



Midland Waste Disposal Company Ltd.,

**Waste Licensing
Waste Recovery/Disposal Activities
(Other than Landfill Sites)**

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Section L

Statutory Requirements

Midland Waste Disposal Company Ltd.,

**Waste Licensing
Waste Recovery/Disposal Activities
(Other than Landfill Sites)**

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Section L1

L1 Section 40(4) WMA

L.1 Section 40(4) WMA

Midland Waste Disposal Company Ltd have been operating a Waste Transfer Station at the site since 1991 and have been operating in compliance with the existing waste licence (Reg. 131-1) since March 2001.

All operations at the facility are carried out in compliance with the Waste Licence (131-1). The facility have an Environmental Management System in place which include on-going improvement through objectives and targets which are review and up-dated on an annual basis.

Operations at the facility and all proposed development have been and will be carried out with reference to with the Draft EPA document "*BAT Guidance Notes for the Waste Sector Transfer Activities*" dated April 2003 and also Annex IV of Council Directive 96/61/EC concerning integrated pollution prevention and control.

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Section L2

Fit and Proper Person

L.2 Fit and Proper Person

Midland Waste Disposal Company Ltd or any staff member has never been convicted of any offence under the Waste Management Act (1996) as Amended, the EPA Act 1992 and 2003, the Local Government (Water Pollution) Acts 1977 and 1990 or the Air Pollution Act 1987.

Either Mr. Francis Flynn (Facility manager) and Mr. Mark Duffy (Operational Manager) will be on-site at all times during operational hours. Details of the technical knowledge and qualifications are given in section C1.

Information to show that the company is in a position to meet any financial commitments or liabilities that may have been or will be entered into or incurred in carrying on the activity to which the application relates or in consequence of ceasing to carry out that activity are as detailed in the following:

- A copy of the Directors' Report and Consolidated Financial Statements for the year ended 30 June 2003 for the AES group.
- A copy of the Directors' Report and Consolidated Financial Statements for the year ended 30 June 2004 for the AES group.
- A copy of the projected profit/loss balance sheet is attached for Midland Waste Disposal Company Ltd.,

**ADVANCED ENVIRONMENTAL SOLUTIONS
(IRELAND) LIMITED**

**REPORT OF THE DIRECTORS
AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30 2003**

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ADVANCED ENVIRONMENTAL SOLUTIONS (IRELAND) LIMITED

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ADVANCED ENVIRONMENTAL SOLUTIONS (IRELAND) LIMITED

DIRECTORS AND OTHER INFORMATION

Directors	Paul D'Alton (Chairman) Patrick Alley (Managing Director) Andrew Bailey Erwin Cobbe (executive) James Cox Philip Danaher John Doheny (executive) John Kerrigan (executive) William McCabe Martin Morrissey (executive) Paul O'Brien (US) Noel O'Meara Mark Sheahan (Finance Director) Brendan Vaughan
Secretary	Noel O'Meara
Company Number	224173
Registered Office	Unit 1, Monread Commercial Park Monread Road Naas, Co. Kildare
Auditors	Quinlan Holohan & Co. Chartered Accountants & Registered Auditors 15 Summerhill, Nenagh Co. Tipperary
Bankers	Anglo Irish Bank Bank of Ireland
Solicitors	Arthur Cox Earlsfort Terrace Dublin 2 O'Meara & Company Nenagh Co. Tipperary

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ADVANCED ENVIRONMENTAL SOLUTIONS (IRELAND) LIMITED

REPORT OF THE DIRECTORS

The directors submit their report and the financial statements for the year ended June 30, 2003.

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 and of the profit or loss of the company for that year. In preparing these the directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on a going concern basis unless it is inappropriate to resume that the company will continue in business.

Books and Records

The directors are responsible for keeping proper books and 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 Acts 1963 to 2000 and the Companies (Group Accounts) Regulations 2000. 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.

Measures taken by the directors to ensure compliance with Section 202, Companies Act 1990 regarding maintaining proper books of account include the employment of appropriately qualified accounting personnel (including a professionally qualified finance director).

The books of account are maintained at the registered office and at various branch offices.

Principal Activities

The company is engaged in the collection, processing and disposal of domestic, commercial and liquid and sludge wastes.

ADVANCED ENVIRONMENTAL SOLUTIONS (IRELAND) LIMITED

REPORT OF THE DIRECTORS

Review of Business Developments

The group spent €22 million on acquiring businesses in the year under review which included the acquisition of Midland Waste Disposal Company Limited based in Navan, Co. Meath and Alina Plant Hire Limited (formerly Cloonagh Properties Limited) based in Tullamore Co. Offaly, in July 2002. Further acquisitions of Athlone Waste Disposal Limited and Yellow Bins Waste Disposal Limited (operating from Kildare) were completed in November 2002 and February 2003 respectively.

The group also continued to develop and upgrade its waste treatment sites in Navan, Portlaoise and Tullamore during the year and to bring all other waste handling depots up to acceptable standards. €7.4 million was invested in this work and on acquiring new transport vehicles and other fixed assets.

Results and Dividends

The results for the year are set out on page 9. The Group results for 2002/2003 were disappointing with turnover amounting to €31.5 million (2002 - €13.7 million) falling short of budget, and a sizeable increase in landfill charges. It is expected to return the company to profitability in the current financial year with the introduction of recycling facilities thereby reducing landfill charges.

Events Since the Year End

The company raised an additional €2.3 million through new share capital subscriptions after the year-end to fund working capital requirements and capital programmes.

Outlook

The group faces challenges to consolidate and manage the businesses acquired and to return the company to profitability in a market disrupted by competitors who are environmentally non-compliant. The directors aspire to creating a highly professional waste management company with a well qualified and experienced management team. It is stated company policy to ensure total compliance in respect of environmental laws and directives.

ADVANCED ENVIRONMENTAL SOLUTIONS (IRELAND) LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

Directors and their Interests

The directors of the company who served during the year to June 30, 2003 and subsequently and their interests in the share capital of the company were as follows:

	Ordinary Shares At November 18, 2003	Ordinary Shares At June 30, 2002
Paul D'Alton*	6,000	-
Patrick Alley (excluding share options)	247,484	231,500
Andrew Bailey*	-	-
Erwin Cobbe	60,000	60,000
James Cox	22,700	20,700
Philip Danaher	55,700	55,700
John Doheny	61,666	61,666
John Kerrigan	33,000	-
William McCabe	30,769	-
Martin Morrissey	40,000	10,000
Paul O'Brien	53,846	40,000
Noel O'Meara	86,667	66,667
Mark Sheahan (excluding share options)	5,000	5,000
Brendan Vaughan	-	-

*Paul D'Alton's shares are held on his behalf by nominees. Andrew Bailey and his associates control Bailey Waste Recycling Limited who, at November 18, 2003, held 47,812 shares in the company (40,000 – 2002).

Options to subscribe for ordinary shares are held by the managing director and finance director under the terms of the employee share option scheme established by the company by resolution dated July 3, 2002 as recommended by the remuneration committee. Under the share option scheme, options are granted at annual intervals over a three-year period commencing in August 2002. In August 2002 options were granted over 68,700 Ordinary shares at €10.60 per share provided certain conditions are satisfied.

Continued/.....

ADVANCED ENVIRONMENTAL SOLUTIONS (IRELAND) LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

Subsidiary Undertakings

The company's subsidiary undertakings as at June 30, 2003 are listed in note 10 on page 20 of the financial statements.

Health and Safety

It is the policy of the company to ensure the health and welfare of its employees by maintaining a safe place and system of work. This policy is based on the requirement of the Safety, Health and Welfare at Work Act, 1989.

Auditors

Quinlan Holohan & Co., Chartered Accountants and Registered Auditors, have indicated their willingness to continue in office in accordance with the provisions of Section 160(2) of the Companies Act, 1963.

PAUL D'ALTON
PATRICK ALLEY

Chairman
Managing Director

November 18, 2003

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ADVANCED ENVIRONMENTAL SOLUTIONS (IRELAND) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the financial statements of Advanced Environmental Solutions (Ireland) Limited for the year ended June 30, 2003 which comprise of the consolidated profit and loss account, the consolidated and company balance sheets and the related notes 1 to 22. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 193 of the Companies Acts, 1990. 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 report of the directors on page 3 the company's directors are responsible for the preparation of financial statements in accordance with applicable law and Irish Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and Auditing Standards promulgated by the Auditing Practices Board in Ireland and the United Kingdom.

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 Acts. We also report to you whether in our opinion, proper books of account have been kept by the company; whether, at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the company; and whether the information given in the report of the directors is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the company's balance sheet and profit and loss account are in agreement with the books of account.

We report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not given and, where practicable, include such information in our report.

We read the report of the directors and consider the implications for our report if we become aware of any apparent mis-statement within it.

ADVANCED ENVIRONMENTAL SOLUTIONS (IRELAND) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS (CONTINUED)

Basis of 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 mis-statement, 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.

Fundamental Uncertainty - Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements under "Accounting policies" concerning the uncertainty as to the applicability of the going concern basis of accounting. We consider that this matter should be drawn to your attention but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the group and the company's affairs as at June 30, 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2001 and the Companies (Group Accounts) Regulations 2000.

We have obtained all the information and explanations we considered necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The company's balance sheet is in agreement with the books of account. In our opinion the information given in the report of the directors on pages 3 to 6 is consistent with the financial statements.

The net assets of the company, as stated in the balance sheet, are more than half of the amount of its called up share capital and in our opinion on that basis there did not exist at June 30, 2003 a financial situation which, under Section 40(1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the company.

Quinlan Holohan & Co.

Chartered Accountants & Registered Auditors

November 18, 2003

ADVANCED ENVIRONMENTAL SOLUTIONS (IRELAND) LIMITED

CONSOLIDATED BALANCE SHEET AT JUNE 30, 2003

	Note	2003 €	Restated 2002* €
FIXED ASSETS			
INTANGIBLE ASSETS – Goodwill	8	20,801,014	8,884,955
TANGIBLE ASSETS	9	18,799,795	6,021,407
FINANCIAL ASSETS	10	98,499	63,496
		<u>39,699,308</u>	<u>14,969,858</u>
CURRENT ASSETS			
STOCKS		39,214	15,199
DEBTORS	11	10,571,265	7,237,702
CASH AT BANK AND IN HAND		191,723	4,611,710
		<u>10,802,202</u>	<u>11,864,611</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	12	<u>(20,083,516)</u>	<u>(10,061,935)</u>
NET CURRENT LIABILITIES /ASSETS		<u>(9,281,314)</u>	<u>1,802,676</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		30,417,994	16,772,534
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	12	(12,631,394)	(1,105,550)
PROVISION FOR LIABILITIES AND CHARGES	13	(83,211)	(55,218)
		<u>17,703,389</u>	<u>15,611,766</u>
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	14	2,776,529	1,797,066
SHARE PREMIUM ACCOUNT	15	19,897,885	9,314,300
SUBSCRIPTIONS FOR SHARES	16	-	4,871,925
PROFIT AND LOSS ACCOUNT	17	(4,971,025)	(371,525)
		<u>17,703,389</u>	<u>15,611,766</u>

*As at June 30, 2002

PAUL D'ALTON
PATRICK ALLEY

DIRECTORS

ADVANCED ENVIRONMENTAL SOLUTIONS (IRELAND) LIMITED

COMPANY BALANCE SHEET AT JUNE 30, 2003

	Note	2003 €	Restated 2002* €
FIXED ASSETS			
INTANGIBLE ASSETS – Goodwill	8	6,291,587	5,696,756
TANGIBLE ASSETS	9	9,276,951	4,642,654
FINANCIAL ASSETS	10	<u>25,563,072</u>	<u>3,610,408</u>
		<u>41,131,610</u>	<u>13,949,818</u>
CURRENT ASSETS			
DEBTORS	11	6,950,792	6,512,280
CASH AT BANK AND IN HAND		<u>31,381</u>	<u>4,611,704</u>
		6,982,173	11,123,984
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	12	<u>(20,530,720)</u>	<u>(9,090,667)</u>
NET CURRENT LIABILITIES/ASSETS		<u>(13,548,547)</u>	<u>2,033,317</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		27,583,063	15,983,135
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	12	(11,475,805)	(368,435)
PROVISION FOR LIABILITIES AND CHARGES	13	<u>(29,420)</u>	<u>(13,565)</u>
		<u>16,077,838</u>	<u>15,601,135</u>
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	14	2,776,529	1,797,066
SHARE PREMIUM ACCOUNT	15	19,897,885	9,314,300
SUBSCRIPTIONS FOR SHARES	16	-	4,871,925
PROFIT AND LOSS ACCOUNT		<u>(6,596,576)</u>	<u>(382,156)</u>
		<u>16,077,838</u>	<u>15,601,135</u>

