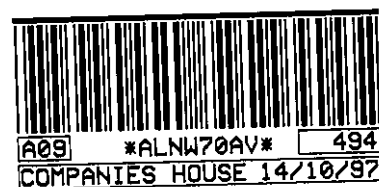


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**Report of the Directors and
Financial Statements
for the Period 9 May 1996 to 31 May 1997
for
DEWATERING SERVICES LIMITED**



DEWATERING SERVICES LIMITED

Index to the Financial Statements for the Period 9 May 1996 to 31 May 1997

	Page
Company Information	1
Report of the Directors	2
Report of the Accountants	3
Profit and Loss Account	4
Balance Sheet	5
Notes to the Financial Statements	7
Trading and Profit and Loss Account	11

DEWATERING SERVICES LIMITED

**Company Information
for the Period 9 May 1996 to 31 May 1997**

DIRECTORS:

J T Broderick
P R Jeffries
J D McKie
J R Usherwood

SECRETARY:

J D McKie

REGISTERED OFFICE:

Suite 9, Market House
19-21 Market Place
Wokingham
Berkshire RG40 1AP

REGISTERED NUMBER:

3196675 (England and Wales)

ACCOUNTANTS:

Ellis & Co
Chartered Accountants
Suite 9, Market House
19-21 Market Place
Wokingham
Berkshire RG11 1AP

DEWATERING SERVICES LIMITED

Report of the Directors for the Period 9 May 1996 to 31 May 1997

The directors present their report with the financial statements of the company for the period 9 May 1996 to 31 May 1997.

INCORPORATION

The company was incorporated on 9 May 1996 and commenced trading on 24 June 1996. The company passed a special resolution on 27 June 1996 changing its name from Dualaction Limited to DEWATERING SERVICES LIMITED.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of the removing or finding water from underground earth strata.

DIRECTORS

The directors during the period under review were:

J T Broderick	- appointed 3.9.96
P R Jeffries	- appointed 29.5.96
J D McKie	- appointed 1.9.96
J R Usherwood	- appointed 29.5.96
Instant Companies Limited	- appointed 9.5.96
	- resigned 29.5.96


The beneficial interests of the directors holding office on 31 May 1997 in the issued share capital of the company were as follows:

	31.5.97	at date of appointment
Ordinary £1 shares		
J T Broderick	550	-
P R Jeffries	550	-
J D McKie	550	-
J R Usherwood	550	-

All the directors, being eligible, offer themselves for election at the forthcoming first Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:


.....
J D McKie - SECRETARY

Dated:

27 August 1997

DEWATERING SERVICES LIMITED

**Report of the Accountants to the Shareholders
on the Unaudited Financial Statements of
DEWATERING SERVICES LIMITED**

We report on the financial statements for the period ended 31 May 1997 set out on pages four to ten.

Respective responsibilities of directors and reporting accountants

As described on page five the company's directors are responsible for the preparation of the financial statements, and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the financial statements with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion:

- (a) the financial statements are in agreement with the accounting records kept by the company under Section 221 of the Companies Act 1985;
- (b) having regard only to, and on the basis of, the information contained in those accounting records:
 - (i) the financial statements have been drawn up in a manner consistent with the accounting requirements specified in Section 249C(6) of the Act; and
 - (ii) the company satisfied the conditions for exemption from an audit of the financial statements for the period specified in Section 249A(4) of the Act and did not, at any time within that period, fall within any of the categories of companies not entitled to the exemption specified in Section 249B(1).

Ellis & Co
Chartered Accountants
Suite 9, Market House
19-21 Market Place
Wokingham
Berkshire RG11 1AP

Ellis & Co

Dated:

27 August 1997

DEWATERING SERVICES LIMITED

Profit and Loss Account for the Period 9 May 1996 to 31 May 1997

	Notes	£	£
TURNOVER	2		285,493
Cost of sales			135,909
GROSS PROFIT			149,584
Distribution costs		2,423	
Administrative expenses		82,884	
			85,307
OPERATING PROFIT	4		64,277
Interest receivable and similar income	5		308
			64,585
Interest payable and similar charges	6		1,765
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			62,820
Tax on profit on ordinary activities	7		15,000
PROFIT FOR THE FINANCIAL PERIOD AFTER TAXATION			47,820
Dividends	8		8,000
RETAINED PROFIT CARRIED FORWARD			£39,820

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current period.

