employees with information and undertake consultation on matters of concern to them with a view to ensuring an awareness of the financial and economic factors affecting the performance of the Company. The procedures adopted involve both formal and informal meetings with employees or their representatives.

It is the continuing policy of the Company to provide employment for disabled people and employees who become disabled provided it is practical to offer suitable work. The training, career development and promotion of disabled employees are undertaken whenever possible, in accordance with the needs of the individuals concerned.

WRG ENVIRONMENTAL LIMITED
(Formerly Caird Environmental Limited)
DIRECTORS' REPORT - continued

NOTE OF CHANGE OF COMPANY SECRETARY

SP Cannon (resigned 30 June 2004)

A Waterhouse (appointed 1 July 2004)

S N Hardman (appointed joint company secretary 14 July 2004, resigned 16 August 2004)

NOTE OF CHANGE OF REGISTERED OFFICE

On 7 January 2005 the Company's registered office was changed from:

3 Sidings Court
White Rose Way
Doncaster
South Yorkshire
DN4 5NU

To:

Ground Floor West
900 Pavilion Drive
Northampton Business Park
Northampton
NN4 7RG

AUDITORS

A resolution to re-appoint PricewaterhouseCoopers LLP as Auditors to the Company will be proposed at the Annual General Meeting.

By Order of the Board



L J D Cassells
DIRECTOR

26th April 2005

Registered Office:
Ground Floor West
900 Pavilion Drive
Northampton Business Park
Northampton
NN4 7RG

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WRG ENVIRONMENTAL LIMITED (Formerly Caird Environmental Limited)

We have audited the financial statements which comprise the profit and loss account, the balance sheet, and the related notes and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' report.

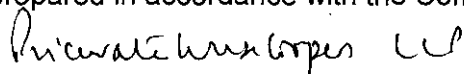
Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 30 June 2004 and of the loss for the 3 months then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

26 April 2005

WRG ENVIRONMENTAL LIMITED
(Formerly Caird Environmental Limited)
PROFIT AND LOSS ACCOUNT
FOR THE 3 MONTHS ENDED 30 JUNE 2004

	<u>Note</u>	3 months to 30 June 2004 £'000	12 months to 31 March 2004 £'000
TURNOVER - CONTINUING ACTIVITIES	2	3,835	11,945
Cost of sales		(4,181)	(10,875)
		<hr/>	<hr/>
GROSS (LOSS)/PROFIT		(346)	1,070
Administrative expenses		(315)	(1,137)
		<hr/>	<hr/>
OPERATING LOSS ON CONTINUING ACTIVITIES		(661)	(67)
Exceptional profit on disposal of fixed assets	3	-	1,313
		<hr/>	<hr/>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE FINANCE CHARGES AND TAX		(661)	1,246
Finance charges: unwind of discount	6	(67)	(212)
		<hr/>	<hr/>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	3	(728)	1,034
Tax	7	218	468
		<hr/>	<hr/>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAX AND RETAINED (LOSS)/PROFIT FOR THE FINANCIAL PERIOD	17	(510)	1,502
		<hr/>	<hr/>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE 3 MONTHS ENDED 30 JUNE 2004

The Company has no recognised gains or losses other than the profit for the period.

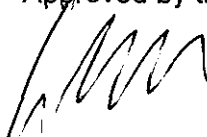
NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE 3 MONTHS ENDED 30 JUNE 2004

There is no material difference between the reported profit for the period and that which would be reported under the historical cost convention.

WRG ENVIRONMENTAL LIMITED
(Formerly Caird Environmental Limited)
BALANCE SHEET
AS AT 30 JUNE 2004

	<u>Note</u>	30 June 2004 £'000	31 March 2004 £'000
FIXED ASSETS			
Tangible fixed assets	8	22,420	22,825
Investments	9	3,191	3,191
		<hr/>	<hr/>
		25,611	26,016
		<hr/>	<hr/>
CURRENT ASSETS			
Stock – raw materials		155	155
Debtors	10	6,519	6,090
		<hr/>	<hr/>
		6,674	6,245
		<hr/>	<hr/>
CREDITORS: amounts falling due within one year	11	(3,192)	(3,192)
		<hr/>	<hr/>
NET CURRENT ASSETS		3,482	3,053
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		29,093	29,069
		<hr/>	<hr/>
CREDITORS: amounts falling due after more than one year	12	(11,259)	(11,259)
		<hr/>	<hr/>
PROVISIONS FOR LIABILITIES AND CHARGES	13	(7,352)	(6,818)
		<hr/>	<hr/>
TOTAL NET ASSETS		10,482	10,992
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Share capital	15	45,000	45,000
Profit and loss account	17	(34,518)	(34,008)
		<hr/>	<hr/>
TOTAL EQUITY SHAREHOLDERS' FUNDS	18	10,482	10,992
		<hr/>	<hr/>

Approved by the Board of Directors on 26th April 2005.