*As at June 30, 2002

PAUL D'ALTON
PATRICK ALLEY

DIRECTORS

ADVANCED ENVIRONMENTAL SOLUTIONS (IRELAND) LIMITED

**CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED JUNE 30, 2003**

	Note	2003 €	Restated 2002* €
Net Cashflows from Operating Activities	3(b)	<u>(43,795)</u>	<u>414,419</u>
Return on Investments and servicing of finance			
Bank Interest received		2,337	47,676
Taxation paid/deducted on interest received		(135,946)	(9,534)
Interest paid		(482,455)	(16,598)
Interest element of finance lease payments		<u>(256,841)</u>	<u>(47,548)</u>
Net Cash Outflows from returns on investments and servicing of finance		<u>(872,905)</u>	<u>(26,004)</u>
Capital Expenditure and financial investment			
Payments to acquire tangible fixed assets		(15,643,928)	(6,944,633)
Proceeds of sale of tangible fixed assets		234,304	224,166
Payments to acquire financial assets		<u>(11,467,846)</u>	<u>(7,621,749)</u>
Net Cash Outflow from Capital Expenditure		<u>(26,877,470)</u>	<u>(14,342,216)</u>
Financing			
Proceeds of share issues (net)		6,691,123	11,099,303
Subscriptions received in advance		-	4,871,925
Movement in directors loans		<u>(117,873)</u>	<u>210,429</u>
		<u>6,573,250</u>	<u>16,181,657</u>
Decrease/Increase in Cash		<u>(21,220,920)</u>	<u>2,227,856</u>
Reconciliation of Net Cashflow to movement in Net Debt/Funds			
Increase/Decrease in Cash in the year		(21,220,920)	2,227,856
Increase in leases and hire purchase finance		4,117,615	1,882,779
Increase in term loan facilities (net of repayments)		<u>9,985,302</u>	
Movement in net funds in the year		(7,118,003)	4,110,635
Net Funds at beginning of period		<u>4,095,264</u>	<u>(15,371)</u>
Net Funds at end of period		<u>(3,022,739)</u>	<u>4,095,264</u>

*Eighteen month period ended June 30, 2002

PAUL D'ALTON
PATRICK ALLEY

DIRECTORS

ADVANCED ENVIRONMENTAL SOLUTIONS (IRELAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003

1. Accounting Policies

Basis of Accounting & Going Concern

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and comply with financial reporting standards applicable in the Republic of Ireland.

The financial statements have been prepared on the going concern basis, which assumes that the company and its subsidiaries will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued support of the group's lenders and/or the raising of additional funds. The financial statements do not include any adjustments that would result if this basis of preparation is not valid. The directors anticipate a positive outcome for both the matters mentioned above and believe that it is appropriate for the financial statements to be prepared on the going concern basis.

Basis of Consolidation

The group financial statements consolidate the financial statements of the company and all of its subsidiary undertakings for the year from date of acquisition to the end of the financial year. In accordance with Section 3 (2) of the Companies Amendment Act, 1986 the Profit and Loss account for the holding company has not been presented separately in these financial statements.

Turnover

Turnover comprises the value of goods and services supplied to external customers and exclude inter-company sales and value added tax.

Goodwill

Purchased goodwill arising on the acquisition of a business represents the excess of the acquisition cost over the fair value of net assets at the date of acquisition. Subsequent changes in the amount of deferred contingent consideration are adjusted for against goodwill. Purchased goodwill is capitalised in the balance sheet and related amortisation based on its estimated useful life of 20 years has been charged against profit before interest and taxation.

Acquisition cost includes purchase consideration, professional fees and stamp duty incurred in respect of the acquisitions. This represents a change of accounting policy and the adjustments required for prior periods have been reflected as a prior period adjustment in the financial statements (Refer note 17)

The directors have conducted an impairment review as required by FRS 10 in respect of those acquisitions acquired in the previous period the results of which are set out in Note 8. A further impairment review in respect of these and other assets acquired in the current financial period will be carried out at the next reporting date. Goodwill arising on acquisition of subsidiary undertakings is shown separately in the balance sheet under intangible fixed assets.

ADVANCED ENVIRONMENTAL SOLUTIONS (IRELAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003 (CONTINUED)

1. Accounting policies (continued)

Taxation

The charge for taxation is based on the result for the year. Deferred taxation is accounted for in respect of timing differences between the result computed for taxation purposes and result as stated in the financial statements to the extent that such differences are expected to reverse in the foreseeable future

Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at historical cost less accumulated depreciation. Depreciation is calculated to write off the cost or valuation of tangible fixed assets, other than freehold land, on a straight line basis by reference to the following estimated useful lives:

Freehold and leasehold properties (excluding land)	25 years or unexpired lease period
Plant and machinery	6/7 years
Office fixtures and equipment	8 years
Computer equipment	3 years
Motor vehicles	5 years

Stocks

Stocks are stated at the lower of cost and net realisable value. Stocks mainly comprise expense items such as diesel and consumables and are estimated at net realisable value by the directors.

Capital Grants

Grants receivable in respect of capital projects are treated as a deferred credit and released to the profit and loss account over the expected useful life of the asset to which the grant relates.

Leasing and Hire Purchase

Assets held under finance and hire purchase contracts that transfer substantially all the risks and rewards of ownership to the group are capitalised. The capital element of future rentals is treated as a liability. The interest element is charged to the profit and loss account over the term of the contract in proportion to the balance of capital repayments outstanding. Operating leases rentals are charged to the profit and loss account as incurred.

ADVANCED ENVIRONMENTAL SOLUTIONS (IRELAND) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003 (CONTINUED)**

1 Accounting policies (continued)

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the date of the transactions or at contracted rates where matching contracts exist. All resulting monetary assets and liabilities denominated in foreign currencies are translated into euro at the rates of exchange ruling at the balance sheet date or at the contracted rates. The resulting profits or losses are dealt with in the profit and loss account.

Financial Fixed Assets

Company

Investments in subsidiary undertakings are stated at cost less any permanent diminution in value.

Group

Other investments are stated at cost less provision for impairment in value.

Share Issue Expenses

Professional fees specific to the issue of share capital and capital duty are capitalised and offset against the share premium reserve.

2 Segmental Information

All turnover arises from continuing operations and is derived entirely from activities in the Republic of Ireland.

3 Operating profit

	2003	Restated 2002*
(a) This is stated after charging/(crediting):	€	€
Depreciation of tangible fixed assets:		
- owned assets	1,281,341	397,241
- assets held under finance leases and hire purchase contracts	985,048	279,116
Profit/loss on sale of tangible assets	(18,971)	22,703
Goodwill Amortisation	1,134,580	379,209
Auditors' remuneration - auditing services	30,000	28,393
- non-audit services	17,450	11,248
Operating lease rentals	396,629	185,086

ADVANCED ENVIRONMENTAL SOLUTIONS (IRELAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003 (CONTINUED)

3 Operating profit (continued)

(b) Reconciliation of operating loss/profit to net cash outflow/inflow from operating activities:

	2003	Restated 2002
	€	€
Operating loss	(3,879,411)	(139,453)
Depreciation	2,266,389	676,357
Goodwill amortisation	1,134,580	379,209
Profit/loss on disposal of tangible assets	(18,971)	22,703
(Increase) in debtors	(3,293,841)	(6,866,777)
Increase in creditors	3,771,474	6,357,579
(Increase) in stocks	(24,015)	(15,199)
Net Cash (outflow)/inflow from operating activities	<u>(43,795)</u>	<u>414,419</u>

4 Employee information and directors emoluments

Staff Costs:	€	€
Wages and salaries	5,849,226	2,786,379
Social Welfare costs	602,470	257,256
Pension costs	60,000	16,000
	<u>6,511,696</u>	<u>3,059,635</u>

The average number of persons employed by the group (including executive directors) during the year analysed by category was:

Administration staff	37	15
Sales and Operating staff	159	93
	<u>196</u>	<u>108</u>

Directors' emoluments:	€	€
Salaries	468,325	388,268
Bonuses	372,716	-
Fees	32,000	-
Fees to companies controlled by directors (for other services)	137,439	54,038
Accrued pension contributions	60,000	16,000
	<u>1,070,480</u>	<u>458,306</u>

5 Exceptional Administration Charges

	€	€
Bank fees and expenses of raising equity and loan finance	848,096	-
Aborted subsidiary purchase costs	142,593	-
	<u>990,689</u>	<u>-</u>

ADVANCED ENVIRONMENTAL SOLUTIONS (IRELAND) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003 (CONTINUED)**

6 Interest payable

	2003	2002
	€	€
Bank Interest	482,455	16,598
Finance charges under leasing and hire purchase contracts	256,841	47,548
	<u>739,296</u>	<u>64,146</u>

7 Taxation

		Restated
	€	€
<i>Current Tax:</i>		
Based on loss for period	-	17,128
Overprovision in respect of previous periods	(21,613)	-
<i>Deferred Tax:</i>		
Provision for period	14,265	12,847
	<u>(7,348)</u>	<u>29,975</u>

8 Intangible fixed assets - Goodwill

	Group		Company	
	2003	Restated 2002	2003	Restated 2002
	€	€	€	€
COST				
At beginning of period	9,264,164	-	5,989,027	-
Additions during period	12,980,270	9,264,164	1,031,487	5,989,027
Adjustment to deferred consideration	(313,449)	-	(323,955)	-
Adjustments on revision of fair values	383,818	-	233,818	-
At June 30	<u>22,314,803</u>	<u>9,264,164</u>	<u>6,930,377</u>	<u>5,989,027</u>
AMORTISATION				
At beginning of period	379,209	-	292,271	-
Charge for period	1,134,580	379,209	346,519	292,271
At June 30	<u>1,513,789</u>	<u>379,209</u>	<u>638,790</u>	<u>292,271</u>
NET BOOK VALUE				
At June 30	<u>20,801,014</u>	<u>8,884,955</u>	<u>6,291,587</u>	<u>5,696,756</u>

ADVANCED ENVIRONMENTAL SOLUTIONS (IRELAND) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003 (CONTINUED)**

8 Intangible fixed assets – Goodwill (continued)

Goodwill arose in the group on business and subsidiary acquisitions as follows:

	2003	Restated 2002
	€	€
Fair value of net assets acquired:		
Land and buildings	3,304,023	1,066,196
Plant & equipment	1,529,174	2,619,639
Transport vehicles	2,320,414	1,711,624
Skips & bins	1,039,500	-
Office fixtures & equipment	24,020	-
Goodwill in subsidiaries	-	176,698
Stocks	31,665	14,475
Debtors and prepayments	3,063,296	2,209,728
Deferred income	-	(1,478,971)
Bank & cash balances	1,753,722	(43,684)
Creditors, accruals and lease obligations	(3,424,339)	(3,068,617)
Director loans	203,711	(241,703)
Capital grants	(29,420)	(19,840)
Deferred taxation provision	(7,395)	-
	<u>9,808,371</u>	<u>2,945,545</u>

Acquisitions during year/period were paid for as follows:

	2003	Restated 2002
	€	€
Consideration - satisfied in cash	20,164,956	10,384,115
- deferred consideration	2,623,685	1,925,590
- refundable consideration	-	(99,996)
	<u>22,788,641</u>	<u>12,209,709</u>
Goodwill arising on acquisitions	<u>12,980,270</u>	<u>9,264,164</u>

Impairment review

The directors have conducted an impairment review of goodwill arising on entities and subsidiary undertakings acquired in the previous financial period, as required by FRS 10 Goodwill and Intangible Assets. Notwithstanding the current trading difficulties experienced, the board concluded that a material impairment had not occurred as they consider the net realisable value to exceed the carrying value of goodwill as stated in the balance sheet for these entities. In determining net realisable value, the board has taken cognisance of recent corporate activity in the waste industry.

