

Interim results for the six months ended 30 June 2008

September 2008

Presented by:

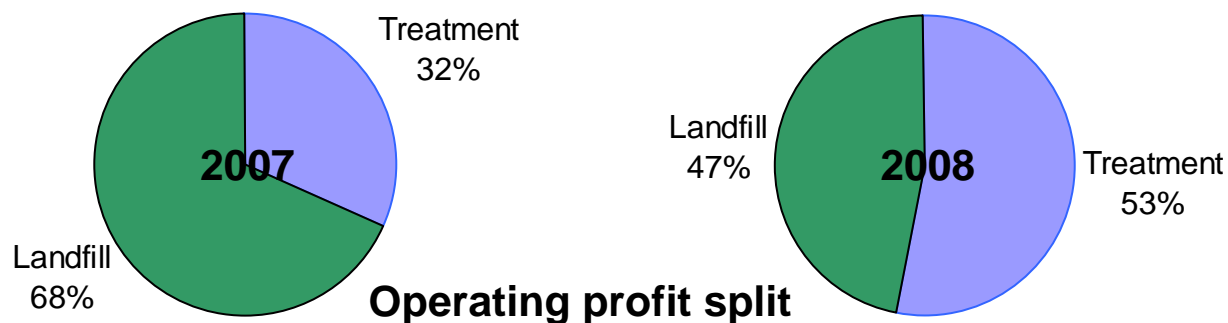
Paul Blackler – Chief Executive
Peter Southby – Finance Director

Period overview

- Visibility of future revenues improved with major contracts secured for 2008 and beyond
- Cannock facility upgrade and construction of the Port Clarence Waste Recovery Park underway
- Exclusive agreement with MECO signed for thermal technologies
- Acquisition of Astec Chemical Waste Services and integration of late 2007 acquisitions
- Board confident current year expectations will be achieved

Financial overview

- Revenue excluding landfill tax of £16.8m (£10.7m)
- Underlying operating profit of £2.3m (£2.5m)
- Underlying profit before tax of £1.2m (£2.0m)
- Adjusted earnings per share of 1.8p (3.1p)
- Cash flow from operations of £4.3m (£4.5m)
- Net debt of £20.4m, broadly unchanged



Income statement

	2008 H1 £'000	2007 H1 £'000
Revenue	18,603	12,571
Revenue excluding landfill tax	16,837	10,652
Underlying operating profit*	2,267	2,548
Exceptional items – goodwill tax adjustment	(246)	(300)
Operating profit	2,021	2,248
Finance charges	(911)	(490)
Share of loss of joint venture	(151)	(36)
Profit before tax	959	1,722
Underlying profit before tax*	1,205	2,022
Tax	-	-
Retained profit	959	1,722
Basic and diluted earnings per share	1.5p	2.6p
Adjusted earnings per share (pre-exceptional items)	1.8p	3.1p