L J D Cassells
Director

WRG ENVIRONMENTAL LIMITED
(Formerly Caird Environmental Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 3 MONTHS ENDED 30 JUNE 2004

1 ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared using the historical cost convention and in accordance with applicable Accounting Standards. WRG Holdings Limited is the parent company of the largest group of which the Company is a member and for which group accounts are drawn up. As a wholly owned subsidiary undertaking of WRG Holdings Limited, group financial statements have not been prepared as permitted by s288 of the Companies Act 1985 and the financial statements contain information about the Company as an individual undertaking.

(b) New accounting standards and changes in accounting policies

There were no changes in accounting policies in the current period.

FRS 17 - Retirement Benefits is applicable to the company. The company has applied the transitional arrangements for adoption of the FRS. Accordingly no change has been made to the accounting policy but included in these financial statements are the additional disclosures required by FRS 17 (see Note 21).

(c) Turnover

Turnover represents the invoiced value of waste streams, power generated, and other services provided including landfill tax but excluding value added tax. Turnover is recognised when processing occurs or the service is provided.

(d) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation, except for freehold land which is not depreciated, and less any write down for impairment.

(i) Land & Buildings and Plant & Machinery

Depreciation is provided on assets other than land to write off their cost by equal annual instalments over their estimated useful economic lives. The expected lives are:

Freehold buildings	25 - 50 years
Leasehold land and buildings	Period of lease
Plant & machinery	3 to 15 years

(ii) Landfill

Acquisition costs, the discounted cost of final site restoration and commissioning costs are capitalised and written off over the operational life of each site based on the amount of void space consumed.

(iii) Capitalisation of finance costs

Finance costs directly attributable to separately identifiable major capital growth projects have been capitalised as part of the asset cost during the period of construction.

(e) Investments

Investments are shown at cost including fees relating to acquisition. The Directors review the carrying value of investments for any impairment of value.

WRG ENVIRONMENTAL LIMITED
(Formerly Caird Environmental Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 3 MONTHS ENDED 30 JUNE 2004 - continued

1 ACCOUNTING POLICIES - continued

(f) Research and development

Expenditure is written off in the year in which it is incurred.

(g) Pensions

The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the expected working lives of the pension scheme members currently in service. Any differences between the actuarial valuation of the scheme and the value of assets in the scheme are also charged or credited to the profit and loss account over the expected working lives of the scheme members. Differences and payments to the schemes are treated as assets or liabilities in the balance sheet.

(h) Leased assets

Where the Company has substantially all the risks and rewards of ownership of a leased asset, it is treated as a finance lease. Leased assets are included in tangible fixed assets at the total of the capital elements of payments during the lease term and the corresponding obligation is included in creditors. Depreciation is provided to write off the assets over the shorter of the lease term or expected useful life.

Rentals paid under operating leases are charged to the profit and loss account as incurred over the term of the lease.

(i) Site restoration provision

Full provision is made for the net present value (NPV) of the Company's unavoidable costs in relation to restoration liabilities at its landfill sites and this value is capitalised as a fixed asset. The Company continues to provide for the NPV of intermediate restoration costs over the life of its landfill sites, based on the quantity of waste deposited in the period.

(j) Aftercare provision

Provision is made for the NPV of post closure costs based on the quantity of waste deposited in the period. Similar costs incurred during the operational life of the sites are written off directly and not charged against the provision.

(k) Discounting

All long term provisions for restoration and aftercare are calculated based on the NPV of the estimated future costs. The effects of inflation and unwinding of the discount element on existing provisions are reflected within the financial statements as a finance charge. The real discount factor currently applied is 2%.

(l) Government grants

Capital grants are released to profit evenly over the estimated useful lives of the assets concerned.

(m) Stocks

Stocks are stated at the lower of cost (on a first in first out basis) and net realisable value.

