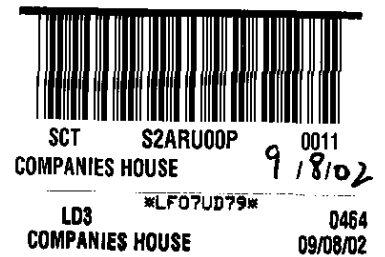

BINN LANDFILL (GLENFARG) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2001

Registered Number: SC134337



BINN LANDFILL (GLENFARG) LIMITED

Company Information

Directors	IF Goodfellow IA Sexton
Secretary	EJG Cooper
Company Number	SC134337
Registered Office	15 Atholl Crescent Edinburgh EH3 8HA
Auditors	Arthur Andersen 180 Strand London WC2R 1BL

BINN LANDFILL (GLENFARG) LIMITED

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2001

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report for the year ended 31 December 2001.

Principal activities

The company's principal activity during the year was the provision of waste disposal facilities.

Business review

The directors are satisfied with the performance of the business during the year. No major changes to the nature of the company's business are expected in the foreseeable future.

Results and dividends

The loss for the year after taxation, amounted to £339,000 (2000 - profit of £212,000) .

The directors do not recommend the payment of a dividend (2000 - £nil) and the loss for the year after taxation will be deducted from reserves.

Directors

The directors who served during the year were as follows :

IF Goodfellow	
RA Searby	(Resigned 2 March 2001)
IA Sexton	(Appointed 2 March 2001)
SJ Thorne	(Resigned 30 June 2001)

No director who held office on 31 December 2001 had an interest in the company's shares either during the financial year or at 31 December 2001.

The interests of the directors who held office on 31 December 2001 in the shares of the ultimate parent company, Suez SA are reported in the Directors' Report and Financial Statements of the company's intermediate holding company, Northumbrian Environmental Management Limited for the year ended 31 December 2001.

Fixed assets

In the opinion of the directors there is no material difference between the book and current open market value of interests in land and buildings.

Statement of 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 period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements 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 comply with the Companies Act 1985. 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.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2001

This report was approved by the board on 26 July 2002 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'IA Sexton', is positioned above the printed name and title.

IA Sexton
Director

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
BINN LANDFILL (GLENFARG) LIMITED**

We have audited the financial statements of Binn Landfill (Glenfarg) Limited for the year ended 31 December 2001 which comprise the Profit and Loss account, Balance Sheet and the related notes numbered 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

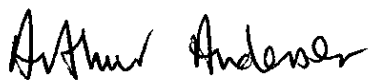
Basis of opinion

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 circumstances of the company, 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 misstatement, 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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants & Registered Auditors

180 Strand
London
WC2R 1BL

26 July 2002

BINN LANDFILL (GLENFARG) LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2001

	Note	2001 £ '000	2000 £ '000
TURNOVER	1,2	3,691	3,191
Cost of sales		<u>(3,772)</u>	<u>(2,559)</u>
GROSS (LOSS)/PROFIT		(81)	632
Administrative expenses		<u>(197)</u>	<u>(201)</u>
OPERATING (LOSS)/PROFIT		(278)	431
Interest payable	5	<u>(7)</u>	<u>(8)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(285)	423
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	6	<u>(54)</u>	<u>(211)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND (LOSS)/PROFIT RETAINED FOR THE YEAR	13	(339)	212
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD		(309)	(521)
PROFIT AND LOSS ACCOUNT CARRIED FORWARD		<u>(648)</u>	<u>(309)</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2001 or 2000 other than those included in the profit and loss account.

The notes on pages 6 to 12 form an integral part of these financial statements.

BINN LANDFILL (GLENFARG) LIMITED

BALANCE SHEET
As at 31 December 2001

	Note	2001 £ '000	2000 £ '000
FIXED ASSETS			
Tangible fixed assets	7	<u>2,958</u>	<u>2,710</u>
CURRENT ASSETS			
Stocks	8	2	-
Debtors	9	<u>1,386</u>	<u>1,693</u>
		<u>1,388</u>	<u>1,693</u>
CREDITORS: amounts falling due within one year	10	<u>(3,540)</u>	<u>(3,268)</u>
NET CURRENT LIABILITIES		<u>(2,152)</u>	<u>(1,575)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>806</u>	<u>1,135</u>
PROVISIONS FOR LIABILITIES AND CHARGES	11	<u>(154)</u>	<u>(144)</u>
NET ASSETS		<u><u>652</u></u>	<u><u>991</u></u>
CAPITAL AND RESERVES			
Called up share capital	12	1,300	1,300
Profit and loss account		<u>(648)</u>	<u>(309)</u>
EQUITY SHAREHOLDERS' FUNDS	13	<u><u>652</u></u>	<u><u>991</u></u>

The financial statements were approved by the board on 26 July 2002 and signed on its behalf by:



I A Sexton

Director

The notes on pages 6 to 12 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2001

1. ACCOUNTING POLICIES

The principal accounting policies which are summarised below have been applied consistently throughout the current and preceding year.