* Adjusted for exceptional items

Balance sheet

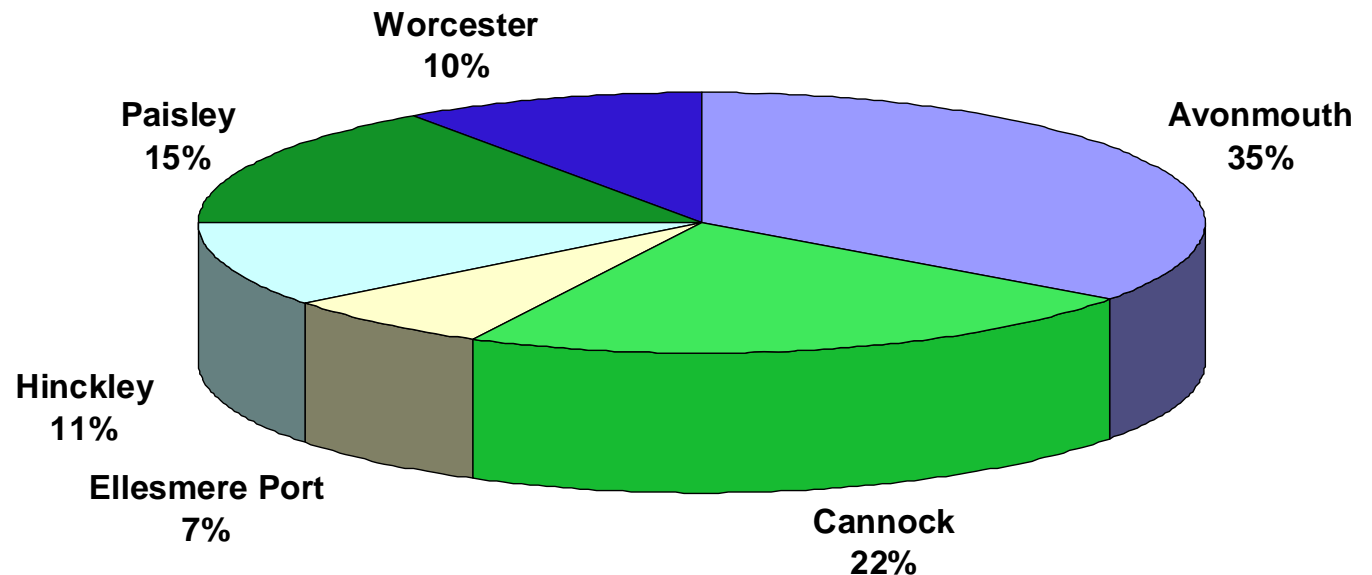
	2008 H1 £'000	2007 H1 £'000
Goodwill and intangibles	78,489	93,949
Property, plant and equipment	32,538	29,212
Current assets	9,745	4,860
Current liabilities	(10,706)	(6,063)
Non-current liabilities	(5,257)	(4,139)
	104,809	117,819
Shareholders' equity	84,419	108,988
Net debt	20,390	8,831
	104,809	117,819
Gearing	24%	
Facility	£35m	

Cash flow

	2008 H1 £'000	2007 H1 £'000
EBITDA	4,041	4,359
Working capital	268	191
Operating cash flow before provisions	4,309	4,550
Provisions	(50)	(96)
Operating cash flow	4,259	4,454
Tax & interest	(1,143)	(433)
Capital expenditure	(2,614)	(1,965)
Free cash flow	502	2,056
Acquisitions	(713)	-
Movement in net debt	(211)	2,056

Treatment division

- Revenue of £12.3m (2007: £4.6m)
- Operating profit of £1.2m (2007: £0.8m)
- Bolt-on acquisition completed for £1m