WRG ENVIRONMENTAL LIMITED
(Formerly Caird Environmental Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 3 MONTHS ENDED 30 JUNE 2004 - continued

1 ACCOUNTING POLICIES - continued

(n) Deferred taxation

Deferred taxation is provided in full in respect of timing differences arising between the treatment of certain items for taxation and accounting purposes. Deferred tax assets in respect of trading tax losses are only recognised where the tax losses are expected to be recovered. Deferred taxation provisions have not been discounted.

2 SEGMENTAL INFORMATION

The turnover and operating profit are wholly attributable to the Company's business of waste management in the United Kingdom. All of the Company's business turnover and operating profit relates to continuing operations during the period.

3 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

	3 months to 30 June <u>2004</u> £'000	12 months to 31 March <u>2004</u> £'000
The operating loss is stated after charging:		
Depreciation of owned tangible fixed assets	875	2,352
Operating lease rentals on plant and machinery	128	622
Property rent payable	3	11
	<u> </u>	<u> </u>
The (loss)/profit before tax is stated after crediting the following non-operating items:		
Exceptional profit on disposal of fixed assets	-	1,313
	<u> </u>	<u> </u>

The auditors' remuneration for the period has been borne by a fellow group subsidiary.

The exceptional profit on disposal of fixed assets in 12 months to 31 March 2004 of £1,313,000 related to the disposal to a fellow group company of the collections and recycling business, surplus properties and related subsidiary investments. There was no tax attributable to this profit.

WRG ENVIRONMENTAL LIMITED
(Formerly Caird Environmental Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 3 MONTHS ENDED 30 JUNE 2004 - continued

4 DIRECTORS' EMOLUMENTS

The Directors were not remunerated for their services to the Company. The salaries of the Directors were paid by other group undertakings. None of this remuneration relates to their services to the Company.

5 EMPLOYEES

The average number of employees employed by the Company in waste management during the period was 35 (12 months to 31 March 2004: 36). The total remuneration of employees comprised:

	3 months to 30 June 2004 £'000	12 months to 31 March 2004 £'000
Wages and salaries	161	650
Social security costs	19	57
Other pension costs	22	62
	<hr/>	<hr/>
	202	769
	<hr/>	<hr/>

6 FINANCE COSTS

The unwinding of the discount of £67,000 (12 months to 31 March 2004: £212,000) relates to long term landfill liabilities (see Note 13). It is treated as a finance cost in accordance with FRS 12.

WRG ENVIRONMENTAL LIMITED
(Formerly Caird Environmental Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 3 MONTHS ENDED 30 JUNE 2004 - continued

7 TAX

Tax (credit)/charge based on the (loss)/profit of the period is made up as follows:

	3 months to 30 June 2004 £'000	12 months to 31 March 2004 £'000
Corporation tax at 30% (12 months to 31 March 2004: 30%)		
- current period	69	(271)
- prior year	-	(375)
Deferred tax		
- current period	(287)	555
- prior year	-	(377)
	<u>(218)</u>	<u>(468)</u>

The tax assessed for the period is lower than the United Kingdom standard rate of corporation tax of 30% (12 months to 31 March 2004: 30%). The differences are explained below:

	3 months to 30 June 2004 £'000	12 months to 31 March 2004 £'000
(Loss)/profit on ordinary activities before tax	<u>(728)</u>	<u>1,034</u>
Tax (credit)/charge based on UK tax rate	(218)	310
Tax effect of the following items:		
Expenses not deductible for tax purposes	-	368
Other timing differences	160	86
Capital allowances	127	(641)
Adjustment to tax charge in respect of prior periods	-	(375)
Non-taxable profit on disposal of fixed assets to fellow group companies	-	(394)
	<u>69</u>	<u>(646)</u>
Corporation tax credit for the period		

WRG ENVIRONMENTAL LIMITED
(Formerly Caird Environmental Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 3 MONTHS ENDED 30 JUNE 2004 - continued

8 TANGIBLE FIXED ASSETS

	Land and buildings £'000	Plant and machinery £'000	Total £'000
Cost:			
At 31 March 2004	44,524	2,595	47,119
Additions	426	54	480
Transfers to fellow Group company	-	(118)	(118)
	<hr/>	<hr/>	<hr/>
At 30 June 2004	44,950	2,531	47,481
	<hr/>	<hr/>	<hr/>
Depreciation:			
At 31 March 2004	22,457	1,837	24,294
Charge for the period	732	143	875
Transfers to fellow Group company	-	(108)	(108)
	<hr/>	<hr/>	<hr/>
At 30 June 2004	23,189	1,872	25,061
	<hr/>	<hr/>	<hr/>
Net book value:			
At 30 June 2004	21,761	659	22,420
	<hr/>	<hr/>	<hr/>
At 31 March 2004	22,067	758	22,825
	<hr/>	<hr/>	<hr/>

Included in fixed assets are assets under construction with a value of £393,054 (31 March 2004: £338,682).