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is exempt from the requirement of FRS 1 (Revised) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking and the consolidated financial statements of the group in which it is included are publicly available.

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of trade discounts, Value Added Tax and other sales related taxes, but inclusive of Landfill Tax.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of fixed assets, less estimated residual value, of each asset over their expected useful lives on the following basis:

Freehold property - mineral and landfill	On the basis of airspace used and minerals extracted
Freehold property - other	50 years, straight-line basis
Landfill and quarry engineering	On the basis of airspace used and minerals extracted
Plant & machinery	2 - 10 years, straight-line basis
Vehicles	4 years, straight-line basis
Fixtures & fittings	5 years, straight-line basis

Residual value is calculated on prices prevailing at the date of acquisition.

1.4 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on a straight-line basis.

1.5 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.6 Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced, except that the deferred tax effects of timing differences arising from pensions and other post-retirement benefits are always recognised in full.

1.7 Pensions

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2001

1.8 Provisions for environmental and landfill costs

Provisions for environmental and landfill costs include provisions associated with the closure and post-closure of landfill sites. The company estimates its total future requirements for closure costs and for post closure monitoring and maintenance of the site after the anticipated closure. The provisions include final capping of the site, site inspection, ground water monitoring, leachate management, methane gas control and recovery, and operation and maintenance costs to be confirmed during the period after the site closes, net of future revenues from the generation of electricity using landfill gas. Certain of these costs, principally capping costs, are incurred during the operating life of the site. The company provides for closure and post-closure costs as the permitted airspace is used, however in accordance with Financial Reporting Standard 12 "Provisions, Contingent Liabilities and Contingent Assets", full provision has been made for the company's minimum unavoidable costs.

Post-closure provisions have been shown at net present value. The current cost estimated has been inflated at 2% and discounted by 6%. The inflation and discount elements are shown in the financial statements as a financial item.

2. TURNOVER

The whole of the turnover is attributable to the one principal activity of the company being the provision of waste disposal facilities.

All turnover arose within the United Kingdom.

3. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

(Loss/profit on ordinary activities before taxation is stated after charging:

	2001	2000
	£ '000	£ '000
Depreciation of tangible fixed assets		
- owned by the company	682	432
Operating lease rentals		
- hire of plant & machinery	99	1
	<u>781</u>	<u>433</u>

The auditor's remuneration for the current and prior years were borne by the company's UK parent company, SITA Holdings UK Limited.

Directors' remuneration for the current and prior years has been borne by SITA Holdings UK Limited.

4. STAFF COSTS

Staff costs were as follows:

	2001	2000
	£ '000	£ '000
Wages and salaries	130	117
Social security costs	14	13
Other pension costs	1	1
	<u>145</u>	<u>131</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2001

4. STAFF COSTS (continued)

The average monthly number of employees, including directors,
during the year was as follows:

	2001	<i>2000</i>
	No.	<i>No.</i>
Administration and management	1	<i>1</i>
Operations	4	<i>4</i>
	5	<i>5</i>

5. INTEREST PAYABLE

	2001	<i>2000</i>
	£ '000	<i>£ '000</i>
Discount on provisions	7	<i>8</i>
	7	<i>8</i>

6. TAXATION

	2001	<i>2000</i>
	£ '000	<i>£ '000</i>
Current year taxation		
UK Corporation Tax	65	<i>211</i>
Prior years		
UK corporation tax	(11)	<i>-</i>
	54	<i>211</i>

BINN LANDFILL (GLENFARG) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2001

