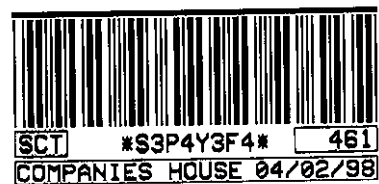


ENVIROSOIL TECHNOLOGIES LIMITED

Company No: 168239

ANNUAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 1997

11



SPRINGFORDS
FOCUSED BUSINESS EXPERTISE

ENVIROSOIL TECHNOLOGIES LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 1997

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The following page does not form part of the statutory accounts:-

Detailed trading and profit and loss account	Appendix 1
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ENVIROSOIL TECHNOLOGIES LIMITED

COMPANY INFORMATION

AS AT 30 SEPTEMBER 1997

INCORPORATED	Scotland on 12 September 1996
NUMBER	168239
DIRECTORS	D Airlie A Airlie
SECRETARY	A Airlie
REGISTERED OFFICE	4 Eastfield Court Livingston West Lothian
BANKERS	Clydesdale Bank Plc Livingston
ACCOUNTANTS	Springfords Dundas House Westfield Park Eskbank Midlothian EH22 3FB

ENVIROSOIL TECHNOLOGIES LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 30 SEPTEMBER 1997

The directors present their report and the financial statements for the period ended 30 September 1997.

PRINCIPAL ACTIVITY

The principal activity of the company is the provision of geotechnical advice and services.

DIRECTORS

The directors of the company during the period and their interests in the shares of the company as recorded in the register of directors' interests were as follows:-

	30 September 1997 Ordinary shares
D Airlie	1
A Airlie	1

SMALL COMPANY EXEMPTIONS

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

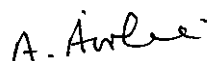
We are required under company law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements we are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets;
- taking reasonable steps for the prevention and detection of fraud.

On behalf of the board



A Airlie
Company Secretary

10 December 1997

ACCOUNTANTS' REPORT TO THE DIRECTORS OF

ENVIROSOIL TECHNOLOGIES LIMITED

As described on the balance sheet you are responsible for the preparation of the accounts and you consider that the company is exempt from an audit. In accordance with your instructions and in order to assist you to fulfil your responsibilities, we have prepared the accounts on pages 4 to 9 from the accounting records and from the information and explanations supplied to us. We have not carried out an audit.

Springfords

SPRINGFORDS

12 December 1997

*Dundas House
Westfield Park
Eskbank
Midlothian
EH22 3FB*

ENVIROSOIL TECHNOLOGIES LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE PERIOD ENDED 30 SEPTEMBER 1997**

	Notes	1997 £
Turnover	2	154,107
Cost of sales		<u>(85,529)</u>
Gross profit		68,578
Net operating expenses		
Administrative expenses		<u>(65,976)</u>
Operating profit	3	2,602
Investment income	5	137
Interest payable	6	<u>(967)</u>
Profit on ordinary activities before taxation		1,772
Taxation	7	<u>-</u>
Profit on ordinary activities after taxation retained for the period		<u><u>1,772</u></u>

Movements in reserves are shown in note 12.

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

There are no recognised gains and losses in 1997 other than the profit for the period.

ENVIROSOIL TECHNOLOGIES LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 1997

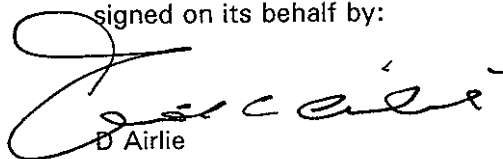
	Notes	1997 £	£
Fixed assets			
Tangible assets	8		23,082
Current assets			
Debtors	9	43,520	
Cash at bank and in hand		5,306	
		<u>48,826</u>	
Creditors: amounts falling due within one year	10	<u>(57,095)</u>	
Net current liabilities			<u>(8,269)</u>
Total assets less current liabilities			14,813
Creditors: amounts falling due after more than one year			<u>(13,039)</u>
Net assets			<u><u>1,774</u></u>
Capital and reserves			
Called up share capital	11		2
Profit and loss account	12		<u>1,772</u>
Equity shareholders' funds	13		<u><u>1,774</u></u>