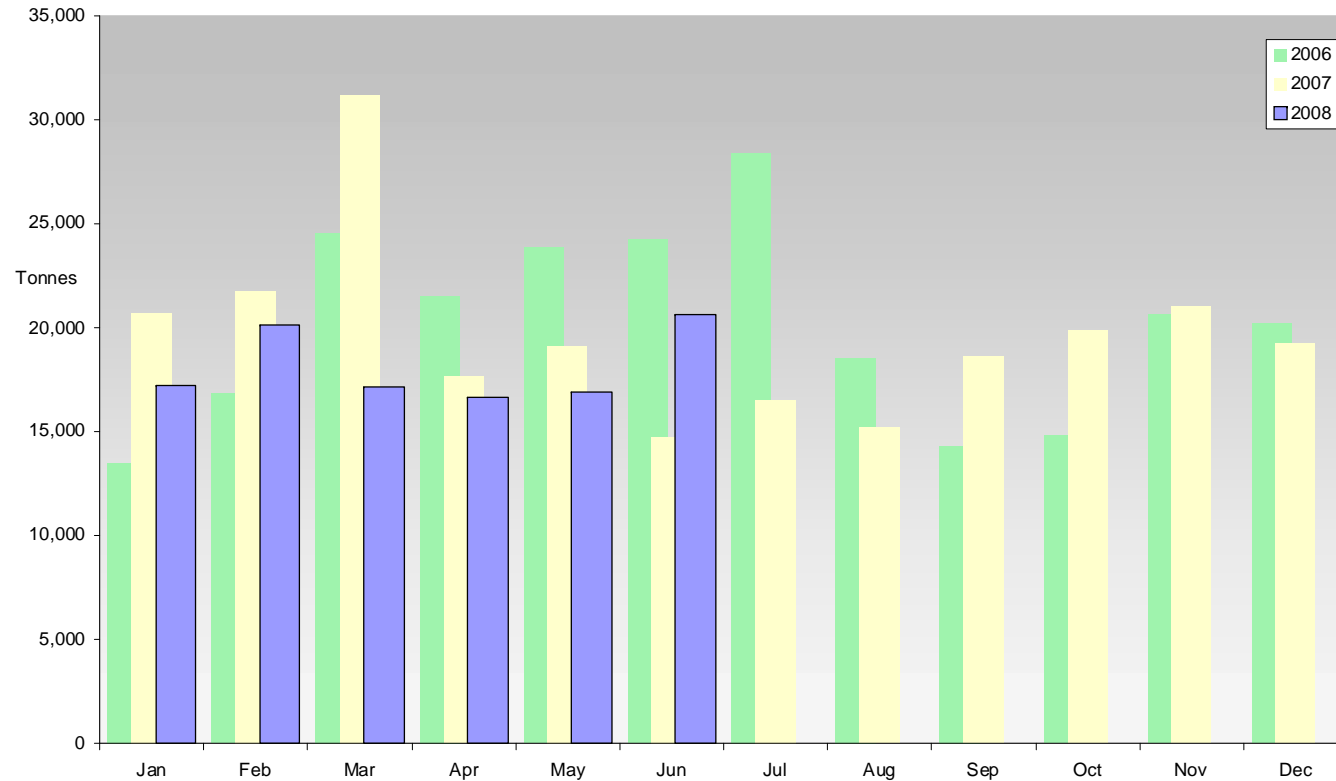
Treatment division turnover by site

Landfill division

	2008 H1 Tonnes	2007 H1 Tonnes		2007 H2 Tonnes	
Hazardous	108,693	125,143	-13%	110,318	-1%
Non-hazardous	19,680	36,662	-46%	32,588	-40%
Total	128,373	161,805	-21%	142,906	-10%

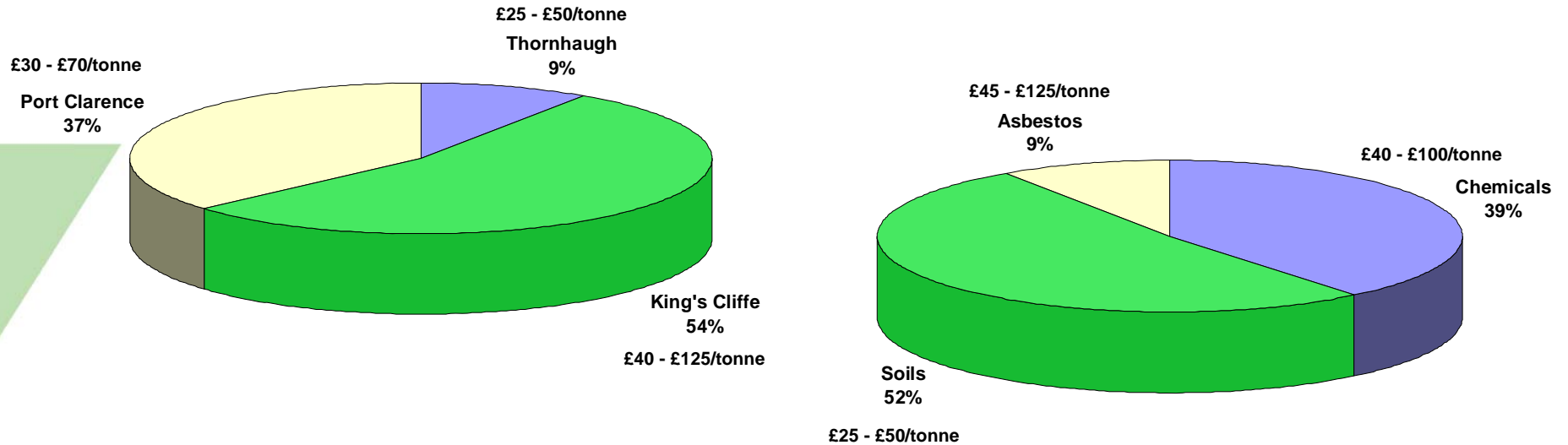
- Revenue net of landfill tax of £5.4m (2007: £6.7m)
- Operating profit of £1.1m (2007: £1.7m)
- Margin of 20% (2007: 26%)
- Significant improvement expected in H2