7. TANGIBLE FIXED ASSETS

	Freehold property - mineral and landfill £ '000	Freehold property - other £ '000	Landfill & quarry engineering £ '000	Plant & machinery £ '000	Vehicles £ '000	Fixtures & fittings £ '000	Total £ '000
Cost							
At 1 January 2001	3,417	67	1,235	542	-	14	5,275
Additions	-	-	814	55	4	-	873
Disposals	-	-	-	(14)	-	-	(14)
Transfers from other group companies	-	-	-	250	-	-	250
At 31 December 2001	<u>3,417</u>	<u>67</u>	<u>2,049</u>	<u>833</u>	<u>4</u>	<u>14</u>	<u>6,384</u>
Depreciation							
At 1 January 2001	1,057	12	1,107	381	-	8	2,565
Charge for the year	164	1	430	85	-	2	682
Disposals	-	-	-	(14)	-	-	(14)
Transfers from other group companies	-	-	-	193	-	-	193
At 31 December 2001	<u>1,221</u>	<u>13</u>	<u>1,537</u>	<u>645</u>	<u>-</u>	<u>10</u>	<u>3,426</u>
Net Book value							
At 31 December 2001	<u>2,196</u>	<u>54</u>	<u>512</u>	<u>188</u>	<u>4</u>	<u>4</u>	<u>2,958</u>
At 31 December 2000	<u>2,360</u>	<u>55</u>	<u>128</u>	<u>161</u>	<u>-</u>	<u>6</u>	<u>2,710</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2001

8. STOCKS

	2001	2000
	£ '000	£ '000
Raw materials and consumables	<u>2</u>	<u>-</u>

9. DEBTORS

	2001	2000
	£ '000	£ '000
Amounts receivable within one year		
Trade debtors	-	42
Amounts owed by group undertakings	1,367	1,367
Corporation tax recoverable	-	271
Other debtors	1	5
Prepayments and accrued income	18	8
	<u>1,386</u>	<u>1,693</u>

10. CREDITORS:

	2001	2000
	£ '000	£ '000
Amounts falling due within one year		
Amounts owed to group undertakings	3,163	2,286
Corporation tax	65	482
Social security and other taxes	151	374
Other creditors	58	-
Accruals and deferred income	103	126
	<u>3,540</u>	<u>3,268</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2001

11. PROVISIONS FOR LIABILITIES AND CHARGES

	Site restoration and maintenance £ '000
At 1 January 2001	144
Credited to profit and loss account	3
Adjustment arising from discounting	7
At 31 December 2001	<u>154</u>

Site restoration and maintenance

The provision for site restoration and maintenance has been calculated in accordance with the accounting policy detailed in note 1.8.

Deferred taxation

Deferred taxation provided and deferred taxation not provided are as follows:

	Deferred tax liability/(asset) provided		Full potential liability/(asset)	
	2001 £ '000	2000 £ '000	2001 £ '000	2000 £ '000
Accelerated capital allowances	-	-	(3)	1
Other timing differences	-	-	(157)	(269)
	<u>-</u>	<u>-</u>	<u>(160)</u>	<u>(268)</u>

12. CALLED UP SHARE CAPITAL

	2001 £ '000	2000 £ '000
Authorised, allotted, called up and fully paid		
1,300,000 ordinary shares of £1 each	<u>1,300</u>	<u>1,300</u>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £ '000	2000 £ '000
(Loss)/Profit for the year	(339)	212
Opening shareholders' funds	<u>991</u>	<u>779</u>
Closing shareholders' funds	<u>652</u>	<u>991</u>

14. CONTINGENT LIABILITIES

The company is party to a cross-guarantee arrangement with other SITA group companies in respect of bank overdrafts. The potential liability outstanding at 31 December 2001 was £13,057,000 (2000 - £19,173,000).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2001

15. OTHER COMMITMENTS

At 31 December 2001 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2001	2000
	£ '000	£ '000
Expiry date:		
In more than 5 years	200	200
	<u>200</u>	<u>200</u>

16. PENSION COMMITMENTS

The company contributed to a Group defined contribution scheme for which the pension cost charge for the year amounted to £1,000 (2000 - £1,000).

17. RELATED PARTIES

Under the provisions of Financial Reporting Standard 8, the company is not required to disclose details of related party transactions with Group entities as it is a wholly owned subsidiary, and the consolidated financial statements in which the company's results are included are available to the public.

18. CONTROLLING PARTY

In the opinion of the directors, SITA Holdings UK Limited controls the company as a result of controlling 100% of the issued share capital of Binn Landfill (Glenfarg) Limited. Suez SA is the ultimate controlling party, being the ultimate controlling party of SITA Holdings UK Limited.

19. PARENT COMPANY

The ultimate parent undertaking is Suez SA, a company incorporated in France.

The largest group of which Binn Landfill (Glenfarg) Limited is a member and for which group financial statements are drawn up is that headed by Suez SA, whose consolidated financial statements are available from 1 Rue d'Astorg, Paris, France. The smallest such group is that headed by SITA Holdings UK Limited, a company registered in England and Wales. The consolidated financial statements of the SITA Holdings UK Limited Group may be obtained from The Pickeridge, Stoke Common Road, Fulmer, Buckinghamshire, SL3 6HA.