



Preliminary Results

for the year ended 31 December 2010

March 2011

Presented by: Paul Blackler – Chief Executive

Richard Allen – Finance Director

waste management | hazardous waste treatment | landfill management | laboratory services
recycling | contaminated land management | environmental services | industrial services

- Highlights
- Market update
- Financial review
- Operational review
- Strategic update
- Outlook



Highlights

for the year ended 31 December 2010

Financial highlights

- Revenue
 - Including landfill tax; increase of 8% to £34.1m (2009: £31.5m)
 - Excluding landfill tax; increase of 3% to £29.0m (2009: £28.1m)
- EBITDA
 - Stable at £5.6m (2009: £5.8m)
- Operating profit
 - Adjusted £0.8m (2009: £2.3m); Total £1.0m (2009: loss £53.3m)
- Profit after tax
 - Adjusted £0.2m (2009: £1.3m); Total £0.4m (2009: loss £54.6m)
- Cash flow
 - From operations £5.8m (2009: £4.0m); free cash flow £1.8m (2009: negative £2.1m)
- Net debt
 - Reduced to £3.9m (2009: £6.0m); maintained covenant compliance

- Markets
 - Gradual overall market recovery
 - Remediation projects gaining momentum
- Operating Divisions
 - Waste flows from customers disrupted at start and end of the year
 - Soil treatment & recycling facilities responding to customer needs
 - Positive offshore contract development
 - Thermal recovery process upgrade
 - Cannock incident under review
- Strategic opportunities
 - LLW planning decision expected May 2011; Article 37 secured; permit drafting concluded
 - Progress on opportunities within energy, minerals and oil & gas markets