ADVANCED ENVIRONMENTAL SOLUTIONS (IRELAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003 (CONTINUED)

9 Tangible fixed assets

<i>Group</i>	Freehold and leasehold properties	Plant and machinery	Office fixtures and equipment	Transport vehicles	Total
COST	€	€	€	€	€
At beginning of year	815,172	3,965,840	481,309	2,012,661	7,274,982
Acquisitions	3,302,877	2,560,556	28,519	2,325,732	8,217,684
Additions during year	940,384	4,931,634	552,459	1,001,767	7,426,244
Disposals	-	(151,845)	(32,727)	(712,543)	(897,115)
At end of year	<u>5,058,433</u>	<u>11,306,185</u>	<u>1,029,560</u>	<u>4,627,617</u>	<u>22,021,805</u>
DEPRECIATION					
At beginning of year	-	725,105	72,337	456,133	1,253,575
Charge for year	39,904	1,241,855	205,391	779,239	2,266,389
Elimination on disposals	-	(81,451)	(27,268)	(189,245)	(297,964)
At end of year	<u>39,904</u>	<u>1,885,509</u>	<u>250,460</u>	<u>1,046,127</u>	<u>3,222,000</u>
NET BOOK VALUE					
At June 30, 2003	<u>5,018,529</u>	<u>9,420,676</u>	<u>779,100</u>	<u>3,581,490</u>	<u>18,799,795</u>
At June 30, 2002	<u>815,172</u>	<u>3,240,735</u>	<u>408,972</u>	<u>1,556,528</u>	<u>6,021,407</u>
For inspection purposes only. Copyright owner retained for other use.					
<i>Company</i>	Freehold and leasehold properties	Plant and machinery	Office fixtures and equipment	Transport vehicles	Total
COST	€	€	€	€	€
At beginning of year	815,172	2,448,611	480,569	1,538,648	5,283,000
Additions (incl. acquisitions) during year	664,473	4,413,770	483,509	778,642	6,340,394
Disposals	-	-	(32,727)	(479,772)	(512,499)
At June 30	<u>1,479,645</u>	<u>6,862,381</u>	<u>931,351</u>	<u>1,837,518</u>	<u>11,110,895</u>
DEPRECIATION					
At beginning of year	-	285,603	72,299	282,444	640,346
Charge for year	39,819	739,118	190,633	347,250	1,316,820
Elimination on disposals	-	-	(27,268)	(95,954)	(123,222)
At June 30	<u>39,819</u>	<u>1,024,721</u>	<u>235,664</u>	<u>533,740</u>	<u>1,833,944</u>

ADVANCED ENVIRONMENTAL SOLUTIONS (IRELAND) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003 (CONTINUED)**

9 Tangible fixed assets (Continued)

NET BOOK VALUE	€	€	€	€	€
At June 30, 2003	<u>1,439,826</u>	<u>5,837,660</u>	<u>695,687</u>	<u>1,303,778</u>	<u>9,276,951</u>
At June 30, 2002	<u>815,172</u>	<u>2,163,008</u>	<u>408,270</u>	<u>1,256,204</u>	<u>4,642,654</u>

Group and company

The net book value of tangible fixed assets at June 30, 2003 includes €7,702,425 (2002 - €2,612,222) in the group balance sheet and €4,657,870 (2002 - €1,516,625) in the company balance sheet in respect of assets that were held under finance leases and hire purchase contracts. The depreciation charge on these assets during the year amounted to €985,048 (group) and €522,453 (company).

10 Financial assets

	2003	Restated
<i>Group</i>	€	2002
	€	€
Investments in unquoted public limited company	<u>98,499</u>	<u>63,496</u>
<i>Company</i>		€
Investment in subsidiary undertakings	25,464,573	3,546,912
Investments in unquoted public limited company	<u>98,499</u>	<u>63,496</u>
	<u>25,563,072</u>	<u>3,610,408</u>

Details of the subsidiary undertakings in which the group and the company hold 20% or more of the nominal value of the issued share capital are as follows:

<i>Name of company</i>	<i>Registered in</i>	<i>Holding</i>	<i>% control</i>	<i>Activity</i>
Midland Refuse Services (Laois) Limited	Ireland	Ordinary shares	100%	Waste disposal
Landfeeds Environmental Limited	Ireland	Ordinary shares	100%	Waste disposal
Glideon Transport Limited	Ireland	Ordinary Shares	100%	Waste disposal
Midland Waste Disposal Company Ltd	Ireland	Ordinary shares	100%	Waste disposal
Alina Plant Hire Limited (formerly Cloonagh Properties Limited)	Ireland	Ordinary shares	100%	Waste disposal
Athlone Waste Disposal Limited	Ireland	Ordinary Shares	100%	Waste disposal
Yellow Bins (Waste Disposal) Limited	Ireland	Ordinary Shares	100%	Waste disposal
Yellow Bins Limited	Ireland	Ordinary Shares	100%	Non-trading

The trade and assets of Alina Plant Hire Limited (formerly Cloonagh Properties Limited) were transferred to the parent company on acquisition in July 3, 2002. Accordingly the group financial statements include the trading activity for the full year from date of acquisition.

Yellow Bins (Waste Disposal) Limited was acquired on February 3, 2003 and is consolidated from the date of acquisition. Yellow Bins Limited is a subsidiary undertaking of Yellow Bins (Waste Disposal) Limited and is controlled through that company.

ADVANCED ENVIRONMENTAL SOLUTIONS (IRELAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003 (CONTINUED)

11 Debtors

Falling due within one year:

	<i>Group</i>		<i>Company</i>	
	2003	Restated 2002	2003	Restated 2002
	€	€	€	€
Trade debtors	8,735,392	6,717,164	5,850,714	5,991,742
Payment for future acquisitions	-	159,985	-	159,985
Acquisition consideration refundable	399,886	99,996	399,886	99,996
Other debtors	357,338	23,245	53,013	23,245
Prepayments and accrued income	1,078,649	237,312	647,179	237,312
	<u>10,571,265</u>	<u>7,237,702</u>	<u>6,950,792</u>	<u>6,512,280</u>

12 Creditors

Falling due within one year:

	<i>Group</i>		<i>Company</i>	
	2003	2002	2003	2002
	€	€	€	€
Trade creditors	2,858,851	1,674,913	1,785,563	1,180,800
Bank overdraft	3,214,462	516,446	2,515,691	469,834
Term loan	800,000	-	800,000	-
Other taxes and social welfare	1,352,791	280,574	759,715	280,574
Accruals and deferred income	5,818,461	4,425,837	5,774,065	4,471,453
Deferred acquisition consideration	3,056,590	1,925,590	3,056,590	1,925,590
Obligations under finance leases and hire purchase contracts (note 18)	2,554,302	777,229	1,768,684	412,737
Corporation tax	66,012	3,938	(131,915)	(8,579)
Amounts owed to subsidiary undertakings	-	-	3,840,379	30,875
Director/shareholder loans	200,000	418,056	200,000	39,000
Other creditors	162,047	39,352	161,948	288,031
	<u>20,083,516</u>	<u>10,060,935</u>	<u>20,530,720</u>	<u>9,090,667</u>

Security

Bank facilities from Anglo Irish Bank Corporation plc are secured by debentures creating fixed charges over certain properties of the group and floating charge over the assets of the group, the assignment of life policies held by the company for certain directors lives and guarantees given by the company and each of its subsidiary undertakings.

Falling due after more than one year:

	<i>Group</i>		<i>Company</i>	
	2003	2002	2003	2002
	€	€	€	€
Obligations under finance leases and hire purchase contracts (note 18)	3,446,092	1,105,550	2,290,503	368,435
Term loans	9,185,302	-	9,185,302	-
	<u>12,631,394</u>	<u>1,105,550</u>	<u>11,475,805</u>	<u>368,435</u>

ADVANCED ENVIRONMENTAL SOLUTIONS (IRELAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003 (CONTINUED)

13 Provisions for liabilities and charges

	<i>Group</i>		<i>Company</i>	
	2003	2002	2003	2002
<i>Capital grants</i>	€	€	€	€
At beginning of period	18,253	-	-	-
Acquired in subsidiary (transferred to parent during year – 2003)	29,420	19,840	29,420	-
Released to profit and loss account	(9,522)	(1,587)	-	-
At end of period	38,151	18,253	29,420	-
<i>Deferred tax</i>	45,060	36,965	-	13,565
	83,211	55,218	29,420	13,656

14 Share Capital

	2003	Restated 2002
<i>Authorised:</i>	€	€
50,000,000 Ordinary shares of €1.269738	63,486,904	63,486,904
<i>Allotted, called up and fully paid:</i>		
At beginning of period – 1,415,100(4,500 – 2002) Ord. Shares	1,797,066	5,714
Issued during period – 771,390(1,410,600 – 2002) Ord. Shares	979,463	1,791,352
At June 30,	2,776,529	1,797,066

The company raised €11,563,048 (net of issue costs) during the year through the issue of 771,390 shares at varying prices. The proceeds of these share issues were applied principally in acquiring businesses and subsidiary undertakings, and to fund capital programmes.

In July 2002, the company established an employee share option scheme in respect of employees and certain directors under which options over up to 5% of the issued share capital could be granted.

15 Share Premium

	2003	Restated 2002
	€	€
At beginning of period	9,314,300	6,349
Premium on shares issued during period	11,112,171	9,421,158
Expenses paid in respect of share issues	(528,586)	(113,207)
At June 30	19,897,885	9,314,300

ADVANCED ENVIRONMENTAL SOLUTIONS (IRELAND) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003 (CONTINUED)**

16 Subscriptions for shares (2002 only)

At June 30, 2002, the company had received €4,871,925 in respect of subscriptions for shares in the company and subsequent to the year end shares were issued for these and further subscription monies received after the year end.

17 Prior period adjustment

The prior period adjustment represents staff costs, expenses and professional fees, which had previously been included in goodwill, and payments on account of future acquisitions and debited to share premium account as share issue costs. These costs (net of tax effect) have now been charged to the profit and loss account and the prior period results have been restated accordingly. The effect of these items on reserves is:

	€
Opening reserves as previously stated	308,832
Write off of costs and expenses previously capitalised	<u>(680,357)</u>
Restated opening reserves – deficit	<u>(371,525)</u>

18 Obligations under finance leases and hire purchase contracts

	<i>Group</i>		<i>Company</i>	
	2003	2002	2003	2002
	€	€	€	€
Due within one year	2,554,302	777,229	1,768,684	412,737
Due within two to five years	3,446,092	1,105,550	2,290,503	368,435
	<u>6,000,394</u>	<u>1,882,779</u>	<u>4,059,187</u>	<u>781,172</u>

19 Related party transactions

The company entered into transactions with companies connected to directors as follows:

	€	€
O'Meara & Co. Solicitors (Mr. Noel O'Meara)	51,202	-
Mr. John Kerrigan	65,787	-
Ercob Products Limited (Erwin Cobbe)	117,028	-
JPC Financial Consultants Limited (Mr. James Cox)	20,450	54,038

Mr. Martin Morrissey is a director of MB Systems Limited from whom the company purchased assets valued at €50,000. Mr. Morrissey is in receipt of €148,000 per annum in respect of rent of premises in Kilkenny.

Mr. Seamus Dolan and Mr. Christopher O'Brien, shareholders, charge rent on premises used in the course of the group's operations at Tullamore and Nenagh.

The company's office premises were acquired by John Kerrigan, Patrick Alley, James Cox, Noel O'Meara and Andrew Bailey who charge rent of €78,000 per annum.

ADVANCED ENVIRONMENTAL SOLUTIONS (IRELAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003 (CONTINUED)

20 Capital commitments and contingencies

The company is committed to a capital development project at Portlaoise totalling €934,258 net of VAT of which €500,000 was discharged at the balance sheet date, and had commitments for additional capital expenditure in respect of tangible fixed assets amounting to approximately €350,000 (2002 - €750,000). There exists a contingent liability in respect of grants received to repay the amount of the grant if certain conditions are not satisfied. Query this on grounds of materiality.

The company is party to various legal matters incidental to the nature of its business. The directors are of the opinion that none of these cases will impact in a materially adverse manner on the financial status of the company. Full provision has been included in these financial statements for the professional costs of actions being pursued or defended by the company.

