

Preliminary results for the year ended 31 December 2009



March 2010

Presented by:
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Period highlights

- Weathered worst of the recessionary markets
- Management actions to reduce costs and minimise capital expenditure
- Markets still challenging into 2010
- Clear strategy for growth:
 - EA authorisation received, appeal initiated for planning application for Low Level Waste
 - Offshore waste market contract signed for a minimum 10,000 tonnes
 - Thermal treatment providing services to the oil & gas refinery markets
 - Energy business nearing commercial closure
- Landfill tax claim received for £2.5 million
- Roger McDowell, current NED, appointed Chairman following retirement of David Williams

Financial overview

- Revenue excluding landfill tax of £28.1m (2008: £36.3m)
- Adjusted operating profit of £2.3m (2008: £6.2m)
- Adjusted profit before tax of £1.3m (2008: £4.0m)
- Adjusted earnings per share of 1.8p (2008: 7.1p)
- Cash flow from operations of £4.0m (2008: £11.6m)
- Following successful placing raising £12.2m, net debt reduced to £6.0m (2008: £16.8m)
- Refinancing completed with 3 year £10m revolving credit facility secured with HSBC
- Exceptional non-cash goodwill impairment charge recognised of £55.2m

Income statement

	2009 £'000	2008 £'000
Revenue	31,540	40,081
Revenue excluding landfill tax	28,107	36,253
Adjusted operating profit*	2,327	6,157
Exceptional costs	(55,665)	(996)
Operating (loss)/profit	(53,338)	5,161
Finance charges **	(1,184)	(1,844)
Share of loss of joint venture	(30)	(292)
(Loss)/profit before tax	(54,552)	3,025
Adjusted profit before tax*	1,302	4,021
Tax	-	621
(Loss)/profit attributable to equity shareholders	(54,552)	3,646
Basic and diluted (loss)/earnings per share	(74.8p)	5.6p
Adjusted earnings per share (pre-exceptional costs)	1.8p	7.1p

*Adjusted for exceptional costs

**Including exceptional costs of £189k

Statement of financial position

	2009 £'000	2008 £'000
Goodwill and intangibles	21,835	77,985
Property, plant and equipment	36,133	33,176
Current assets	7,789	9,097
Current liabilities	(8,370)	(11,772)
Non-current liabilities	(6,637)	(4,601)
	50,750	103,885
Shareholders' equity	44,771	87,104
Net debt	5,979	16,781
	50,750	103,885
Gearing	13%	
Bank facility	£10m	

New banking facilities

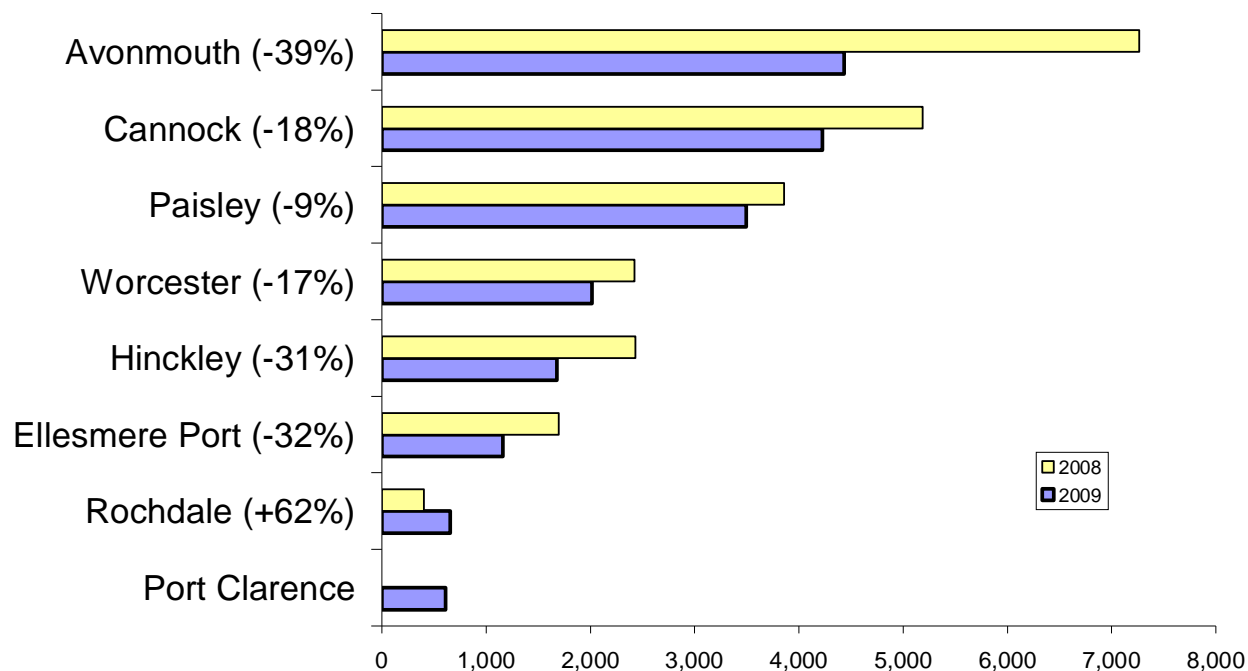
- £10m revolving credit facility with HSBC
- £1m overdraft carved out to provide flexibility
- 3 year term to November 2012
- 2.5% margin above LIBOR
- Covenants:
 - 2.5 x Net debt : EBITDA
 - 2 x Operating profit : Bank & finance lease interest