The historical cost of land and buildings at 30 June 2004 was £44,950,00 (31 March 2004: £44,524,000). Legal title to some of the Company's properties is held by fellow group companies other than those in which the beneficial interest is vested, pending transfer of registered ownership. The net book value of land and buildings comprise:

	30 June 2004 £'000	31 March 2004 £'000
Freehold	16,968	17,448
Short leasehold	4,793	4,619
	<hr/>	<hr/>
	21,761	22,067
	<hr/>	<hr/>

WRG ENVIRONMENTAL LIMITED
(Formerly Caird Environmental Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 3 MONTHS ENDED 30 JUNE 2004 - continued

9 INVESTMENTS

	Shares in subsidiary undertakings £'000
Cost:	
As at 31 March 2004 and as at 30 June 2004	3,191

At 30 June 2004 the Company had the following investments in subsidiary undertakings:

	<u>Country of registration</u>	<u>Type of shares</u>	<u>Type of business</u>	<u>Proportion of shares held</u>
Tawse Ellon (Haulage) Limited	Scotland	Ordinary	Dormant	100%
WRG Properties Limited	England	Ordinary	Property	100%

The balance sheet value of investments represents the purchase consideration and associated costs for the purchase of these shares. In the opinion of the Directors the value of investments in the subsidiary undertakings is not less than the aggregate amounts at which they are shown in the balance sheet.

10 DEBTORS

	30 June <u>2004</u> £'000	31 March <u>2004</u> £'000
Deferred tax asset (see Note 14)	337	50
Amounts owed by group undertakings	6,182	6,040
	<u>6,519</u>	<u>6,090</u>

11 CREDITORS: Amounts falling due within one year

	30 June <u>2004</u> £'000	31 March <u>2004</u> £'000
Amounts owed to group undertakings	3,192	3,192

WRG ENVIRONMENTAL LIMITED
(Formerly Caird Environmental Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 3 MONTHS ENDED 30 JUNE 2004 - continued

12 CREDITORS: Amounts falling due after more than one year

	30 June 2004 £'000	31 March 2004 £'000
Amounts owed to holding company	11,259	11,259

13 PROVISIONS FOR LIABILITIES AND CHARGES

	Site restoration £'000	Aftercare £'000	Total £'000
At 31 March 2004	3,202	3,616	6,818
Provided in the period:			
- cost of sales	299	439	738
- finance charges	22	45	67
Utilised in the period	(271)	-	(271)
At 30 June 2004	3,252	4,100	7,352

Site Restoration

Site Restoration provision relates to the cost of intermediate and final capping and covering of landfill sites. These costs are expected to be paid over a period of up to twenty five years from today. These costs may be impacted by a number of factors including changes in legislation and technology.

Aftercare

The total post closure costs of landfill sites, including such items as monitoring, gas and leachate management and licensing, have been estimated by management based on current best practice and technology available. These costs may be impacted by a number of factors including changes in legislation and improvements in technology. The dates of payments of these aftercare costs are uncertain but are anticipated to be over a period of approximately thirty years from closure of the relevant landfill site.

WRG ENVIRONMENTAL LIMITED
(Formerly Caird Environmental Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 3 MONTHS ENDED 30 JUNE 2004 - continued

14 DEFERRED TAX ASSET

	£'000
As at 1 April 2004	50
Credit for the period	287
	<hr/>
As at 30 June 2004	337
	<hr/> <hr/>

The deferred tax asset is made up as follows:

	30 June 2004 £'000	31 March 2004 £'000
Capital allowances	(811)	(938)
Other timing differences	1,148	988
	<hr/>	<hr/>
	337	50
	<hr/> <hr/>	<hr/> <hr/>

15 SHARE CAPITAL

	30 June 2004 £'000	31 March 2004 £'000
Authorised:		
45,050,000 Ordinary Shares of £1 each	45,050	45,050
	<hr/>	<hr/>
Allotted, called up and fully paid:		
45,000,002 Ordinary Shares of £1 each	45,000	45,000
	<hr/>	<hr/>

16 POST BALANCE SHEET EVENTS

On 12 December 2004 the authorised share capital of the Company was increased by £14,950,000 from £45,050,000 to £60,000,000 by the creation of 14,950,000 new ordinary shares of £1.00 each.