The directors consider that for the period ended 30 September 1997 the company was entitled to exemption from audit under section 249A(1) of the Companies Act 1985. No member or members have deposited a notice requesting an audit for the current financial period under subsection 2 of section 249B of the Act.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985 and preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial period and of its profit or loss for the financial period in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

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

The financial statements were approved by the board of directors on 10 December 1997 and signed on its behalf by:


D Airlie
Director

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it is entitled to the exemptions available in Sections 246 to 247 of the Companies Act 1985 for small companies.

Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Plant and machinery	15% Reducing Balance
Fixtures and fittings	10% Reducing Balance

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

2 TURNOVER

The turnover for the period was derived from the company's principal activity. The whole of the turnover is attributable to the UK market.

3 OPERATING PROFIT

	1997 £
Operating profit is stated after charging	
Staff costs (note 4)	42,979
Depreciation of tangible fixed assets (note 8)	
owned assets	1,692
leased assets	1,026
	<u>2,718</u>

ENVIROSOIL TECHNOLOGIES LIMITED**NOTES ON FINANCIAL STATEMENTS****FOR THE PERIOD ENDED 30 SEPTEMBER 1997****4 DIRECTORS AND EMPLOYEES**

	1997 £
Staff costs including directors' emoluments:-	
Wages and salaries	39,828
Social security costs	<u>3,151</u>
	<u>42,979</u>
	No
Average monthly number employed including executive directors	
Production staff	2
Administration staff	<u>1</u>
	<u>3</u>
	£
Directors	
Directors' emoluments	<u>32,351</u>

5 INVESTMENT INCOME

	1997 £
Interest receivable	<u>137</u>

6 INTEREST PAYABLE

	1997 £
Bank interest	171
Hire purchase interest	<u>796</u>
	<u>967</u>

7 TAXATION

The company has no liability for taxation.

ENVIROSOIL TECHNOLOGIES LIMITED

NOTES ON FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 1997

8 TANGIBLE FIXED ASSETS

	Plant and Machinery Etc £
Cost	
Additions	25,800
30 September 1997	<u>25,800</u>
Depreciation	
Charge for period	2,718
30 September 1997	<u>2,718</u>
Net book amount	
30 September 1997	<u><u>23,082</u></u>

Fixed assets includes an amount of £10,702 relating to assets held under hire purchase contracts.

9 DEBTORS

	1997 £
Amounts falling due within one year:-	
Trade debtors	43,332
Prepayments and accrued income	188
	<u>43,520</u>

10 CREDITORS: amounts falling due within one year

	1997 £
Bank overdrafts	10,957
Trade creditors	31,439
Other loans	952
Other taxation and social security	5,851
Accruals and deferred income	3,205
Obligations under finance leases and hire purchase contracts	4,691
	<u><u>57,095</u></u>

The bank overdraft is secured.

ENVIROSOIL TECHNOLOGIES LIMITED**NOTES ON FINANCIAL STATEMENTS****FOR THE PERIOD ENDED 30 SEPTEMBER 1997****11 CALLED UP SHARE CAPITAL**

	1997	
	Number of shares	£
Authorised:-		
Ordinary Shares of £1 each	<u>100</u>	<u>100</u>
Allotted called up and fully paid:-		
Ordinary Shares of £1 each	<u>2</u>	<u>2</u>

12 PROFIT AND LOSS ACCOUNT

	1997 £
Retained profit for the period	<u>1,772</u>

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £
Profit for the financial period	1,772
New share capital subscribed	<u>2</u>
Net addition to shareholders' funds	1,774
Opening shareholders' funds	<u>-</u>
Closing shareholders' funds	<u>1,774</u>