Market update

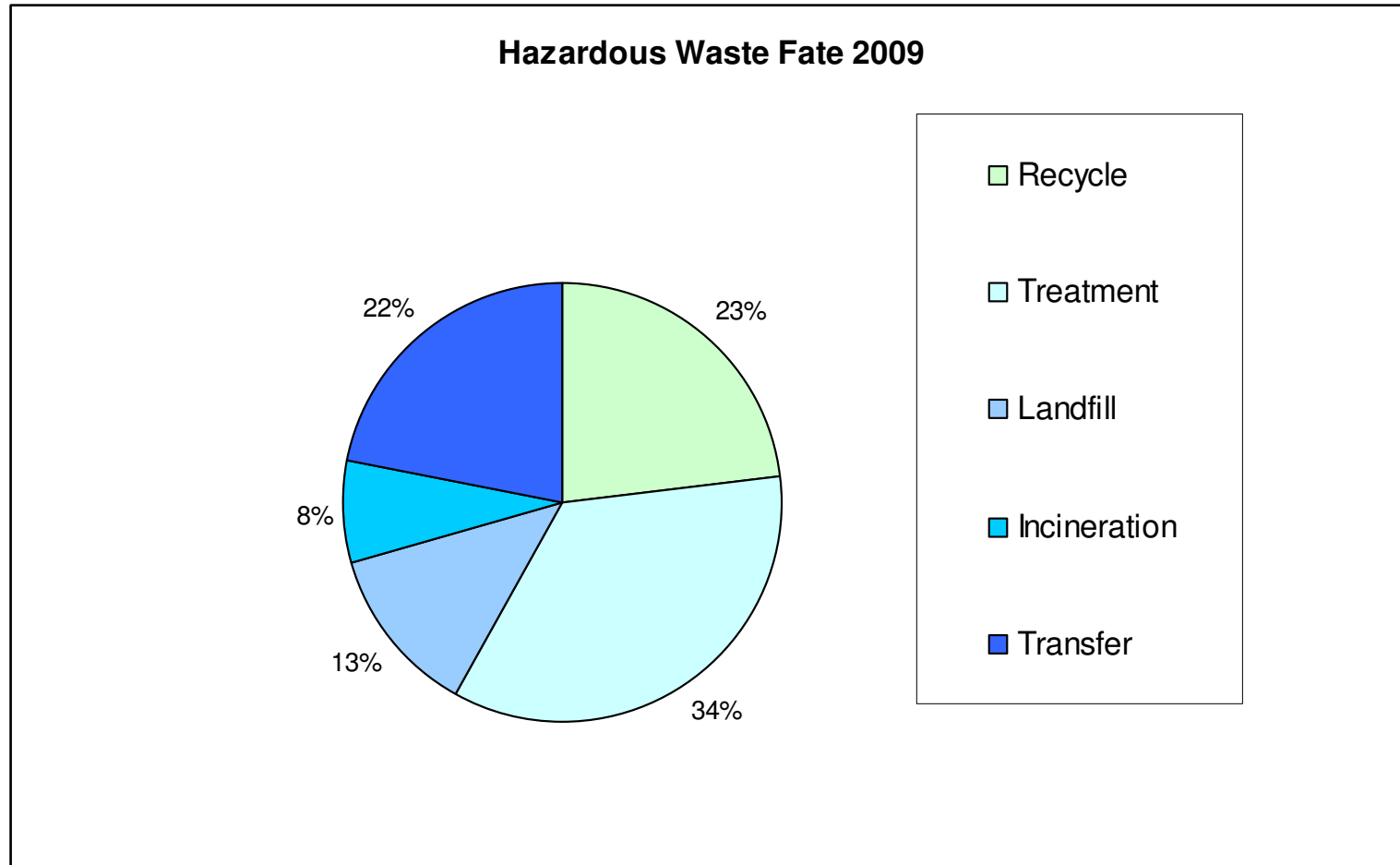
for the year ended 31 December 2010

Market overview

- Gradual improvement in volume of waste arising
 - Contraction of 2008/09 not fully recovered; 2010 statistics not yet published
 - Macro-climate from landfill exemption certificates
 - Release of waste stocks from producers
 - Trans-frontier shipment growing exportation of waste from UK
- Price pressures continue
 - Regional differences in numbers of competitors and accepted pricing
- Waste hierarchy development
 - Continuing move towards treatment, recycling & recovery
 - Aligning our services through thermal recovery, treatment, stabilisation and recycling
 - Waste Framework Directive now enforceable
- New technologies
 - Climate of small-scale technological development

Market overview: segmentation

- 5 major segments; 50 sub-segments; access to c.50% of market



Financial review

for the year ended 31 December 2010

Group statement of comprehensive income

	Before exceptional items 2010 £'000	Exceptional items 2010 £'000	Total 2010 £'000	Before exceptional items 2009 £'000	Exceptional items 2009 £'000	Total 2009 £'000	
Revenue	34,120	-	34,120	31,540	-	31,540	•Revenue growth
Operating expenses	(33,353)	185	(33,168)	(29,213)	(55,665)	(84,878)	•Sales infrastructure investment
Operating profit/(loss)	767	185	952	2,327	(55,665)	(53,338)	
Finance charges	(399)	-	(399)	(995)	(189)	(1,184)	•Reducing bank debt
Share of loss of jointly controlled entity	(14)	-	(14)	(30)	-	(30)	
Profit/(loss) before tax	354	185	539	1,302	(55,854)	(54,552)	
Tax	(117)	-	(117)	-	-	-	•Release of deferred tax asset
Profit/(loss) after tax	237	185	422	1,302	(55,854)	(54,552)	
Earnings per share							
Basic and diluted	0.24p	0.18p	0.42p	1.8p	(76.6p)	(74.8p)	

NOTE:

Restructuring (147)
Provision release 322
185

Statement of financial position

	Group		
	2010	2009	
	£'000	£'000	
Non-current assets			
Goodwill	21,705	21,705	•Treatment growth forecast
Property, plant and equipment	35,245	36,133	•Includes LLW investment
Others	535	251	
	57,485	58,089	
Current assets	7,194	8,003	•Transfer of LF tax debtor
Current liabilities	(7,671)	(8,820)	•Transfer of LF tax provision
Net current liabilities	(477)	(817)	
Non-current liabilities	(11,811)	(12,501)	•Reduction in debt; LF tax provision
Net assets	45,197	44,771	
Total shareholders' equity	45,197	44,771	

Statement of cash flows

	Group		
	2010	2009	
	£'000	£'000	
EBITDA	5,558	5,786	•Includes depreciation of £4.6m
Working capital mvts	258	(1,796)	•Stable creditors
Cash generated from operations	5,816	3,990	
Interest paid	(297)	(757)	•Reduction in bank debt
Tax paid	(72)	(199)	
Net cash from operating activities	5,447	3,034	
Net cash used in investing activities	(3,358)	(4,391)	•Capex control; Astec payment
Net cash from/(used in) financing activities	(2,264)	927	•Debt & lease repayments
Net (decrease) / increase in cash and cash equivalents	(175)	(430)	
Cash and cash equivalents at beginning of period	335	765	
Cash and cash equivalents at end of period	160	335	

Financial ratios

	Group		
	2010	2009	
	£'000	£'000	
Net Debt	(3,890)	(5,979)	▼
Cash interest	(297)	(757)	▼
EBITDA	5,558	5,786	▼
Net operating cash flow	5,447	3,034	▲
Capital investment	(3,159)	(5,131)	▼
Equity	45,197	44,771	
Net debt / EBITDA (ratio)	0.70:1	1.03:1	▼
Net debt / Equity (%)	8.6%	13.4%	▼
EBITDA / cash interest (times)	18.7x	7.6x	▲
Free cash flow	1,834	(2,572)	▲

Notes: Arrows indicate change from 2009; 2009 included one off exceptional items;
FCF = net operating CF less capital investment and finance lease payments

Operational review

for the year ended 31 December 2010

- Landfill revenues reflecting price pressures in the market; underlying profit increase from 2009
- Treatment revenues reflect gradual market recovery; operating loss includes additional costs of sales infrastructure

