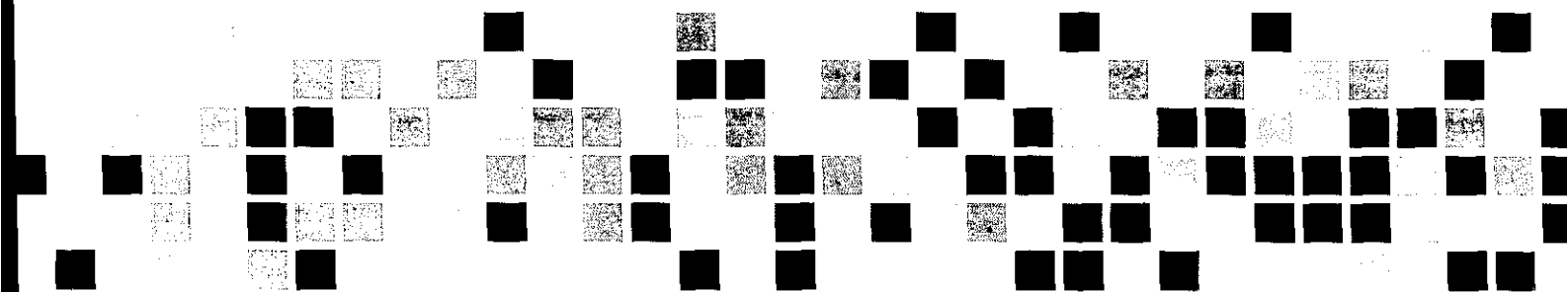


WHITES RECYCLING LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2003



Company Registration Number 3765361

STREETS
CHARTERED ACCOUNTANTS



WHITES RECYCLING LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

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WHITES RECYCLING LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr A White
A Witcomb
K Richardson
C Tyler

Company secretary

Cambridge Financial Consulting Limited

Registered office

2 Bath Street
Grantham
Lincs
NG31 6EG

Auditors

Streets
Chartered Accountants
& Registered Auditors
St Peters Chambers
2 Bath Street
Grantham
Lincs
NG31 6EG

WHITES RECYCLING LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2003

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2003.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year continued to be waste management.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE PARENT COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the parent company were as follows:

Ordinary shares of £1 in the parent company		
	At	At
	31 March 2003	1 April 2002
Mr A White	-	-
A Witcomb	-	2
K Richardson	-	-
C Tyler	-	-
	<u>-</u>	<u>-</u>

The company became a wholly owned subsidiary of White's Engineering Limited on 1 April 2002.

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 8 to 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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.

WHITES RECYCLING LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2003

SMALL COMPANY PROVISIONS

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

Registered office:

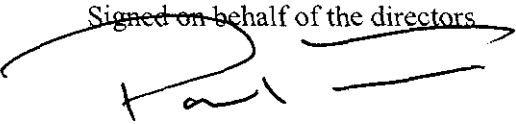

2 Bath Street

Grantham

Lines

NG31 6EG

Signed on behalf of the directors



Cambridge Financial Consulting Limited
Company Secretary

Approved by the directors on 14 January 2004

WHITES RECYCLING LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
YEAR ENDED 31 MARCH 2003

We have audited the financial statements on pages 6 to 12 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out on pages 8 to 9 .

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 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.

WHITES RECYCLING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 31 MARCH 2003

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 2003 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



STREETS
Chartered Accountants
& Registered Auditors

St Peters Chambers
2 Bath Street
Grantham
Lincs
NG31 6EG

14 January 2004

WHITES RECYCLING LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2003

	Note	2003 £	2002 £
TURNOVER		2,041,109	766,347
Cost of sales		<u>1,599,494</u>	<u>726,980</u>
GROSS PROFIT		441,615	39,367
Administrative expenses		<u>278,545</u>	<u>36,573</u>
OPERATING PROFIT	2	163,070	2,794
Interest payable		8,005	14
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>155,065</u>	<u>2,780</u>
Tax on profit on ordinary activities	3	18,923	845
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u><u>136,142</u></u>	<u><u>1,935</u></u>

The notes on pages 8 to 12 form part of these financial statements.