Cash flow

	2009 £'000	2008 £'000
EBITDA	5,786	10,498
Working capital	(1,796)	1,133
Operating cash flow	3,990	11,631
Tax & interest	(956)	(2,130)
Capital expenditure	(5,126)	(5,333)
Free cash flow	(2,092)	4,168
Disposals/(Acquisitions)	735	(770)
New share capital issued	12,159	-
Reduction in net debt	10,802	3,398

Treatment division

- Revenue of £16.7m (2008: £22.3m)
- Operating loss of £2.3m (2008: profit of £1.2m)



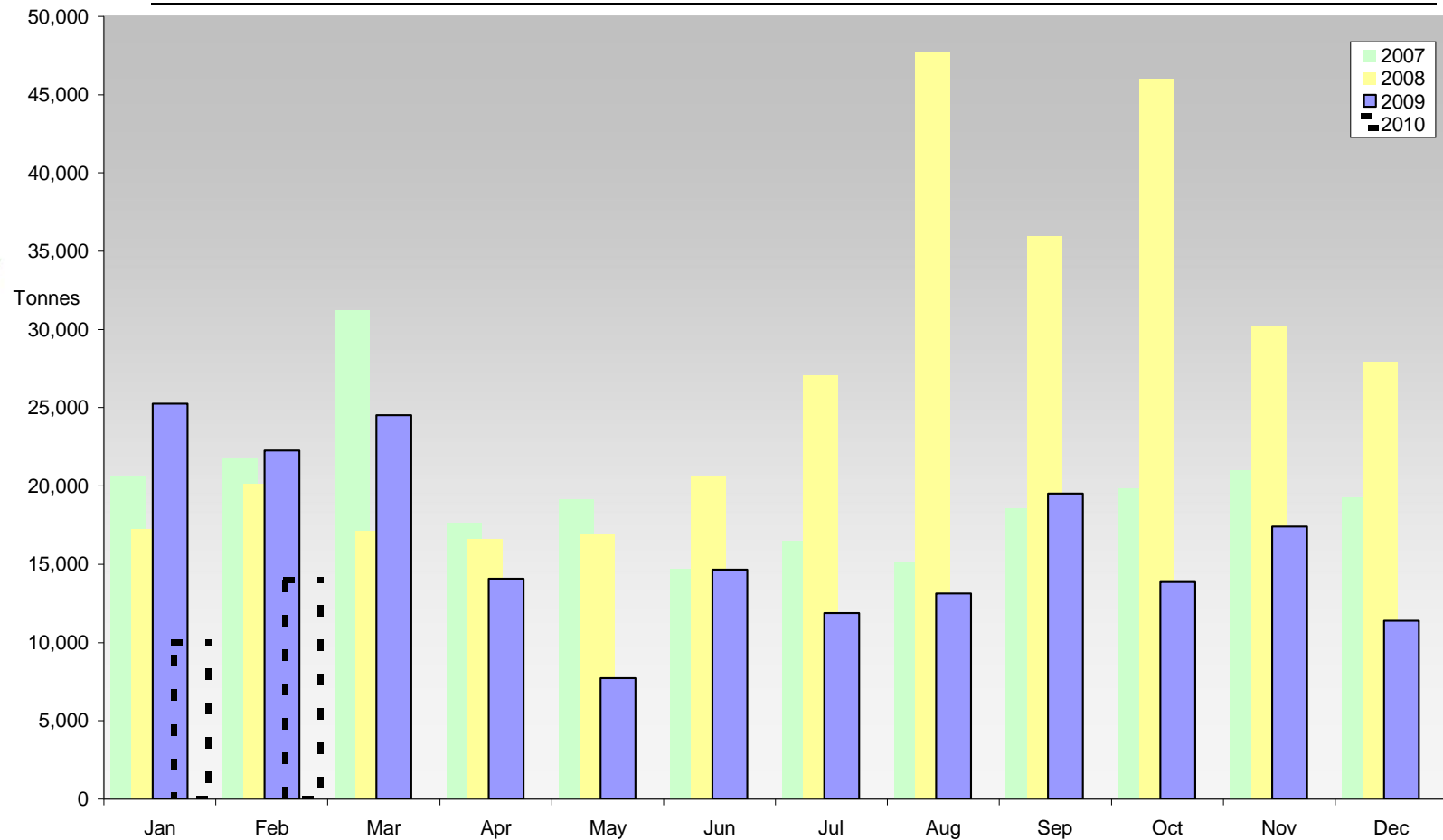
Treatment division site revenue (£k) and year-on-year % change