	2010		Group £'000
	Landfill division £'000	Treatment division £'000	
Revenue			
External sales net of landfill tax	10,912	18,061	28,973
Landfill tax	5,147	-	5,147
External sales	16,059	18,061	34,120
Inter-segment sales	787	-	787
Total revenue	16,846	18,061	34,907
Result			
Operating profit/(loss) before exceptional items	2,996	(2,229)	767
Exceptional items	185	-	185
Operating profit/(loss)	3,181	(2,229)	952

Note: Arrows indicate change from 2009

2009 Landfill profit before exceptional items included £2.4m release of one-off items

- Sales revenues -4% year on year
 - Volume growth from remediation projects
 - Use of landfill tax exemptions before April 2012
 - Use of treatment pads to provide recycling solutions for customers
 - More treatment increasing non-hazardous outputs

	2010	2009	% change
Volume (tonnes)			
Hazardous	192,910	195,745*	-1
Non-hazardous	110,351	62,193	+77
Total	303,261	257,938	+18
Prices (£/tonne)			
Hazardous	45.3	48.1	-6
Non-hazardous	20.2	15.2	+33
Total	35.6	39.6	-10

* Includes 10,000 tonnes Olympic waste

- Sales revenues +8% year on year
 - Benefitting from market improvements
 - Increasing contribution from new sales infrastructure
 - Consistent offshore volumes
 - Growth in ash contracts
- Underlying improvement in site profitability (+£0.8m year on year)
- Port Clarence ITD upgrade impacted profit in the period; profit expected in 2011
- Cannock incident on 5th November impacted improving performance trend
 - Insurance process underway
 - Reinstatement options under review

Strategic update

Our strategy is based on:

- Managing specialist waste types, often found only in niche markets
 - For example: Air Pollution Control Residues (APCR), waste oils, solvents, contaminated land, asbestos, contaminated packaging
- Developing our markets from an invested platform
 - For example: low level radioactive waste, oil contaminated solids from refining and oil & gas extraction, decommissioning and industrial services
- Using proven technology
 - Not R&D based
- Maximising cash flow and return on capital employed
 - Capital investment £3m to £4m p.a.
 - Stable operating costs
 - IRR target for capex of 15% (pre-tax)

Strategy: a solid platform

Building from an established platform

Group Sales

- ▶ National coverage
- ▶ Key accounts
- ▶ Land remediation
- ▶ Business development

Landfill

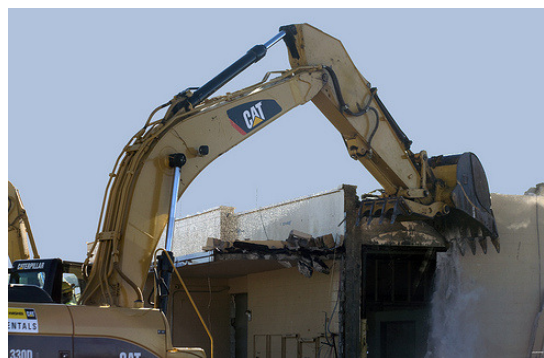
- ▶ Operates three hazardous waste landfill installations
- ▶ Two soil treatment centers

Treatment

- Provides:
- ▶ Treatment
 - ▶ Transfer
 - ▶ Recycling
 - ▶ Additional services

Strategy: Low Level Waste (LLW)

- Low Level Waste <200Bq/g
- Public enquiry thoroughly challenged our application
- Secretary of State decision on/by 24th May 2011
- Readiness plan complete
- Contracts drafted
- £1m expenditure with 1 year payback
- Consent only until August 2013 with extensions in planning



- Large land resource provides options for energy generation
- Landfill gas now installed at Port Clarence
 - Contracted royalty income from c.5,000MW generation
- Wind and Solar under review
- Cook's Hole mineral development ongoing
 - Review of mineral permission submitted
 - Approval decision expected during H1



- ITD plant available for solid and sludge oil-based wastes
- 28,000 tonnes per annum capacity (from 10,000 tonnes p.a.)
- Focused on process optimisation
- Opportunity for further streams to add value through commodity sales
- Compete with incinerators & other thermal recovery processes
- £1.4m expenditure with payback within 4 years



- SCOMI contract signed providing exclusivity
- Signs of UK market recovery*
- Significant potential for growth as markets recover
- Access to other waste arising in the North Sea
- Potential for Aberdeen & Shetland site development



*forecasts for 2011 and 2012 suggest slowing of previous drilling declines

Building on previous opportunities:

- Energy & Minerals
- Low Level Waste
- Refineries
- Off-shore

Opportunities under review:

- Oil & Gas
- Nuclear services
- Decommissioning
- Leveraging network

Evolving structures to align with developing strategy

Outlook

- Market recovery sustained from 2010 into 2011
 - Winning project work from land remediation
 - Reviewing options for contracted volumes
- Sales growth required to improve asset utilisation
- Capital investment focused on landfill cells and use of land resources
- Board continues to develop strategic opportunities
- Positive, cautious outlook; no change to forecasts



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Paul Blackler – Chief Executive

Richard Allen – Finance Director

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