WHITES RECYCLING LIMITED

BALANCE SHEET

31 MARCH 2003

	Note	2003 £	£	2002 £	£
FIXED ASSETS					
Intangible assets	4		-		-
Tangible assets	5		1,064		5,905
			<u>1,064</u>		<u>5,905</u>
CURRENT ASSETS					
Stocks		16,357		-	
Debtors	6	488,844		233,614	
Cash at bank and in hand		<u>41,342</u>		<u>15,635</u>	
		546,543		249,249	
CREDITORS: Amounts falling due within one year	7	<u>423,934</u>		<u>267,648</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>122,609</u>		<u>(18,399)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>123,673</u>		<u>(12,494)</u>
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	8		-		73
			<u>123,673</u>		<u>(12,567)</u>
CAPITAL AND RESERVES					
Called-up equity share capital	10		100		2
Profit and loss account	11		<u>123,573</u>		<u>(12,569)</u>
SHAREHOLDERS' FUNDS/(DEFICIENCY)			<u>123,673</u>		<u>(12,567)</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the directors on the 14 January 2004 and are signed on their behalf by:

MR A WHITE

Director

CB A White

The notes on pages 8 to 12 form part of these financial statements.

WHITES RECYCLING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2003

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - 4% straight line

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	- 15% Reducing Balance
Fixtures & Fittings	- 15% Reducing Balance
Motor Vehicles	- 25% Reducing Balance

Stocks

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

Work in progress

Is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of .

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

WHITES RECYCLING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2003

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. OPERATING PROFIT

Operating profit is stated after charging:

	2003 £	2002 £
Directors' emoluments	31,037	18,340
Amortisation	42,000	—
Depreciation of owned fixed assets	188	1,772
Loss on disposal of fixed assets	1,453	5,905
Auditors' fees	<u>2,500</u>	<u>—</u>

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2003 £	2002 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 21.23% (2002 - 10%)	<u>18,996</u>	<u>772</u>
Total current tax	18,996	772
Deferred tax:		
(Decrease)/Increase in deferred tax provision		
Capital allowances	<u>(73)</u>	<u>73</u>
Tax on profit on ordinary activities	<u>18,923</u>	<u>845</u>

WHITES RECYCLING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2003

4. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
Additions	42,000
At 31 March 2003	<u>42,000</u>
AMORTISATION	
Charge for the year	42,000
At 31 March 2003	<u>42,000</u>
NET BOOK VALUE	
At 31 March 2003	—
At 31 March 2002	—

Goodwill arises on the acquisition of L J Environmental from Tenon, Administrators. The company has undertaken a full impairment review and considers that this goodwill has no carrying value and consequently has written off the full amount to profit and loss this year.

5. TANGIBLE FIXED ASSETS

	Fixtures & Fittings £	Motor Vehicles £	Total £
COST			
At 1 April 2002	1,672	7,740	9,412
Disposals	—	(7,740)	(7,740)
At 31 March 2003	<u>1,672</u>	<u>—</u>	<u>1,672</u>
DEPRECIATION			
At 1 April 2002	420	3,087	3,507
Charge for the year	188	—	188
On disposals	—	(3,087)	(3,087)
At 31 March 2003	<u>608</u>	<u>—</u>	<u>608</u>
NET BOOK VALUE			
At 31 March 2003	<u>1,064</u>	<u>—</u>	<u>1,064</u>
At 31 March 2002	<u>1,252</u>	<u>4,653</u>	<u>5,905</u>

WHITES RECYCLING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2003

6. DEBTORS

	2003	2002
	£	£
Trade debtors	408,466	227,474
Other debtors	80,378	6,140
	<u>488,844</u>	<u>233,614</u>

7. CREDITORS: Amounts falling due within one year

	2003	2002
	£	£
Trade creditors	346,427	246,079
Corporation tax	18,996	772
Other taxation and social security	37,198	19,497
Other creditors	21,313	1,300
	<u>423,934</u>	<u>267,648</u>

8. DEFERRED TAXATION

	2003	2002
	£	£
The movement in the deferred taxation provision during the year was:		
Provision brought forward	73	—
Profit and loss account movement arising during the year	(73)	73
Provision carried forward	<u>—</u>	<u>73</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2003		2002	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	—	(138)	73	—
	<u>—</u>	<u>(138)</u>	<u>73</u>	<u>—</u>

WHITES RECYCLING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2003

9. RELATED PARTY TRANSACTIONS

The following related party balances existed at 31 March 2003:

	DEBTOR	CREDITOR
Whites Engineering Limited	£964	£192,370
Recycling International (UK) Limited	£18,484	£5,136
C R White		£1,992
White's Farming Limited		£8,280
White's Partnership		£13,959
White's Properties		£611

10. SHARE CAPITAL

Authorised share capital:

	2003	2002
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>2</u>	<u>2</u>

11. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital	Profit and loss account	Total share- holders' funds
	£	£	£
Balance brought forward	2	(12,569)	(12,567)
Retained profit for the year	—	136,142	136,142
Other movements			
New equity share capital subscribed	98	—	98
Balance carried forward	<u>100</u>	<u>123,573</u>	<u>123,673</u>

12. ULTIMATE PARENT COMPANY

The company considers that Whites Engineering Limited, which is incorporated in the United Kingdom, is its ultimate holding company.