21 Post balance sheet events

The company issued 179,444 shares since the balance sheet date, raising €2.3m to fund working capital and capital expansion programmes after the year-end.

22 Approval of financial statements

The directors approved the financial statements on November 18, 2003.

Advanced Environmental Solutions (Ireland) Limited
Directors' Report and Consolidated Financial Statements
for the year ended 30 June 2004

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Advanced Environmental Solutions (Ireland) Limited

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Advanced Environmental Solutions (Ireland) Limited

Company Information

Directors	Patrick Alley Andrew Bailey Erwin Cobbe - resigned 22 April 2004 James Cox Paul D'Alton - resigned 30 June 2004 Philip Danaher John Doheny John Kerrigan William McCabe Martin Morrissey - resigned 5 November 2004 Paul O' Brien Noel O' Meara Mark Sheahan Brendan Vaughan Tom Walsh - appointed 30 June 2004
Secretary	Noel O' Meara
Company Number	224173
Registered Office	Unit 1 Monread Commercial Park Monread Road Naas Co. Kildare.
Auditors	Russell Brennan Keane Chartered Accountants and Registered Auditors RBK House Irishtown Athlone Co. Westmeath.
Bankers	Anglo Irish Bank Bank of Ireland
Solicitors	Arthur Cox Earlsfort Terrace Dublin 2. O'Meara & Company Nenagh Co. Tipperary.

Advanced Environmental Solutions (Ireland) Limited

Directors' Report for the year ended 30 June 2004

The directors present their report and the audited financial statements for the year ended 30 June 2004.

Principal activity and review of the business

The principal activity of the group and company is the collection, processing and disposal of domestic, commercial and liquid and sludge wastes.

Review of business developments

The group completed a number of milestones during the year. In November 2003, the new Waste Transfer Station at Kyletalesha, Portlaoise was opened. This facility represents a significant upgrade in our capability in the local market and has led to significantly improved recycling rates.

In January 2004, the Materials Recycling Facility at Tullamore was opened. This facility, which is capable of recycling and separating up to 40,000 tonnes of dry recyclables per annum, represents a significant step in our objectives of reducing the amount of material sent to landfill and maximising the value of recovered material.

In March 2004, the new VCU Composting facility in Navan was commissioned together with a substantial spend on the upgrade of the material recovery facility. Again, these facilities will enable us to reduce our dependence on landfill.

During 2004, an additional capital spend was made on the upgrade of recycling facilities at our Kilkenny and Athlone facilities.

The group raised an additional €5.6m through the issuance of unsecured convertible redeemable loan notes in February 2004. These funds were used largely to fund working capital and to repay bank debt.

For the first time since its establishment, the group has achieved positive Earnings before Interest, Taxation, Depreciation and Amortisation. This development, particularly in the second half of the year, has followed from the completion of major capital projects and the development of strong management capability within our local markets.

Results and dividends

The loss for the year after providing for depreciation and taxation amounted to € 6,478,398.

The directors do not recommend payment of a final dividend.

Important events since the year end

The company has undertaken a rights issue after the year end as part of a process of refinancing existing debt facilities. The rights issue, which has been underwritten by Oyster Technology Investments Limited and Davy Crest Nominees Limited, will raise funding of €10m. The rights issue involves the issue of loan notes which may convert into shares in the company. The proceeds of the rights issue, in conjunction with new long term bank facilities, will be used to repay existing bank debt and €3m of the existing convertible loan notes and will allow for the capacity to repay all finance leases as well as providing funding for short and medium term operating and capital plans.

Future developments

The group faces ongoing regulatory and market challenges to ensure that environmental and operating standards are maintained. We will continue to build our management capability both in terms of training and development of current employees and also in attracting into the group, managers with key skills and capabilities.

Advanced Environmental Solutions (Ireland) Limited

Directors' Report for the year ended 30 June 2004

Directors and their interests

The directors of the company who served during the year to 30 June 2004 and subsequently and their interests in the share capital of the company were as follows:

	Ordinary shares At 30 June 2004	Ordinary shares At 30 June 2003
Patrick Alley (excluding share options)	255,854	247,651
Andrew Bailey*		
Erwin Cobbe - resigned 22 April 2004	60,000	60,000
James Cox	22,700	22,700
Paul D'Alton* - resigned 30 June 2004	6,000	6,000
Philip Danaher	55,700	55,700
John Doheny	61,666	61,666
John Kerrigan	83,247	33,000
William McCabe	30,769	30,769
Martin Morrissey - resigned 5 November 2004	55,566	40,000
Paul O'Brien	53,846	53,846
Noel O'Meara	98,303	86,667
Mark Sheahan (excluding share options)	7,460	5,000
Brendan Vaughan	-	-
Tom Walsh - appointed 30 June 2004	-	-

*Paul D'Alton's shares are held on his behalf by nominees. Andrew Bailey and his associates control Bailey Waste Recycling Limited who, at 30 June 2004, held 47,812 shares in the company (47,812 - 2003)

The following directors will resign at the Annual General Meeting:

- Philip Danaher
- John Kerrigan
- William G. McCabe
- Brendan Vaughan

Following the completion of the rights issue as described in the circular dated 17 February 2005 issued by the company to the members, certain of the directors mentioned in Resolution 2 above may have already retired by the date of the meeting and in that event, Resolution 2 shall not apply to them.

Options to subscribe for ordinary shares are held by the certain directors under the terms of the employee share option scheme established by the company by resolution dated 3 July 2002 as recommended by the remuneration committee. Under the share option scheme, options are granted at annual intervals over a three-year period commencing in August 2002. Details of movements on outstanding options over the company's ordinary share capital are set out below:

	Share options at 30 June 2004	Granted during the year	Share options at 30 June 2003	Exercise price €
Patrick Alley	32,200	-	32,200	10.60
Mark Sheahan	18,200	-	18,200	10.60

Subsidiary undertakings

The company's subsidiary undertakings as at 30 June 2004 are listed in note 10 on page 19 of the financial statements.

Advanced Environmental Solutions (Ireland) Limited

Directors' Report for the year ended 30 June 2004

Health and safety of employees

The company has adopted a safety statement in accordance with the requirements of the Safety, Health and Welfare at Work Act, 1989.

Statement of Directors' responsibilities

Irish company law requires the directors to prepare financial statements for each financial year that 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 year. In preparing the financial statements the directors are required to :

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements based 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 are prepared in accordance with accounting standards generally accepted in Ireland and comply with the Irish Companies Acts 1963 to 2003 and the European Communities (Companies Group Accounts) Regulations 1992. 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.

Accounting records

The Directors acknowledge their responsibilities under Section 202 of the Companies Act 1990 to keep proper books and records for the company. They are also responsible for the safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Measures taken by the directors to ensure compliance with Section 202, Companies Act 1990 regarding maintaining proper books of account include the employment of appropriately qualified account personnel (including a professionally qualified finance director).

The books of account are maintained at the registered office and at various branch offices.

Auditors

Russell Brennan Keane were appointed independent auditors by the directors on 6 September 2004 and they have expressed their willingness to continue in office in accordance with the provisions of Section 160(2) of the Companies Act, 1963.

Going concern

The directors have a reasonable expectation, having considered the group cash requirements for the twelve month period from approval of the financial statements, that the group and company will have adequate resources to continue in operational existence for the foreseeable future. The directors, having considered the company's and the group's operating budgets, cashflow projections, post year end trading activity, bank facilities as negotiated, rights issue and expected developments within the group's activities in the future, are satisfied that they should continue to adopt the going concern basis in preparing the financial statements.

Director

Thomas J. Walsh

Director

P.A. Alley

Advanced Environmental Solutions (Ireland) Limited

Consolidated Profit and Loss Account for the year ended 30 June 2004

	Notes	<u>2004</u> €	<u>2003</u> €
Turnover	2	39,763,826	31,533,627
Cost of sales		(26,223,825)	(20,825,148)
Gross profit		13,540,001	10,708,479
Administrative costs		(15,323,185)	(13,616,172)
Exceptional item - increased bad debts provision	3.1	(450,000)	-
Operating loss	4	(2,233,184)	(2,907,693)
Exceptional item - fixed asset write offs	3.2	(2,505,370)	-
Exceptional item - administration expenses	3.3	-	(990,689)
(Loss)/profit on disposal of tangible fixed assets		(58,441)	18,971
Loss on ordinary activities before interest		(4,796,995)	(3,879,411)
Other income		-	11,859
Interest payable and similar charges	6	(1,452,255)	(739,296)
Loss on ordinary activities before taxation		(6,249,250)	(4,606,848)
Tax on loss on ordinary activities	7	(229,148)	7,348
Loss for the year		(6,478,398)	(4,599,500)
Loss at beginning of period		(4,971,025)	(371,525)
Loss carried forward		<u>(11,449,423)</u>	<u>(4,971,025)</u>

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The difference between the results as disclosed in the profit and loss account and the result on an unmodified historical cost basis is not material.

The financial statements were approved by the board on 28th February 2005 and signed on its behalf by:

Thomas J. Walsh
Director

P.A. Alley
Director

Advanced Environmental Solutions (Ireland) Limited

Consolidated Balance Sheet as at 30 June 2004

	Notes	2004 €	2003 €
Fixed assets			
Tangible assets	8	20,948,049	18,799,795
Intangible assets	9	20,027,916	20,801,014
Investments	10	98,500	98,500
		<u>41,074,465</u>	<u>39,699,309</u>
Current assets			
Stocks		39,214	39,214
Debtors	11	11,768,733	10,571,265
Cash at bank and in hand		2,275,357	191,723
		<u>14,083,304</u>	<u>10,802,202</u>
Creditors: amounts falling due within one year	12	<u>(32,773,580)</u>	<u>(20,083,517)</u>
Net current liabilities		<u>(18,690,276)</u>	<u>(9,281,315)</u>
Total assets less current liabilities		<u>22,384,189</u>	<u>30,417,994</u>
Creditors: amounts falling due after more than one year	13	(6,632,544)	(12,631,394)
Provision for liabilities and charges	14	<u>(268,550)</u>	<u>(83,211)</u>
Net assets		<u><u>15,483,095</u></u>	<u><u>17,703,389</u></u>
Capital and reserves			
Called up share capital	15	3,189,012	2,776,529
Share premium account	16	23,743,506	19,897,885
Profit and loss account	17	<u>(11,449,423)</u>	<u>(4,971,025)</u>
Equity shareholders' funds	19	<u><u>15,483,095</u></u>	<u><u>17,703,389</u></u>

The financial statements were approved by the board on 28th February 2005 and signed on its behalf by:

Thomas J. Walsh
Director

P.A. Alley
Director

Advanced Environmental Solutions (Ireland) Limited

Company Balance Sheet as at 30 June 2004

	Notes	2004 €	2003 €
Fixed assets			
Tangible assets	8	11,959,905	9,276,951
Intangible assets	9	6,173,797	6,291,587
Financial assets	10	25,682,112	25,563,072
		<u>43,815,814</u>	<u>41,131,610</u>
Current assets			
Stocks		5,000	-
Debtors	11	8,604,016	6,950,792
Cash at bank and in hand		2,161,857	31,381
		<u>10,770,873</u>	<u>6,982,173</u>
Creditors: amounts falling due within one year	12	<u>(35,184,285)</u>	<u>(20,530,720)</u>
Net current liabilities		<u>(24,413,412)</u>	<u>(13,548,547)</u>
Total assets less current liabilities		19,402,402	27,583,063
Creditors: amounts falling due after more than one year	13	(6,099,536)	(11,475,805)
Provision for liabilities and charges	14	(37,308)	(29,420)
Net assets		<u>13,265,558</u>	<u>16,077,838</u>
Capital and reserves			
Called up share capital	15	3,189,012	2,776,529
Share premium account	16	23,743,506	19,897,885
Profit and loss account	17	(13,666,960)	(6,596,576)
Equity shareholders' funds		<u>13,265,558</u>	<u>16,077,838</u>

The financial statements were approved by the board on 28th February 2005 and signed on its behalf by:

Thomas J. Walsh Director

P.A. Alley Director

Advanced Environmental Solutions (Ireland) Limited

Consolidated Cash Flow Statement for the year ended 30 June 2004

	Notes	2004 €	2003 €
Net cash inflow/(outflow) from operating activities	21	2,516,123	(43,795)
Returns on investments and servicing of finance			
Interest received		-	2,337
Interest paid		(977,736)	(482,455)
Interest element of finance lease rental payments		(335,679)	(256,841)
		<u>(1,313,415)</u>	<u>(736,959)</u>
Taxation			
Corporation tax paid		(134,316)	(135,946)
Capital expenditure			
Payments to acquire tangible assets		(8,126,448)	(15,643,928)
Payments to acquire intangible assets		(2,796,724)	(11,467,846)
Receipts from sales of tangible fixed assets		40,613	234,304
		<u>(10,882,559)</u>	<u>(26,877,470)</u>
Financing			
Issue of ordinary share capital (net proceeds)		4,258,104	6,691,123
Proceeds from issue of unsecured convertible redeemable loan note		5,567,672	-
Net movement on borrowings and finance leases		2,013,245	(117,873)
		<u>11,839,021</u>	<u>6,573,250</u>
Increase/(decrease) in cash		<u>2,024,854</u>	<u>(21,220,920)</u>
Reconciliation of net cash flow to movement in net debt	22		
Increase/(decrease) in cash in the year		2,024,854	(21,220,920)
Cash inflow from increase in debt and lease financing		(7,312,384)	(1,882,779)
Change in net debt resulting from cash flows		<u>(5,287,530)</u>	<u>(23,103,699)</u>
Movement in net debt in the year		<u>(5,287,530)</u>	<u>(23,103,699)</u>
Net debt at 1 July 2003		<u>(19,008,435)</u>	<u>4,095,264</u>
Net debt at 30 June 2004		<u>(24,295,965)</u>	<u>(19,008,435)</u>

The financial statements were approved by the board on 28th February 2005 and signed on its behalf by:

Thomas J. Walsh Director

P.A. Alley Director

Notes to the Consolidated Financial Statements
for the year ended 30 June 2004

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and comply with financial reporting standards applicable in the Republic of Ireland.

1.2. Basis of preparation

The directors have carefully considered the financial position of the company and the group and in particular the level of the loss before tax during the year ended 30 June 2004 and net current liabilities as at 30 June 2004.

The company has undertaken a rights issue after the year end (See Note. 27) as part of a process of refinancing existing debt facilities which were due to expire in December 2004. The rights issue seeks to raise a minimum of €10m from existing shareholders. New longterm bank facilities will also be obtained on the basis that €3m of the Rights Issue fundraising will be used to repay part of the existing convertible loan notes.

The proceeds of the rights issue, in conjunction with new long term bank facilities, will be used to repay existing bank debt and €3m of the existing convertible loan notes and will allow for the capacity to repay all finance leases as well as providing funding for short and medium term operating and capital plans.

The directors, having considered the company's and the group's operating budgets, cashflow projections, post year end trading activity, bank facilities as negotiated, rights issue and expected developments within the group's activities in the future, are satisfied that they have adequate facilities in place to meet the requirements of the company and the group.

The financial statements have been prepared on the going concern basis, which assumes that the company and its subsidiaries will continue in operation and existence for the foreseeable future. The validity of this assumption depends on the continued support of the group's lenders and/or the raising of additional funds. The financial statements do not include any adjustments that would result if this basis of preparation is not valid. The directors believe that it is appropriate for the financial statements to be prepared on the going concern basis.

1.3. Turnover

Turnover comprises the value of goods and services supplied to external customers and excludes inter-company sales and value added tax. Where customers are invoiced in advance of the provision of service, that element of value that relates to future service is deferred and recognised as turnover on completion of the relevant service.

1.4. Goodwill

Purchased goodwill arising on the acquisition of a business represents the excess of the acquisition cost over the fair value of the net assets at the date of acquisition. Subsequent changes in the amount of deferred contingent consideration are adjusted for against goodwill. Purchased goodwill is capitalised in the balance sheet and related amortisation based on its estimated useful life of 20 years has been charged against profit before interest and taxation.

Acquisition cost includes purchase consideration, professional fees and stamp duty incurred in respect of the acquisitions.

The directors have conducted an impairment review as required by FRS 10 in respect of those acquisitions acquired in the previous period, the results of which are set out in Note 9.

Advanced Environmental Solutions (Ireland) Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2004

..... continued

1.5. Tangible fixed assets and depreciation

Land and buildings are stated at cost less accumulated depreciation on buildings. Other tangible assets are stated at cost less accumulated depreciation.

Depreciation is provided at rates calculated to write off the cost of new assets and assets acquired when subsidiary companies were purchased, less residual value of each asset over its expected useful life, as follows:

Freehold and leasehold properties (excluding land)-	25 years or unexpired lease period
Plant and machinery	- 6/7 years straight line
Office fixtures & equipment	- 8 years straight line
Motor vehicles	- 5 years straight line
Computer equipment	- 3 years straight line

1.6. Leasing and hire purchase commitments

Assets held under finance and hire purchase contracts that substantially transfer all the risks and rewards of ownership to the group are capitalised. The capital element of future rentals is treated as a liability. The interest element is charged to the profit and loss account over the term of the contract in proportion to the balance of capital repayments outstanding. Operating leases rentals are charged to the profit and loss account as incurred.

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

1.7. Stocks

Stock is valued at the lower of cost and net realisable value. Stocks mainly comprise expense items such as diesel and consumables and are estimated at net realisable value by the directors.

1.8. Capital grants

Grants receivable in respect of capital projects are treated as a deferred credit and released to the profit and loss account over the expected useful life of the asset to which the grant relates.

1.9. Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the date of the transactions or at contracted rates where matching contracts exist. All resulting monetary assets and liabilities denominated in foreign currencies are translated into Euro at the rates of exchange ruling at the balance sheet date or at the contracted rates. The resulting profits or losses are dealt with in the profit and loss account.

Notes to the Consolidated Financial Statements
for the year ended 30 June 2004

..... continued

1.10. 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 the balance sheet date that result in an obligation to pay more tax or a right to pay less tax in the future.

Timing differences are differences between profit as computed for taxation purposes and profit as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different periods for taxation purposes.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws enacted or substantially enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis.

1.11. Basis of consolidation

The group financial statements consolidate the financial statements of the company and all of its subsidiary undertakings for the year from the date of acquisition to the end of the financial year. In accordance with Section 3 (2) of the Companies Amendment Act, 1986 the Profit and Loss account for the holding company has not been presented separately in these financial statements.

1.12. Pensions

Pension contributions under the defined contribution scheme are charged to the profit and loss account on an accruals basis.

1.13. Financial fixed assets

Company

Investments in subsidiary undertakings are stated at cost less provision for any permanent diminution in value.

Group

Other investments are stated at cost less provision for impairment in value.

Share issue expenses

Professional fees specific to the issue of share capital and capital duty are capitalised and offset against the share premium reserve.

2. Segmental information

All turnover arises from continuing operations and is derived entirely from activities in the Republic of Ireland.

Advanced Environmental Solutions (Ireland) Limited

**Notes to the Consolidated Financial Statements
for the year ended 30 June 2004**

..... continued

3. Exceptional items

3.1 During the year, the company made an additional provision of €450,000 over and above its normal bad debts provisioning policy in respect of certain debtors which it was felt may not be collectable.

3.2 Fixed asset write offs	2004	2003
	€	€
Write off of NBV of assets scrapped	2,901,391	-
Writeback of lease obligations overstated	(261,420)	-
Write offs and adjustments in respect of current year additions and disposals	(134,601)	-
	<u>2,505,370</u>	<u>-</u>

3.3 Exceptional administration charges

	2004	2003
	€	€
Bank fees and expenses of raising equity and loan finance	-	848,096
Aborted subsidiary purchase costs	-	142,593
	<u>-</u>	<u>990,689</u>

4. Operating loss

	2004	2003
	€	€
The operating loss for the year is stated after charging/(crediting):		
Goodwill amortised	1,132,905	1,134,580
Depreciation	3,112,350	2,266,389
Operating lease rentals	89,920	19,885
Auditors' remuneration	65,000	47,450
Government grants	-	9,522
Exceptional item - bad debts provision (Note 3.1)	<u>450,000</u>	<u>-</u>

Advanced Environmental Solutions (Ireland) Limited

**Notes to the Consolidated Financial Statements
for the year ended 30 June 2004**

..... continued

5. Employees

Number of employees

The average weekly numbers of employees during the year were:

	2004 No.	2003 No.
Sales and operating staff	158	159
Administration	48	37
	<u>206</u>	<u>196</u>

Employment costs

	2004 €	2003 €
Wages and salaries	5,988,042	5,986,665
Social welfare costs	575,339	602,470
Pension costs	33,938	60,000
	<u>6,597,319</u>	<u>6,649,135</u>

5.1. Directors' emoluments

	2004 €	2003 €
Remuneration and other emoluments	523,782	468,325
Fees	-	32,000
Bonuses	-	372,716
Pension contributions	33,938	60,000
Fees to companies controlled by directors (for other services)	146,858	137,439
	<u>704,578</u>	<u>1,070,480</u>

6. Interest payable and similar charges

	2004 €	2003 €
On bank loans and overdrafts	977,736	482,455
Interest on unsecured convertible redeemable loan notes	138,840	-
Finance charges under leasing and hire purchase contracts	335,679	256,841
	<u>1,452,255</u>	<u>739,296</u>

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Advanced Environmental Solutions (Ireland) Limited

Notes to the Consolidated Financial Statements
for the year ended 30 June 2004

..... continued

7.1 Taxation

	2004	2003
	€	€
Current year taxation		
Corporation tax payable	-	(7,348)
Deferred tax		
Transfer to deferred taxation	28,664	-
Prior years		
Corporation tax	5,658	-
Transfer to deferred taxation	194,826	-
	<u>229,148</u>	<u>(7,348)</u>

7.2 Factors affecting tax charge for year

The tax assessed for the year is higher than the average rate of corporation tax of 12.5%. The differences are explained as follows:

	2004
	€
Loss on ordinary activities before tax	<u>(6,249,250)</u>
Loss on ordinary activities multiplied by average rate for year of 12.50%:	(781,156)

Effects of:

Depreciation and amortisation in excess of capital allowances	302,034
Deposit interest received	-
Disposal of fixed assets	8,993
Finance leases	(308,332)
Fixed asset writedown	313,171
Entertainment expenses	3,590
Pension accrual	4,242
Grants	(1,091)
General bad debts provision	76,932
Prior year adjustment	(5,658)
Goodwill on consolidation	105,589
Losses for year	281,686

Current year taxation

-

Advanced Environmental Solutions (Ireland) Limited

Notes to the Consolidated Financial Statements
for the year ended 30 June 2004

..... continued

8. Tangible fixed assets
Group

	Land & Buildings €	Plant & Machinery €	Fixtures & Equipment €	Transport Vehicles €	Total €
Cost					
At 1 July 2003	5,058,433	11,306,185	1,029,560	4,627,617	22,021,795
Additions	1,122,202	5,174,665	280,070	1,684,112	8,261,049
Disposals	-	(12,862)	-	(117,680)	(130,542)
Assets retired (Note 8.2)	-	(1,828,841)	(178,000)	(1,474,700)	(3,481,541)
At 30 June 2004	<u>6,180,635</u>	<u>14,639,147</u>	<u>1,131,630</u>	<u>4,719,349</u>	<u>26,670,761</u>
Depreciation					
At 1 July 2003	39,904	1,885,509	250,460	1,046,127	3,222,000
On disposals	-	-	-	(31,488)	(31,488)
On assets retired (Note 8.2)	-	(193,150)	(60,000)	(327,000)	(580,150)
Charge for the year	83,411	1,947,536	243,153	838,250	3,112,350
At 30 June 2004	<u>123,315</u>	<u>3,639,895</u>	<u>433,613</u>	<u>1,525,889</u>	<u>5,722,712</u>
Net book values					
At 30 June 2004	<u>6,057,320</u>	<u>10,999,252</u>	<u>698,017</u>	<u>3,193,460</u>	<u>20,948,049</u>
At 30 June 2003	<u>5,018,529</u>	<u>9,420,676</u>	<u>779,100</u>	<u>3,581,490</u>	<u>18,799,795</u>