TOTAL RECOGNISED GAINS AND LOSSES

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

The notes form part of these financial statements

DEWATERING SERVICES LIMITED

Balance Sheet 31 May 1997

	Notes	£
FIXED ASSETS:		
Tangible assets	9	46,340
CURRENT ASSETS:		
Stocks	10	4,458
Debtors	11	75,279
Cash at bank and in hand		13,160
		<u>92,897</u>
CREDITORS: Amounts falling due within one year	12	<u>85,666</u>
NET CURRENT ASSETS:		<u>7,231</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:		53,571
CREDITORS: Amounts falling due after more than one year	13	<u>9,751</u>
		<u><u>£43,820</u></u>
CAPITAL AND RESERVES:		
Called up share capital	15	4,000
Profit and loss account		39,820
		<u>43,820</u>
Shareholders' funds	16	<u><u>£43,820</u></u>

The company is entitled to exemption from audit under Section 249A(2) of the Companies Act 1985 for the period ending 31 May 1997.

No notice has been deposited under Section 249B(2) of the Companies Act 1985 in relation to its financial statements for the financial year.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

The notes form part of these financial statements

DEWATERING SERVICES LIMITED

**Balance Sheet
31 May 1997**

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:

.....
- DIRECTOR

Approved by the Board on27 August 1997

DEWATERING SERVICES LIMITED

Notes to the Financial Statements for the Period 9 May 1996 to 31 May 1997

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery etc	- 25 % on reducing balance and 20 % on reducing balance
-------------------------	--

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the period are charged in the profit and loss account.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

3. STAFF COSTS

Staff costs include the following:

	£
Pension costs (other than social security costs)	13,200

4. OPERATING PROFIT

The operating profit is stated after charging:

	£
Hire of plant and machinery	85,656
Depreciation - owned assets	15,212
	<hr/>
Directors' emoluments and other benefits etc	8,000
	<hr/>

DEWATERING SERVICES LIMITED

Notes to the Financial Statements for the Period 9 May 1996 to 31 May 1997

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	£
Deposit account interest	308
	<u> </u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	£
Hire purchase	1,765
	<u> </u>

7. TAXATION

The tax charge on the profit on ordinary activities for the period was as follows:

	£
UK Corporation Tax	15,000
	<u> </u>

UK Corporation Tax has been charged at 23.50%.

8. DIVIDENDS

	£
Equity shares:	
Interim - share type 1	8,000
	<u> </u>

9. TANGIBLE FIXED ASSETS

	Plant and machinery etc
	<u> </u>
	£
COST:	
Additions	61,552
	<u> </u>
At 31 May 1997	61,552
	<u> </u>
DEPRECIATION:	
Charge for period	15,212
	<u> </u>
At 31 May 1997	15,212
	<u> </u>
NET BOOK VALUE:	
At 31 May 1997	46,340
	<u> </u>

10. STOCKS

	£
Stock	4,458
	<u> </u>

DEWATERING SERVICES LIMITED

**Notes to the Financial Statements
for the Period 9 May 1996 to 31 May 1997**

**11. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	£
Trade debtors	73,279
ACT recoverable	2,000
	<hr/>
	75,279
	<hr/>

**12. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	£
Hire purchase contracts (see note 14)	7,574
Trade creditors	27,408
Director's current account	22,500
Other creditors	1,200
V.A.T.	6,351
Social security & other taxes	350
Taxation	15,000
ACT Payable	2,000
Accrued expenses	3,283
	<hr/>
	85,666
	<hr/>

**13. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	£
Hire purchase contracts (see note 14)	9,751
	<hr/>

DEWATERING SERVICES LIMITED

Notes to the Financial Statements for the Period 9 May 1996 to 31 May 1997

14. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	Hire purchase contracts
	£
Gross obligations repayable:	
Within one year	9,380
Between one and five years	12,375
	<u>21,755</u>
Finance charges repayable:	
Within one year	1,806
Between one and five years	2,624
	<u>4,430</u>
Net obligations repayable:	
Within one year	7,574
Between one and five years	9,751
	<u>17,325</u>

15. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:			
Number:	Class:	Nominal value:	£
4,000	Ordinary	£1	4,000

4,000 Ordinary shares of £1 each were allotted and fully paid for cash at par during the period.

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£
Profit for the financial period	47,820
Dividends	(8,000)
	<u>39,820</u>
Share Capital	4,000
NET ADDITION TO SHAREHOLDERS' FUNDS	<u>43,820</u>
CLOSING SHAREHOLDERS' FUNDS	<u>43,820</u>
Equity interests	<u>43,820</u>