

Preliminary results for the year ended 31 December 2009



March 2010

Presented by:
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Period highlights

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- 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

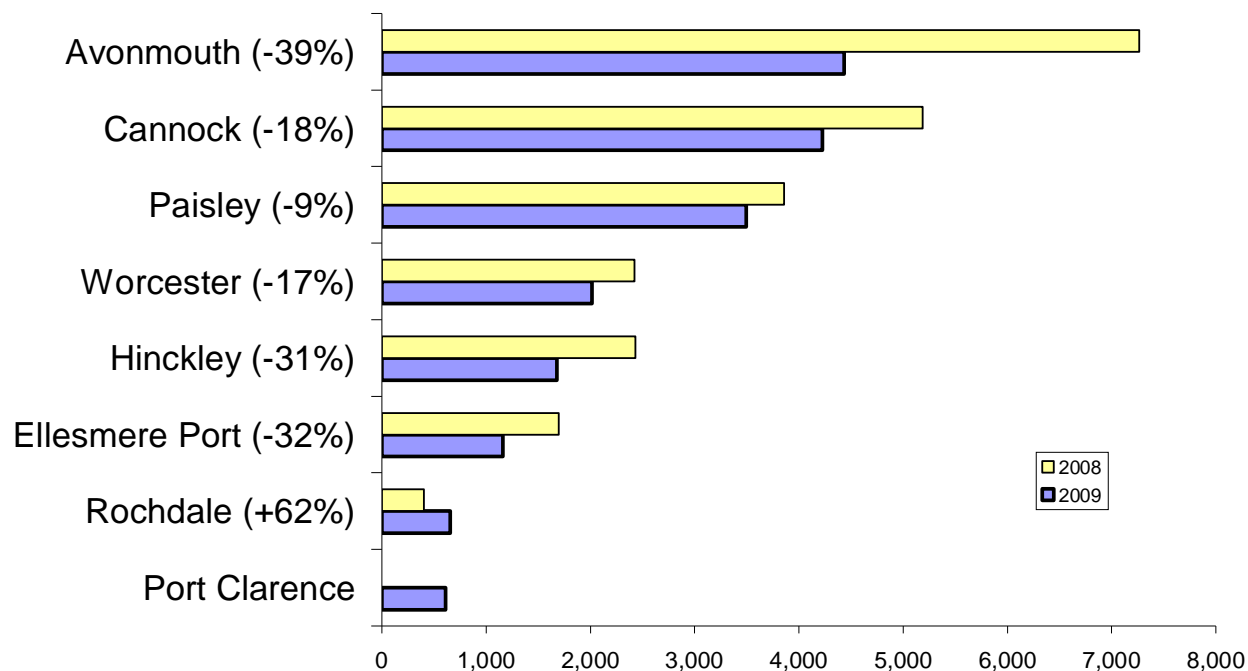
- £10m revolving credit facility with HSBC
- £1m overdraft carved out to provide flexibility
- 3 year term to November 2012
- 2.5% margin above LIBOR
- Covenants:
 - 2.5 x Net debt : EBITDA
 - 2 x Operating profit : Bank & finance lease interest

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)