Company

	Land & Buildings €	Plant & Machinery €	Fixtures & Equipment €	Transport Vehicles €	Total €
Cost					
At 1 July 2003	1,479,645	6,862,381	931,351	1,837,518	11,110,895
Additions	999,442	4,424,236	265,991	1,988,004	7,677,673
Disposals	-	-	-	-	-
Assets retired (Note 8.2)	-	(1,828,841)	(178,000)	(1,474,700)	(3,481,541)
At 30 June 2004	<u>2,479,087</u>	<u>9,457,776</u>	<u>1,019,342</u>	<u>2,350,822</u>	<u>15,307,027</u>
Depreciation					
At 1 July 2003	39,819	1,024,721	235,664	533,740	1,833,944
On disposals	-	-	-	-	-
On assets retired (Note 8.2)	-	(193,150)	(60,000)	(327,000)	(580,150)
Charge for the year	83,411	1,358,813	217,204	433,900	2,093,328
At 30 June 2004	<u>123,230</u>	<u>2,190,384</u>	<u>392,868</u>	<u>640,640</u>	<u>3,347,122</u>
Net book values					
At 30 June 2004	<u>2,355,857</u>	<u>7,267,392</u>	<u>626,474</u>	<u>1,710,182</u>	<u>11,959,905</u>
At 30 June 2003	<u>1,439,826</u>	<u>5,837,660</u>	<u>695,687</u>	<u>1,303,778</u>	<u>9,276,951</u>

Advanced Environmental Solutions (Ireland) Limited

**Notes to the Consolidated Financial Statements
for the year ended 30 June 2004**

..... continued

8.1. Included in tangible fixed assets are assets held under finance leases or hire purchase contracts as follows:

Group

	2004		2003	
	Net book value €	Depreciation charge €	Net book value €	Depreciation charge €
Plant & machinery	6,207,672	1,113,526	5,804,717	614,874
Transport vehicles	1,837,267	442,854	1,897,708	370,174
	<u>8,044,939</u>	<u>1,556,380</u>	<u>7,702,425</u>	<u>985,048</u>

Company

	2004		2003	
	Net book value €	Depreciation charge €	Net book value €	Depreciation charge €
Plant & machinery	4,455,440	773,821	3,685,683	402,269
Transport vehicles	817,229	231,190	972,187	120,184
	<u>5,630,669</u>	<u>1,005,011</u>	<u>4,657,870</u>	<u>522,453</u>

8.2. Fixed asset impairment

The group has conducted a review of its fixed assets. The review has concluded that assets with a Net Book Value of €2.5m that were either acquired on business acquisition or directly by Advanced Environmental Solutions (Ireland) Limited are required to be written off (see Note 3.2). The write offs are largely in respect of asset scrappings and losses, including motor vehicles and containers such as skips and bins and also in respect of decommissioned software.

Advanced Environmental Solutions (Ireland) Limited

**Notes to the Consolidated Financial Statements
for the year ended 30 June 2004**

..... continued

9. Intangible fixed assets - goodwill	Group Total €	Company Total €
Cost		
At 1 July 2003	22,314,803	6,930,376
Adjustment to deferred consideration	240,768	240,768
Adjustments on revision of fair values	119,039	-
At 30 June 2004	<u>22,674,610</u>	<u>7,171,144</u>
Amortisation		
At 1 July 2003	1,513,789	638,790
Charge for year	1,132,905	358,557
At 30 June 2004	<u>2,646,694</u>	<u>997,347</u>
Net book value		
At 30 June 2004	<u>20,027,916</u>	<u>6,173,797</u>
At 30 June 2003	<u>20,801,014</u>	<u>6,291,586</u>

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Advanced Environmental Solutions (Ireland) Limited

**Notes to the Consolidated Financial Statements
for the year ended 30 June 2004**

..... continued

10.	Financial fixed assets	2004	2003
		€	€
	Group		
	Investments in unquoted public limited company	98,500	98,500
		<u>98,500</u>	<u>98,500</u>
		<u><u>98,500</u></u>	<u><u>98,500</u></u>
	Company	2004	2003
		€	€
	Investment in subsidiary undertakings		
	Cost of investment	25,464,573	25,464,572
	Adjustments on revision of fair values	119,039	-
		<u>25,583,612</u>	<u>25,464,572</u>
	Investments in unquoted public limited company		
	Cost of investment	98,500	98,500
		<u>98,500</u>	<u>98,500</u>
	Total financial fixed assets	<u><u>25,682,112</u></u>	<u><u>25,563,072</u></u>

Details of the subsidiary undertakings in which the group and the company hold 20% or more of the nominal value of the issued share capital are as follows:

Name of company	Registered	Holding	% Control	Activity
Midland Refuse Services (Laois) Ltd	Ireland	Ordinary shares	100%	Waste disposal
Landfeeds Environmental Ltd	Ireland	Ordinary shares	100%	Waste disposal
Glideon Transport Ltd	Ireland	Ordinary shares	100%	Waste disposal
Midland Waste Disposal Company Ltd	Ireland	Ordinary shares	100%	Waste disposal
Alina Plant Hire Ltd (formerly Cloonagh Properties Ltd)	Ireland	Ordinary shares	100%	Waste disposal
Athlone Waste Disposal Ltd	Ireland	Ordinary shares	100%	Waste disposal
Yellow Bins (Waste Disposal) Ltd	Ireland	Ordinary shares	100%	Waste disposal
Yellow Bins Ltd	Ireland	Ordinary shares	100%	Waste disposal

Advanced Environmental Solutions (Ireland) Limited

Notes to the Consolidated Financial Statements
for the year ended 30 June 2004

..... continued

11. Debtors

	Group 2004 €	Group 2003 €	Company 2004 €	Company 2003 €
Trade debtors	10,455,712	8,735,392	7,547,681	5,850,714
Acquisition consideration refundable	104,295	399,886	104,295	399,886
Other debtors	375,893	357,338	155,123	53,013
Prepayments	832,833	1,078,649	796,917	647,179
	<u>11,768,733</u>	<u>10,571,265</u>	<u>8,604,016</u>	<u>6,950,792</u>

12. Creditors: amounts falling due
within one year

	Group 2004 €	Group 2003 €	Company 2004 €	Company 2003 €
Trade creditors	1,755,621	2,858,851	1,040,722	1,785,563
Bank overdraft	3,273,242	3,214,462	2,537,259	2,515,691
Term loans	10,871,185	800,000	10,871,185	800,000
PAYE/PRSI	444,564	478,913	444,564	313,368
VAT	1,289,276	873,878	1,224,471	446,347
Obligations under finance leases and hire purchase contracts	2,801,464	2,554,302	2,336,709	1,768,684
Accruals and deferred income	8,967,305	5,818,461	7,399,729	5,774,065
Deferred acquisition consideration	324,082	3,056,590	324,082	3,056,590
Amounts owed to subsidiary undertakings	-	-	5,963,895	3,840,379
Corporation tax	(62,646)	66,012	(55,123)	(131,915)
Directors' accounts	-	200,000	-	200,000
Unsecured convertible redeemable loan notes (Note 12.1)	3,000,000	-	3,000,000	-
Other creditors	109,487	162,048	96,792	161,948
	<u>32,773,580</u>	<u>20,083,517</u>	<u>35,184,285</u>	<u>20,530,720</u>

Security

Bank facilities from Anglo Irish Bank Corporation plc are secured by debentures creating fixed charges over certain properties of the group and floating charge over the assets of the group, the assignment of life policies held by the company for certain directors' lives and guarantees given by the company and each of its subsidiary undertakings.

Notes to the Consolidated Financial Statements
for the year ended 30 June 2004

..... continued

12.1. The Unsecured Convertible Redeemable Loan Notes are convertible into ordinary shares of the company on the occurrence of any of the following:

- (a) the completion by the Company of the first Equity Fundraising after the date of issue of the Notes and where "Equity Fundraising" means the issue of Ordinary Shares in excess of 5% of the entire issued share capital of the Company in any calendar year commencing 2004 (excluding any issue of Ordinary Shares prior to the date of issue of the Notes);
- (b) any offer for subscription or sale being made to the public or listing being made on a recognised stock exchange of any shares in the Company;
- (c) a bona fide offer made to acquire at least ten per cent (10%) of the issued share capital carrying voting rights in the Company for the time being being accepted and becoming unconditional;
- (d) the commencement of the winding up of the Company and before repayment of the Notes; or
- (e) where the Company and any Holder agree that the Notes held by that Holder should be converted.

The price payable in respect of each of the Relevant Securities upon the conversion of the Notes following a Conversion Event will be:

- where the Conversion Event is as listed in (a) or (b) above, eighty per cent (80%) of the price payable for each of the Relevant Securities in the Company by the participant(s) in such a Conversion Event;
- where the Conversion Event is as listed in (c) above, eighty per cent (80%) of the price offered for each Relevant Security;
- where the Conversion Event is as listed in (d) above eighty per cent (80%) of the price determined by the auditors to be the amount which each Ordinary Share into which the Notes would be converted would be likely to receive in a winding-up of the Company; or
- where the Conversion Event is as listed in (e) of paragraph the price per Ordinary Share as determined by the Company.

The Notes when issued will rank *pari passu* equally and rateably without any preference or discrimination with each other and with all other unsecured indebtedness of the Company subject to such exceptions as are from time to time mandatory under the laws of Ireland. The Notes shall form a single series.

The Notes (including both principal and interest) are subordinated to all amounts owing to Anglo Irish Bank Corporation Plc until the fifth anniversary of the date of issue of the Notes. Thereafter the consent of the Bank is required for any repayment or redemption of the Notes (or any interest thereon) if at that time amounts remain owing to the Bank.

The Company shall be entitled to redeem all or any of the Notes at any time after the date hereof provided (save for any Notes in respect of which the Company has received a Conversion Notice) upon giving not less than 14 Business Days previous notice in writing of its intention to redeem the Notes specified in such notice (the "Redemption Notice"). The Notes shall be redeemed at par plus accrued interest (less any tax required by law to be withheld or deducted therefrom).

Interest shall accrue on the principal amount outstanding on the Notes at a rate of interest of 9% per annum (the "Interest Rate") on a day to day basis calculated on the basis of the number of days elapsed in a 365 day year and will be compounded annually in arrears.

Unless the Notes have been previously converted, interest shall be payable on the redemption of the Notes.

Advanced Environmental Solutions (Ireland) Limited

Notes to the Consolidated Financial Statements
for the year ended 30 June 2004

..... continued

13. Creditors: amounts falling due
after more than one year

	Group 2003 €	Group 2003 €	Company 2004 €	Company 2003 €
Unsecured convertible redeemable loan notes (Note 12.1)	2,567,672	-	2,567,672	-
Term loans	-	9,185,302	-	9,185,302
Leases and hire purchase	4,064,872	3,446,092	3,531,864	2,290,503
	<u>6,632,544</u>	<u>12,631,394</u>	<u>6,099,536</u>	<u>11,475,805</u>

14. Provisions for liabilities and charges

	Group Provided 2004 €	Group Provided 2003 €	Company Provided 2004 €	Company Provided 2003 €
Capital grants				
At beginning of period	38,151	18,253	29,420	-
Acquired in subsidiary	-	29,420	-	29,420
Released to profit and loss account	(38,151)	(9,522)	(29,420)	-
At end of period	-	38,151	-	29,420
Deferred tax	268,550	45,060	37,308	-
Total	<u>268,550</u>	<u>83,211</u>	<u>37,308</u>	<u>29,420</u>

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Advanced Environmental Solutions (Ireland) Limited

Notes to the Consolidated Financial Statements
for the year ended 30 June 2004

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15. Share capital (Group and Company)	2004	2003
	€	€
Authorised equity		
47,500,000 Ordinary shares of €1.269738	60,312,559	60,312,559
2,500,000 'B' Ordinary shares of €1.269738	3,174,345	3,174,345
	<u>63,486,904</u>	<u>63,486,904</u>

Allotted, called up and fully paid equity

At 1st July 2003 - 2,186,494 (1,415,104 - 2003) Ordinary shares	2,596,354	1,616,891
- 141,899 (141,899 - 2003) 'B' Ordinary shares	180,175	180,175
Issued during year - 324,522 (771,390 - 2003) Ordinary shares	412,483	979,463
At 30th June 2004	<u>3,189,012</u>	<u>2,776,529</u>

The company raised €4,258,104 (net of issue costs) during the year through the issue of 324,522 shares at varying prices.