Landfill division

	2009 H1 Tonnes	2009 H2 Tonnes	2009 Tonnes	2008 Tonnes	
Hazardous	108,523	87,220	195,743	323,517	-39%
Non-hazardous	28,719	33,475	62,194	55,216	+13%
Total	137,242	120,695	257,937	378,733	-32%
Hazardous price	£46	£48	£47	£42	+12%

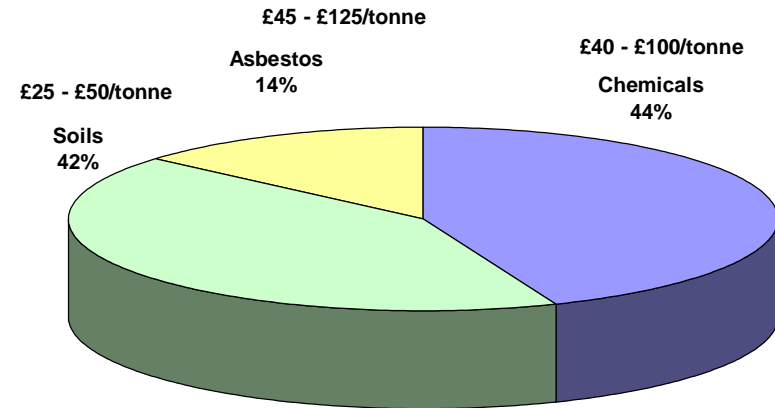
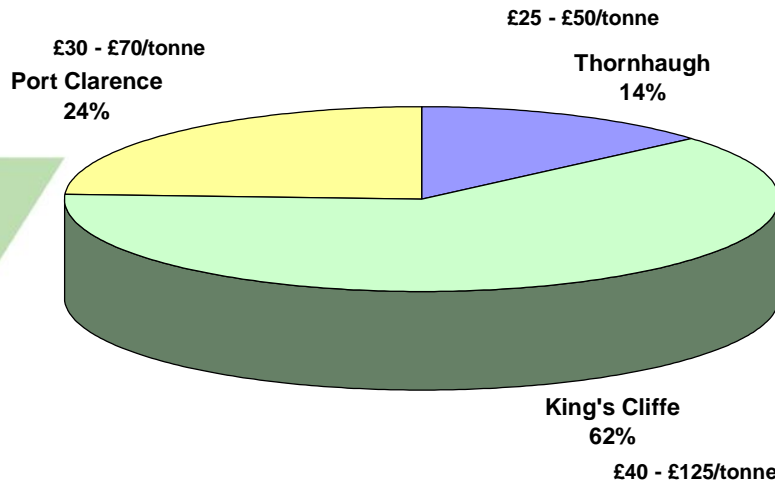
- Revenue net of landfill tax of £12.9m (2008: £15.6m)
- Operating profit of £4.6m (2008: £4.9m)
- Results include:
 - £1.0m of landfill tax claim (£2.5m received in cash post year end)
 - £0.7m of previously deferred revenue following stockpile reassessment
 - £0.7m for disposal of non-core quarry asset