On 12 December 2004 the Company allotted to WRG Acquisitions 2 Limited, 908,164 ordinary shares of £1.00 each in consideration of the transfer to the Company by WRG Acquisitions 2 Limited of 908,164 ordinary shares in WRG Properties Limited.

On 13 December 2004 the Company allotted to WRG Acquisitions 2 Limited, 9,700,000 ordinary shares of £1.00 each.

WRG ENVIRONMENTAL LIMITED
(Formerly Caird Environmental Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 3 MONTHS ENDED 30 JUNE 2004 - continued

17 RESERVES

	<u>Profit and loss account</u> £'000
At 1 April 2004	(34,008)
Retained loss for the period	(510)
	<hr/>
At 30 June 2004	(34,518)
	<hr/> <hr/>

18 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	30 June <u>2004</u> £'000	31 March <u>2004</u> £'000
(Loss)/profit for the financial period	(510)	1,502
	<hr/>	<hr/>
Net movement in equity shareholders' funds	(510)	1,502
Opening equity shareholders' funds	10,992	9,490
	<hr/>	<hr/>
Closing equity shareholders' funds	10,482	10,992
	<hr/> <hr/>	<hr/> <hr/>

19 CAPITAL COMMITMENTS

The amount of capital expenditure authorised by the Directors for which no provision has been made in the financial statements is:

	30 June <u>2004</u> £'000	31 March <u>2004</u> £'000
Expenditure contracted for	66	962
	<hr/> <hr/>	<hr/> <hr/>

WRG ENVIRONMENTAL LIMITED
(Formerly Caird Environmental Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 3 MONTHS ENDED 30 JUNE 2004 - continued

20 COMMITMENTS UNDER OPERATING LEASES

The annual commitments under operating leases are as follows:-

	30 June <u>2004</u> £'000	31 March <u>2004</u> £'000
Leases expiring between two and five years	82	82
	<u> </u>	<u> </u>

21 PENSIONS

The Company participates in the defined contribution schemes operated by Waste Recycling Group Limited on behalf of their eligible employees. The assets of these schemes are held separately from those of the Company in independently administered funds.

Prior to acquisition by WRG Acquisitions 2 Limited, the employees of the Company participated in the Shanks Group Pension Scheme, which is a funded, managed, defined benefit scheme, the costs of which are fully provided in accordance with the regular recommendations of a professionally qualified independent actuary. The Company is unable to identify the share of the underlying assets and liabilities of the Shanks Group scheme that relates to its business and is permitted under FRS 17 to treat this scheme as a defined contributions scheme. Full disclosures relating to the Shanks Group's pension schemes are contained in the financial statements of Shanks Group plc.

WRG ENVIRONMENTAL LIMITED
(Formerly Caird Environmental Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 3 MONTHS ENDED 30 JUNE 2004 - continued

22 CONTINGENT LIABILITIES

The Company has entered into unlimited cross guarantees with its bankers relating to the borrowings of other Group companies.

The Company is a member of group VAT registration and as such has contingent liabilities for VAT in respect of other members of the Group.

23 RELATED PARTY TRANSACTIONS

As permitted by FRS8, the Company, being a wholly owned subsidiary of another company which prepares a statement of related party transactions including that of this Company, has not prepared such a statement itself.

24 CASH FLOW STATEMENT

As permitted by paragraph 8(c) of FRS1 (revised 1996), the Company, being a wholly owned subsidiary of another company which prepares a cash flow statement has not prepared such a statement itself.

25 IMMEDIATE & ULTIMATE PARENT COMPANY

The Company was acquired by WRG Acquisitions 2 Limited (previously Cholet Acquisitions 2 Limited), a subsidiary of WRG Holdings Limited (previously Cholet Holdings Ltd) on 1 July 2004. WRG Holdings Limited is the parent company of the largest group of which the Company is a member and for which group accounts are drawn up. Copies of WRG Holdings Limited financial statements are available from the Company Secretary, Ground Floor West, 900 Pavilion Drive, Northampton Business Park, Northampton, NN4 7RG.

The Directors regard Terra Firma Capital Partners Holdings Limited, a company registered in Guernsey, as the ultimate controlling party and the ultimate parent entity.