In accordance with the shareholders' agreement dated 1 July 2002, 'B' Ordinary shares have preference over Ordinary shares on a return of assets, liquidation or reduction in capital.

16. Share premium (Group and Company)	2004	2003
	€	€
At 1 July 2003	19,897,885	9,314,300
Premium on shares issued during period	3,935,764	11,112,171
Expenses paid in respect of share issues	(90,143)	(528,586)
At 30 June 2004	<u>23,743,506</u>	<u>19,897,885</u>

Advanced Environmental Solutions (Ireland) Limited

Notes to the Consolidated Financial Statements
for the year ended 30 June 2004

..... continued

17. Reserves
Group

	Share premium account €	Profit and loss account €	Total €
At 1 July 2003	19,897,885	(4,971,025)	14,926,860
Premium on issue of shares	3,935,764		3,935,764
Loss for the year		(6,478,398)	(6,478,398)
Other movements	(90,143)		(90,143)
At 30 June 2004	<u>23,743,506</u>	<u>(11,449,423)</u>	<u>12,294,083</u>

Company

	Share premium account €	Profit and loss account €	Total €
At 1 July 2003	19,897,885	(6,596,576)	13,301,309
Premium on issue of shares	3,935,764		3,935,764
Loss for the year		(7,070,384)	(7,070,384)
Other movements	(90,143)	-	(90,143)
At 30 June 2004	<u>23,743,506</u>	<u>(13,666,960)</u>	<u>10,076,546</u>

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18. Obligations under finance leases and hire purchase contracts

	2004 €	2003 €
Due within one year	2,801,464	2,554,302
Due between one to two years	1,932,863	3,446,092
Due between two to five years	2,132,009	-
	<u>6,866,336</u>	<u>6,000,394</u>

Advanced Environmental Solutions (Ireland) Limited

Notes to the Consolidated Financial Statements
for the year ended 30 June 2004

..... continued

19. Reconciliation of movements in shareholders' funds

	Group 2004 €	Group 2003 €	Company 2004 €	Company 2003 €
Loss for the year	(6,478,398)	(4,599,500)	(7,070,384)	(6,596,576)
Issue of shares	412,483	979,463	412,483	979,463
Increase in share premium	3,845,621	10,583,585	3,845,621	10,583,585
Net addition to shareholders' funds	(2,220,294)	6,963,548	(2,812,280)	4,966,472
Opening shareholders' funds	17,703,389	10,739,841	16,077,838	11,111,366
Closing shareholders' funds	15,483,095	17,703,389	13,265,558	16,077,838

20. Financial commitments

In the twelve months from the balance sheet date, an amount in the sum of €106,004 falls due in relation to non-cancellable operating leases.

21. Gross cash flows

	2004 €	2003 €
Reconciliation of operating loss to net cash inflow/(outflow) from operating activities		
Operating loss	(2,233,184)	(2,907,693)
Depreciation	3,112,350	2,266,389
Goodwill amortised	1,132,905	1,134,580
Exceptional costs (Note 3.3)	-	(990,689)
(Increase) in stocks	-	(24,015)
(Increase) in debtors	(1,493,058)	(3,293,841)
Increase in creditors	2,035,261	3,771,474
Decrease in other provisions	(38,151)	-
Net cash outflow from operating activities	2,516,123	(43,795)

Advanced Environmental Solutions (Ireland) Limited

Notes to the Consolidated Financial Statements
for the year ended 30 June 2004

..... continued

22. Analysis of changes in net debt

	Opening balance	Cash flows	Re- flows classification	Other	Closing balance
	€	€	€	€	€
Cash at bank and in hand	191,723	2,083,634	-	-	2,275,357
Overdrafts	(3,214,462)	(58,780)	-	-	(3,273,242)
	<u>(3,022,739)</u>	<u>2,024,854</u>	<u>-</u>	<u>-</u>	<u>(997,885)</u>
Short term loans	(800,000)	(885,883)	(9,185,302)	-	(10,871,185)
Long term loans	(9,185,302)	-	9,185,302	-	-
Unsecured convertible redeemable loan notes	-	(5,567,672)	-	-	(5,567,672)
Finance leases	(6,000,394)	3,061,155	-	(3,919,984)	(6,859,223)
	<u>(15,985,696)</u>	<u>(3,392,400)</u>	<u>-</u>	<u>(3,919,984)</u>	<u>(23,298,080)</u>
Net debt	<u>(19,008,435)</u>	<u>(1,367,546)</u>	<u>-</u>	<u>(3,919,984)</u>	<u>(24,295,965)</u>

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Advanced Environmental Solutions (Ireland) Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2004

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23. Related party disclosures

The company entered into transactions with companies connected to directors as follows:

	2004	2003
	€	€
O'Meara & Co. Solicitors (Mr. Noel O'Meara)	-	51,202
Mr. John Kerrigan	104,237	65,787
Ercob Products Limited (Erwin Cobbe)	146,858	117,028
JPC Financial Consultants Limited (Mr. James Cox)	-	20,450

Mr. Martin Morrissey is a director of MB Systems Limited from whom the company purchased assets valued at €50,000. Mr. Morrissey charges rent in the amount of €148,000 on premises used in the course of the group's operations in Kilkenny.

Mr. Christopher O'Brien, shareholder, charges rent of €74,530 on premises used in the course of the group's operations in Nenagh.

Mr. Seamus Dolan, shareholder, charges rent of €128,895 on premises used in the course of the group's operations in Tullamore.

Mr. Christopher O'Brien, Mr. Jim Kells and Mr. Erwin Cobbe, shareholders, charge rent of €32,000 per annum on premises used in the course of the group's operations in Portlaoise.

The company's office premises were acquired by John Kerrigan, Patrick Alley, James Cox, Noel O'Meara and Andrew Bailey who charge rent of €78,400 per annum.

The company has availed of the exemption contained in FRS8, Related Party Transactions, from the requirement to disclose transactions with subsidiaries in which the company holds a 90% or greater shareholding and whose results are included in these financial statements.

Notes to the Consolidated Financial Statements
for the year ended 30 June 2004

..... continued

24. Contingent liabilities

The company is party to various legal matters incidental to the nature of its business. The directors are of the opinion that none of these cases will impact in a materially adverse manner on the financial status of the company. Full provision has been included in these financial statements for the professional costs of the actions being pursued or defended by the company.

The agreement for the acquisition of Yellow Bins (Waste Disposal) Ltd sets out a process for the preparation and agreement of completion accounts and the calculation of a net asset adjustment. The completion accounts have been carried out by accountants representing the vendor and indicate a net assets payment due to the vendor from Advanced Environmental Solutions (Ireland) Limited in the amount of €640,977. As the parties have been unable to reach agreement on the matter, the issue has been referred to arbitration in accordance with the terms of the agreement. The directors have not made provision for the amount of €640,977 but have included a provision in the financial statements which represents their assessment of the expected amount payable pending conclusion of the arbitration process.

25. Contingent asset - deferred tax

The accounts for the year do not recognise a potential deferred tax asset in the company of €549,833 as there is insufficient evidence that this asset will be recoverable. This asset may potentially be recovered should the company have taxable profits in the future.

26. Pension schemes

The group operates a defined contribution pension scheme for the benefit of one of its directors. The total pension cost for the year amounted to €31,938 (30th June 2003 - €60,000).

27. Post balance sheet events

Rights issue

On 11 February 2005 Advanced Environmental Solutions (Ireland) Limited entered into an underwriting agreement with Oyster Technology Investments Limited and Davy Crest Nominees Limited. The rights issue is expected to raise €10m and is scheduled to conclude in March 2005, and, depending on the take up of rights by shareholders, could leave Oyster Technology Investments Limited and Davy Crest Nominees Limited owning a significant minority shareholding in the group. In conjunction with the rights issue, Ulster Bank have agreed to provide debt facilities in the amount of €15m to the group. These facilities, together with the proceeds of the rights issue, will be used to pay down existing bank and other funding and to restructure debt.

28. Guarantees

Pursuant to the provisions of Section 17 of the Companies (Amendment) Act, 1986, the company has guaranteed the liabilities of its subsidiaries Midland Refuse Services (Laois) Limited, Landfeeds Environmental Limited, Glideon Transport Limited, Midland Waste Disposal Company Limited, Alina Plant Hire Limited, Athlone Waste Disposal Limited, Yellow Bins (Waste Disposal) Limited and Yellow Bins Limited and, as a result, such subsidiaries are exempt from the filing provision of Section 7 of the Companies (Amendment) Act, 1986.

Advanced Environmental Solutions (Ireland) Limited

**Notes to the Consolidated Financial Statements
for the year ended 30 June 2004**

..... continued

29. Approval of financial statements

The directors approved the financial statements on 28th February 2005.

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Midland Waste Disposal Ltd Projected Monthly Balance Sheets

Period : Jul. 2004 to Jun. 2005

	Opening £	Jul. £	Aug. £	Sep. £	Oct. £	Nov. £	Dec. £	Jan. £	Feb. £	Mar. £	Apr. £	May. £	Jun. £
NET FIXED ASSETS													
Tangible assets	7,379,242	7,340,347	7,301,296	7,262,090	7,222,729	7,183,213	7,143,542	7,103,716	7,063,734	7,023,597	6,983,305	6,942,857	6,902,255
Investments	0												
Intangible assets	0	0	0	0	0	0	0	0	0	0	0	0	0
	<u>7,379,242</u>	<u>7,340,347</u>	<u>7,301,296</u>	<u>7,262,090</u>	<u>7,222,729</u>	<u>7,183,213</u>	<u>7,143,542</u>	<u>7,103,716</u>	<u>7,063,734</u>	<u>7,023,597</u>	<u>6,983,305</u>	<u>6,942,857</u>	<u>6,902,255</u>
CURRENT ASSETS													
Stocks	26,665	26,665	26,665	26,665	26,665	26,665	26,665	26,665	26,665	26,665	26,665	26,665	26,665
Debtors Domestic	1,021,359	851,133	680,906	510,680	340,453	170,227	0	2,894,198	2,383,457	1,872,716	1,464,123	1,055,531	646,938
Debtors Commercial	873,518	896,245	867,316	846,980	857,999	856,840	824,873	823,920	827,100	852,301	892,258	887,901	880,711
Vat	0												
Expenses Prepaid	72,640	72,640	72,640	72,640	72,640	72,640	72,640	72,640	72,640	72,640	72,640	72,640	72,640
Inter Company Balances	1,033,760	1,033,760	1,033,760	1,033,760	1,033,760	1,033,760	1,033,760	1,033,760	1,033,760	1,033,760	1,033,760	1,033,760	1,033,760
Bank Balance	113,420	44,238	(11,747)	(7,767)	28,664	58,908	83,712	420,633	757,328	1,066,047	1,309,769	1,571,451	1,808,424
	<u>3,141,362</u>	<u>2,924,680</u>	<u>2,669,539</u>	<u>2,482,957</u>	<u>2,360,181</u>	<u>2,219,040</u>	<u>2,041,650</u>	<u>5,271,816</u>	<u>5,100,950</u>	<u>4,924,129</u>	<u>4,799,215</u>	<u>4,647,948</u>	<u>4,469,138</u>
CURRENT LIABILITIES													
Creditors	192,998	192,998	192,998	192,998	192,998	192,998	192,998	192,998	192,998	192,998	192,998	192,998	192,998
Expenses Accrued	238,947	238,947	238,947	238,947	238,947	238,947	238,947	238,947	238,947	238,947	238,947	238,947	238,947
Vat	86,292	56,696	22,034	13,733	14,787	9,183	11,220	384,940	354,555	327,305	302,834	275,318	248,004
Overdraft	0												
Other	1,434,040	1,198,533	960,671	720,430	477,787	232,717	(14,803)	2,735,147	2,482,652	2,227,632	1,970,061	1,709,915	1,447,167
Other - Acq Costs	0												
Corporation Tax	(5,656)	(5,656)	(5,656)	(5,656)	(5,656)	(5,656)	(5,656)	(5,656)	(5,656)	(5,656)	(5,656)	(5,656)	(5,656)
Short Term Loans	0												
	<u>1,946,621</u>	<u>1,681,518</u>	<u>1,408,994</u>	<u>1,160,452</u>	<u>918,862</u>	<u>668,190</u>	<u>422,706</u>	<u>3,546,376</u>	<u>3,263,496</u>	<u>2,981,225</u>	<u>2,699,184</u>	<u>2,411,522</u>	<u>2,121,460</u>
NET CURRENT ASSETS	1,194,741	1,243,163	1,260,546	1,322,505	1,441,319	1,550,850	1,618,944	1,725,440	1,837,454	1,942,904	2,100,031	2,236,426	2,347,678
Long Term Creditors													
Bank Loans	0												
Invoice Discounting	234,987	234,987	234,987	234,987	234,987	234,987	234,987	234,987	234,987	234,987	234,987	234,987	234,987
Leases	293,183	278,100	263,017	247,934	232,851	219,380	205,909	192,437	179,416	166,395	153,373	140,352	127,330
	<u>528,170</u>	<u>513,087</u>	<u>498,004</u>	<u>482,921</u>	<u>467,838</u>	<u>454,367</u>	<u>440,896</u>	<u>427,424</u>	<u>414,403</u>	<u>401,382</u>	<u>388,360</u>	<u>375,339</u>	<u>362,317</u>
Deferred Income													
Grants													
Net Assets	8,045,813	8,070,422	8,063,838	8,101,675	8,196,211	8,279,697	8,321,590	8,401,731	8,486,785	8,565,119	8,694,976	8,803,945	8,887,616
REPRESENTED BY													
Share Capital	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270
Reserves	8,044,543	8,069,152	8,062,568	8,100,405	8,194,941	8,278,427	8,320,320	8,400,461	8,485,515	8,563,849	8,693,706	8,802,675	8,886,346
Revaluation Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0
	<u>8,045,813</u>	<u>8,070,422</u>	<u>8,063,838</u>	<u>8,101,675</u>	<u>8,196,211</u>	<u>8,279,697</u>	<u>8,321,590</u>	<u>8,401,731</u>	<u>8,486,785</u>	<u>8,565,119</u>	<u>8,694,976</u>	<u>8,803,945</u>	<u>8,887,616</u>
Shareholders Funds													
Difference	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	(0)	0	0	0	(0)	0	0	(0)	0	(0)
Profit / (Loss)		24,609	(6,584)	37,837	94,536	83,486	41,893	80,140	85,054	78,335	129,857	108,969	83,671