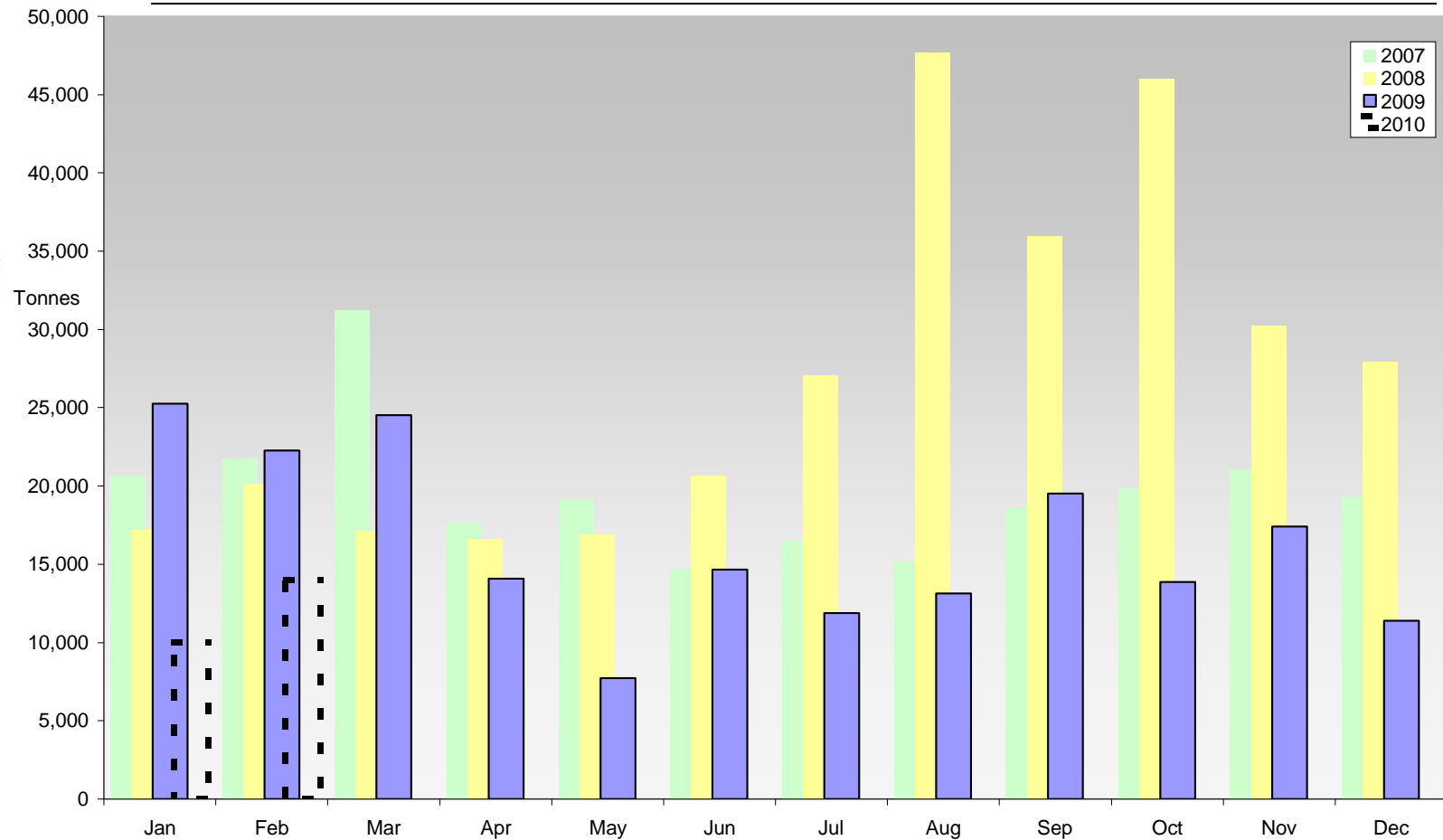
Treatment division site revenue (£k) and year-on-year % change

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% |

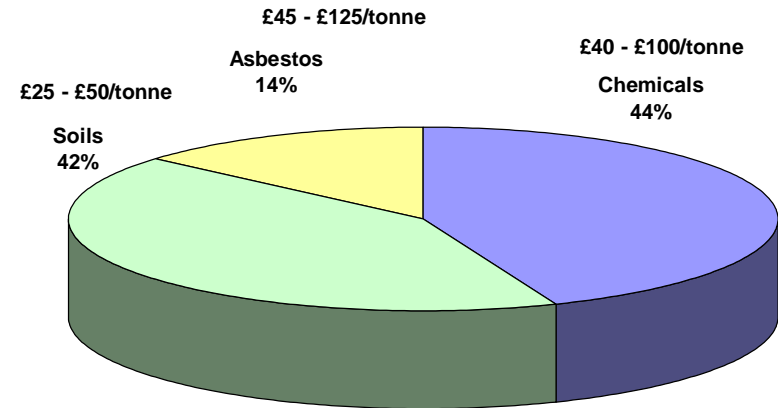
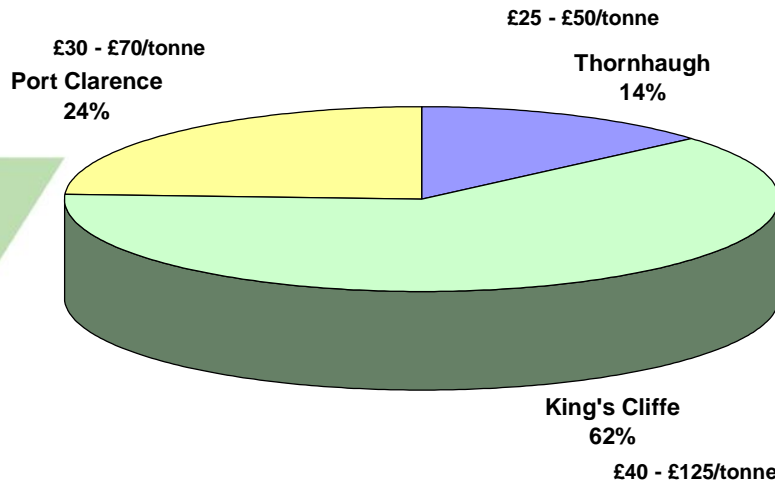
- Revenue net of landfill tax of £12.9m (2008: £15.6m)
- Operating profit of £4.6m (2008: £4.9m)
- Results include:
 - £1.0m of landfill tax claim (£2.5m received in cash post year end)
 - £0.7m of previously deferred revenue following stockpile reassessment
 - £0.7m for disposal of non-core quarry asset

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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