Hazardous volumes



- Difficult late 2009 and early 2010 due to harsh weather

Hazardous volumes/prices



- King's Cliffe premium site
- Chemicals & asbestos higher value than soils
- Some downward pressure on prices
- Uncertainty over landfill tax

UK hazardous waste market

- Production of waste relative to GDP
- Statistics show a decline in volumes toward the end of 2008 and into 2009
- Hazardous Waste Strategy just published
- 6 key principles
 - Waste Hierarchy
 - Infrastructure provisions
 - Reduce reliance on landfill
 - No mixing or dilution
 - treatment of hazardous organics
 - WAC derogations
- Enforcement – still a way to go
- Augean developed infrastructure positioned to meet market recovery & future legislation

Market position

- National geographical reach - proximity principle
- Growing market share – sales approach
- Multi-service centres
- Complementary capabilities
- Hierarchy policy
- Asset enhancement programme



Strategic opportunities

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- Developing new markets
 - Asset maximisation
 - Property enhancement
 - Permitting extension
 - Regulatory enforcement
 - Market share growth
 - Asset valuation = rarity value

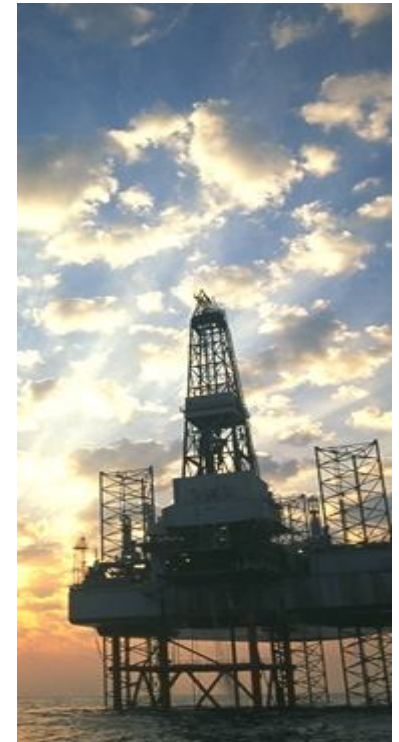
Low Level Waste

- ENRMF site going through authorisation process
- EA authorisation issued
- Planning to go to appeal
- ENRMF unique as a hazardous landfill
- Low volume high margin model
- Market opportunities significant in the long term



Offshore

- Exclusive contract signed
- Minimum of 10k tonnes per annum
- Focused on drill cutting wastes
- Recycling & disposal process
- Volumes based on a slow market – growth upside to come



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Energy

- Landfill gas – contract signed
- Gasification – contract at an advanced stage
- Wind farm options – at a commercial review stage



Operational highlights

Waste Recovery Park

- First in the UK
- Commissioning challenge
- Facility now delivering capacity
- Markets developing
- Outlook promising – opening access to new markets



Operational highlights

Treatment division

- Cannock facility new business model delivered
- Avonmouth RFO market improving
- Hitech integration underway
- Astec successfully integrated
- Signs of performance improving



Operational highlights

Landfill division


- Operational soil treatment centre at ENRMF
- Landfill tax under review
- Division development aligned to the brownfield and demolition markets
- Achieved the highest standard through the IMS review



Outlook

- Markets remain challenging
- Stable financial structure
- Strong experienced team
- Development strategy clear
- Well positioned to benefit from recovery in UK hazardous waste market
- Long term outlook still capable of creating long term value





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