Midland Waste Disposal														
Projected Monthly P/(L) Account														
Period: July 2004 - June 2005														
	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Total	
	€	€	€	€	€	€	€	€	€	€	€	€	€	€
Sales														0
Domestic Sales	235,507	237,862	240,241	242,643	245,070	247,520	249,995	252,495	255,020	257,571	260,146	262,748	2,986,819	
Commercial Sales	371,000	341,000	342,000	360,000	354,000	379,000	345,000	347,000	370,000	395,000	378,000	377,000	4,307,000	
Recycling Sales	23,445	23,036	22,706	22,604	22,887	21,895	22,519	22,719	23,144	23,288	23,536	23,436	275,312	
Bag Sales	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	360,000	
Intercompany Sales	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Sales	639,952	631,898	634,947	655,247	651,957	628,515	647,515	652,215	678,165	705,856	689,682	693,184	7,929,134	
Cost of Sales														
Dumping	298,718	297,168	233,212	233,896	235,917	230,739	235,003	237,111	240,724	242,460	244,925	245,068	2,974,943	
Owner Drivers	0	0	0	0	0	0	0	0	0	0	0	0	0	
Haulage	42,196	42,362	38,131	38,493	38,733	39,143	39,263	39,383	39,503	39,623	40,756	40,756	478,340	
Direct Wages	78,620	78,620	98,275	78,620	78,620	98,275	80,147	80,147	100,183	80,147	80,147	100,183	1,031,582	
Motor - Repairs & Maintenance	15,267	15,267	15,267	15,267	15,267	15,267	15,267	15,267	15,267	15,267	15,267	15,267	183,200	
Tyres	2,899	2,899	2,899	2,899	2,899	2,899	2,899	2,899	2,899	2,899	2,899	2,899	34,792	
Wages - Mechanic	2,963	2,963	3,704	2,963	2,963	3,704	3,021	3,021	3,776	3,021	3,021	3,776	38,885	
Motor expenses - Tax	2,516	2,516	2,516	2,516	2,516	2,516	2,516	2,516	2,516	2,516	2,516	2,516	30,195	
Sludge Spreading Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	
Subcontractor Costs	14,304	18,870	17,157	7,529	11,980	6,629	8,638	6,955	6,588	9,192	10,230	9,800	127,872	
Bags & Stickers	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000	
Mobile Phone	40	40	40	40	40	40	40	40	40	40	40	40	480	
GPS Tracking	0	0	0	0	0	0	0	0	0	0	0	0	0	
Diesel & Oil	20,199	20,199	20,199	20,199	20,199	20,199	20,199	20,199	20,199	20,199	20,199	20,199	242,391	
Equipment Hire	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000	
Travel & Subsistence	0	0	0	0	0	0	0	0	0	0	0	0	0	
Kerb side collection costs	0	0	0	0	0	0	0	0	0	0	0	0	0	
Recycling Costs	10,317	10,421	10,525	10,630	10,735	10,844	10,952	11,062	11,172	11,284	11,397	11,511	130,850	
Packaging Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	
Fertilisers/Lime	0	0	0	0	0	0	0	0	0	0	0	0	0	
Land Bank Management	0	0	0	0	0	0	0	0	0	0	0	0	0	
Miscellaneous Cost of Sales	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Cost of Sales	492,040	495,325	445,925	417,053	423,871	436,236	421,945	422,589	446,888	430,648	435,399	458,075	5,321,941	
Gross Profit	167,912	136,573	189,022	238,194	228,085	192,279	225,571	229,616	231,297	275,209	254,286	237,168	2,607,193	
Sales Costs														
Wages & Salaries	7,467	7,467	9,334	7,467	7,467	9,334	7,612	7,612	9,515	7,612	7,612	9,515	98,015	
Advertising	2,500	2,500	2,500	2,500	3,500	3,500	2,500	2,500	2,500	2,500	2,500	2,500	33,000	
Public Relations	0	0	0	0	0	0	0	0	0	0	0	0	0	
Travel Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	
Diesel & Oil	0	0	0	0	0	0	0	0	0	0	0	0	0	
Mobile Phones	250	250	250	250	250	250	250	250	250	250	250	250	3,000	
Meetings	0	0	0	0	0	0	0	0	0	0	0	0	0	
Motor Expenses - Mileage	0	0	0	0	0	0	0	0	0	0	0	0	0	
Miscellaneous	0	0	0	0	0	0	0	0	0	0	0	0	0	
Sales Vehicles Operating Lease	658	658	658	658	658	658	658	658	658	658	658	658	7,892	
Total Sales costs	10,875	10,875	12,742	10,875	11,875	13,742	12,020	11,020	12,923	11,020	11,020	12,923	141,907	

Midland Waste Disposal														
Projected Monthly P/(L) Account														
Period: July 2004 - June 2005														
	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Total	
	€	€	€	€	€	€	€	€	€	€	€	€	€	
Administration Costs														
Wages & Salaries	23,982	23,982	29,978	23,982	23,982	29,978	24,448	24,448	30,560	24,448	24,448	30,560	314,794	
Pension	0	0	0	0	0	0	0	0	0	0	0	0	0	
Bonus	0	0	0	0	0	0	0	0	0	0	0	0	0	
Directors Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	
Legal Fees	900	900	900	900	900	900	900	900	900	900	900	900	6,000	
Accountancy and Audit Fees	800	800	800	800	800	800	800	800	800	800	800	800	9,600	
Consulancy Fees	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000	
Printing	1,846	1,846	1,846	1,846	1,846	1,846	1,846	1,846	1,846	1,846	1,846	1,846	22,156	
Stationery	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	13,800	
Postage	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	28,800	
Telephone and Fax	930	930	930	930	930	930	930	930	930	930	930	930	11,160	
Mobile Phones	400	400	400	400	400	400	400	400	400	400	400	400	4,800	
IT Costs	600	600	600	600	600	600	600	600	600	600	600	600	7,200	
Sponsorship	0	0	0	0	0	0	0	0	0	0	0	0	0	
Staff Training	150	150	150	150	150	150	150	150	150	150	150	150	1,800	
Courier Charges	0	0	0	0	0	0	0	0	0	0	0	0	0	
Sundry Expenses	600	600	600	600	600	600	600	600	600	600	600	600	7,200	
Equipment Hire	0	0	0	0	0	0	0	0	0	0	0	0	0	
Subscriptions	100	100	100	100	100	100	100	100	100	100	100	100	1,200	
Motor Expenses - Mileage	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	14,400	
Diesel & Oil	0	0	0	0	0	0	0	0	0	0	0	0	0	
Travel & Subsistence Costs	75	75	75	75	75	75	75	75	75	75	75	75	900	
Grants	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Administration costs	44,733	44,733	50,729	44,733	44,733	50,729	45,199	45,199	51,311	45,199	45,199	51,311	563,810	
Establishment Costs														
Rents	0	0	0	0	0	0	0	0	0	0	0	0	0	
Rates	417	417	417	417	417	417	417	417	417	417	417	417	5,000	
Permit Charges	1,666	1,666	1,666	1,666	1,666	1,666	1,666	1,666	1,666	1,666	1,666	1,666	19,992	
Light & Heat	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000	
Environmental costs	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000	
Security	150	150	150	150	150	150	150	150	150	150	150	150	1,800	
Cleaning - Office	0	0	0	0	0	0	0	0	0	0	0	0	0	
Cleaning - Other	0	0	0	0	0	0	0	0	0	0	0	0	0	
Insurance	19,227	19,227	19,227	19,227	19,227	19,227	19,227	19,227	19,227	19,227	19,227	19,227	230,724	
Health & Safety	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	16,200	
Equipment Hire	0	0	0	0	0	0	0	0	0	0	0	0	0	
Depreciation	51,312	51,467	51,622	51,778	51,933	52,088	52,243	52,398	52,554	52,709	52,864	53,019	625,987	
Grants	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Establishment Costs	78,622	78,777	78,932	79,087	79,242	79,398	79,553	79,708	79,863	80,018	80,174	80,329	953,703	

Consent of Approval for Inspection Purposes Only. No Work to be Done for Approval Use.

Midland Waste Disposal															
Projected Monthly P/(L) Account															
Period: July 2004 - June 2005															
			Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Total
			€	€	€	€	€	€	€	€	€	€	€	€	€
Financial Expenses															
Bank Interest			0	0	0	0	0	0	0	0	0	0	0	0	0
FX Adjustments			0	0	0	0	0	0	0	0	0	0	0	0	0
Bank Charges			3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	45,600
Loan Interest			0	0	0	0	0	0	0	0	0	0	0	0	0
Lease Interest & Charges			1,563	1,563	1,563	1,563	1,498	1,408	1,408	1,365	1,365	1,365	1,365	1,365	17,299
Bad Debts Old Cobble Ledger			0	0	0	0	0	0	0	0	0	0	0	0	0
Bad Debts Provision			3,710	3,410	3,420	3,600	3,540	3,290	3,450	3,470	3,700	3,950	3,760	3,770	43,070
Goodwill Amortisted			0	0	0	0	0	0	0	0	0	0	0	0	0
Grants			0	0	0	0	0	0	0	0	0	0	0	0	0
Total Financial Costs			9,073	8,773	8,783	8,963	8,748	8,498	8,658	8,635	8,865	9,115	8,925	8,935	105,969
Total Overheads			143,303	143,158	151,185	143,658	144,599	152,367	145,430	144,562	152,962	145,352	145,317	153,497	1,765,390
Net Profit/(Loss)			24,609	-6,584	37,837	94,536	83,486	41,893	80,140	85,054	78,335	129,857	108,969	83,671	841,803
Corporation Tax															0
P/(L) after Tax			24,609	-6,584	37,837	94,536	83,486	41,893	80,140	85,054	78,335	129,857	108,969	83,671	841,803
EBITDA	0	0	81,284	50,245	94,822	151,676	140,628	99,190	137,592	142,617	136,053	187,730	166,998	145,625	1,573,759

For inspection purposes only
Consent of copyright owner required for all other uses