

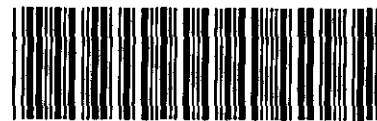
Registered number: SC134337

Binn Landfill (Glenfarg) Limited

Directors' report and financial statements

for the year ended 31 December 2007

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Binn Landfill (Glenfarg) Limited

Company information

Directors	P-A Hjort C Chapron
Company secretary	G McKenna-Mayes
Company number	SC134337
Registered office	15 Atholl Crescent Edinburgh EH3 8HA
Auditors	Ernst & Young LLP One Bridewell Street Bristol BS1 2AA

Binn Landfill (Glenfarg) Limited

Directors' report for the year ended 31 December 2007

The directors present their report and the financial statements for the year ended 31 December 2007.

Principal activities

The company's principal activity during the year was the provision of waste disposal facilities through the operation of a landfill site. The company operates as part of the Treatment and Disposal division of the SITA Holdings UK Limited Group ("SITA Group"), the United Kingdom waste management business of Suez SA.

Business review

The company's key financial and other performance indicators during the year were as follows:

	2007	2006	<i>Change</i>
	£'000	£'000	%
Turnover	9,938	9,511	+4%
Operating profit	753	1,000	-25%
Profit after tax	541	671	-19%
Shareholder's funds	4,638	4,097	+13%
Current assets as % of current liabilities	240%	196%	

Turnover increased 4% during the year, due largely to the rise in the Landfill Tax charge during the year, which increased gate fees.

Operating profit decreased by 25% on the prior year, as provisions for environmental and landfill costs were reassessed.

Profit after tax consequently reduced by 19%

Shareholders' funds increased by 13% due to retained earnings.

Current assets as a percentage of current liabilities improved from 196% to 240% due to cash generated by the business during the year.

The SITA Group has made great effort in recent years to reduce the environmental impact of its activities and of its customers' waste. Management systems within SITA aim to ensure full compliance with all relevant legislation and the highest environmental standards. The Group operates an integrated management system for environmental performance and quality, which is externally audited and accredited to international standards.

The SITA Group is working to trap as much methane generated from landfill sites as possible. Collection of this 'greenhouse gas' allows its use as a source of renewable energy, avoiding further emissions from power stations in the process. In 2007 electricity generation from methane collected increased by more than 17% over 2006. Electricity exports from its energy-from-waste plants fell slightly in the year, as the result of technical difficulties at one of the plants. The Group is also trialling the installation of wind turbines at selected sites, starting with its Teesside EfW plant. Overall the Group cut its impact, measured in carbon dioxide emissions per tonne of waste handled, by 37%.

The Group continues to look at ways to improve its environmental performance, particularly in the area of transport. Work is being done on reducing the level of fuel consumed per tonne of waste handled. Investigations are currently underway into the use of alternative fuels in the group's trucks, and trials are being carried out involving bio-fuels, bio-methane and electric vehicles.

Binn Landfill (Glenfarg) Limited

Directors' report for the year ended 31 December 2007

Principal risks and uncertainties

The SITA Group has established a risk committee that evaluates the main risks facing the Group and the measures in place to manage those risks. The principal risks and uncertainties facing the Group are broadly grouped as: operational risks, competitive risks, legislative risks, health and safety risks and financial instrument risks.

Operational risks

The SITA Group's operations involve some major public sector contracts, ranging from periods of 7 to 25 years or more, where default on the contract may result in substantial compensation payments to the client.

Long-term contracts also expose the Group to the risk that the contract's revenue profile over the life of the contract may not be sufficient to compensate the Group for unforeseen cost increases, and hence losses may result. The Group has put in place rigorous tender approval procedures to ensure all risks are properly considered. The Group's management and review procedures are aimed at ensuring any problems are identified at an early stage and steps are taken to mitigate any losses arising.

The success of the Group's operations is dependent upon the recruitment and retention of good quality staff. The Group's strategy seeks to make the SITA Group the preferred employer in the waste management sector through its employment policies.

Competitive risks

Part of the SITA Group's business involves contracts with local authorities which are subject to periodic competitive tender. Renewal of these contracts is uncertain and based on financial and performance criteria.

The remaining business relies upon short-term contracts and non-contractual business from industrial and commercial customers, which is subject to normal price competition in the open market.