Hazardous volumes




- Core volumes only with no significant project work in H1
- Material upturn in volumes after June

Hazardous volumes/prices



- King's Cliffe premium site
- Chemicals & asbestos higher value than soils
- Some pressure on prices to maintain volume
- Increased chemicals proportion anticipated

Our marketplace

- Waste Strategy 2007 – infrastructure targets
- Further consolidation in market
- Landfill tax – exemption programme
- Regulator firming up in certain areas – still not a national position
 - *local decision*  *national impact*
- Trans-Frontier Shipment (TFS) of waste
 - Risk
 - Opportunity

Market position

- National geographical reach
- Creating regional markets
- Multi-service centres
- Complementary capabilities
- Treatment division growth
- Asset enhancement programme
- Growing market share



Operational highlights

Treatment division

- Integration of acquisitions

- Cannock

Installation of new stabilisation plant & liquid waste treatment plant

- Paisley

Application to operate transfer station

- Avonmouth

Application to install infra-red thermal treatment process



Operational highlights

Landfill division

- Poor project coverage in H1 – significant uplift in H2
- Major project set up to utilise landfill assets to meet the demand of problematic waste stream
- London project – significant volume for treatment and landfill
- Thornhaugh non-hazardous waste phase opened

Operational highlights

Waste Recovery Park

- Licence agreement with MECO
- Infrastructure and buildings construction underway for thermal treatment process
- Market research complete for next phases
- Construction of Waste Transfer Station and Material Recycling Facility to commence Q1 2009



Operational highlights

- Difficult market conditions
- Developing business model as Landfill Tax exemption programme rolls out
- Essential in providing flexible capacity for problematic waste streams
- Financial performance does not reflect true value [short – medium – long]
- Review of markets and development of 2nd operation at King's Cliffe

Acquisition



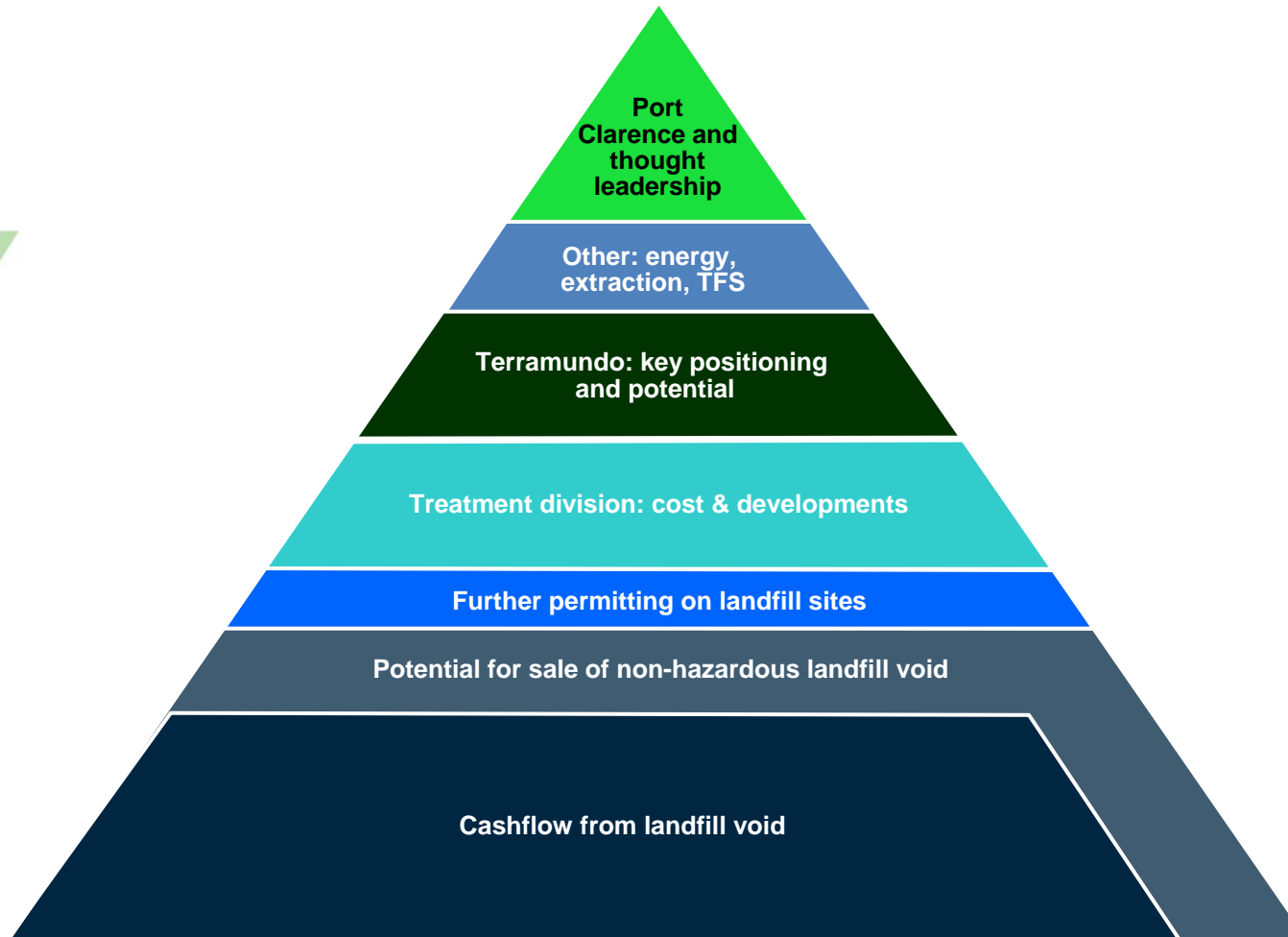
- 2007 acquisitions integrated & performing well
- Astec - Small bolt on
- Immediate services synergy
- Strong commercial & technical team
- Strategic location – North West
- Significant growth opportunities



Strategic opportunities

- Broadening of markets
- Asset maximisation
- Potential sale of non-hazardous void assets
- Property enhancement
- Permitting extension
- Regulatory enforcement
- Market share growth
- Trans frontier shipment
- Asset valuation = rarity value

Components of value



Note: Diagram not to scale

Outlook

- Established important foundations for the future sustainable and visible growth in H1
- H2 performance brings confidence in meeting market expectation
- Major asset enhancement programme underway
- Emphasis on energy, recovery & recycling
- New markets being targeted to deliver more visible & stable income streams
- Creating a true specialist in the market



Port Clarence
WASTE RECOVERY PARK

Interim results for the six months ended 30 June 2008

September 2008