Legislative risks

The waste management business is subject to strict legislation and regulation. These standards are subject to continuous revision. Compliance with new standards can impose additional costs on the Group, and failure to comply could result in heavy penalties. The Group's management systems aim to ensure compliance with all relevant regulations.

Health and safety risks

The SITA Group acknowledges that its employees working within the waste management industry face significant potential hazards in their everyday work. The Group makes every effort to ensure that its Health and Safety policies are of the highest standard, are fit for purpose and are strictly adhered to on a daily basis.

Financial instrument risks

The Group has established a risk and financial management framework whose primary objectives are to protect the Group from events that hinder the achievement of the Group's performance objectives.

Use of derivatives

On certain major contracts, the SITA Group uses interest rate swaps in respect of the related funding to reduce exposure to interest rate movements.

Exposure to price, credit, liquidity and cash flow risk

Price risk arises on financial instruments because of changes in, for example, commodity prices or equity prices. The Group's major joint venture and associated investments, which the Group does not intend to sell in the short-term, are held at net asset value and are therefore not exposed to price risk.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Group policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

Binn Landfill (Glenfarg) Limited

Directors' report for the year ended 31 December 2007

Principal risks and uncertainties (continued)

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Cash flow risk is the risk of exposure to variability of cash flows relating to a recognised asset or liability such as future interest payments on a variable rate debt. The Group produces long-term cash forecasts and monitors cash flows against these on a daily basis to ensure all financial obligations may be met as they fall due. Group funding requirements are periodically agreed with the Suez Group.

Results and dividends

The profit for the year, after taxation, amounted to £541,000 (2006 - £ 671,000).

The directors do not recommend the payment of a dividend (2006 - £nil).

Directors

The directors who served during the year were:

P-A Hjort

IA Sexton (resigned 19 February 2007)

C Chapron (appointed 19 February 2007)

No director who held office on 31 December 2007 had an interest in the company's shares either during the financial year or at 31 December 2007.

Land and buildings

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

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Binn Landfill (Glenfarg) Limited

**Directors' report
for the year ended 31 December 2007**

Provision of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

Re-appointment of auditors

The auditors, Ernst & Young LLP, are deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on 7 July 2003.

This report was approved by the board on 16 January 2009 and signed on its behalf.



C Chapron
Director

16/01/09

Binn Landfill (Glenfarg) Limited

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 2007, which comprise the Profit and loss account, the Balance sheet and the related notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, 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.

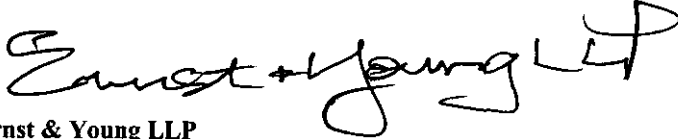
Binn Landfill (Glenfarg) Limited

Independent auditors' report to the shareholders of Binn Landfill (Glenfarg) Limited

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.

A handwritten signature in black ink, appearing to read 'Ernst & Young LLP', is written over the printed name of the firm.

Ernst & Young LLP
Registered Auditor
Bristol

16 January 2009

Binn Landfill (Glenfarg) Limited

**Profit and loss account
for the year ended 31 December 2007**

	Note	2007 £000	2006 £000
Turnover	1,2	9,938	9,511
Cost of sales		(8,610)	(7,970)
Gross profit		1,328	1,541
Administrative expenses		(575)	(541)
Operating profit	3	753	1,000
Interest receivable	5	172	96
Interest payable	6	(65)	(56)
Profit on ordinary activities before taxation		860	1,040
Tax on profit on ordinary activities	7	(319)	(369)
Profit on ordinary activities after taxation	14	541	671

All amounts relate to continuing operations.

There were no recognised gains and losses for 2007 or 2006 other than those included in the Profit and loss account.

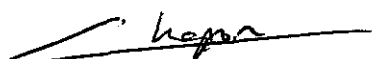
The notes on pages 9 to 16 form part of these financial statements.

Binn Landfill (Glenfarg) Limited

**Balance sheet
as at 31 December 2007**

	Note	£000	2007 £000	£000	2006 £000
Fixed assets					
Tangible fixed assets	8		4,018		3,709
Current assets					
Debtors	9	4,102		3,228	
Creditors: amounts falling due within one year	10	(1,707)		(1,649)	
Net current assets			<u>2,395</u>		<u>1,579</u>
Total assets less current liabilities			<u>6,413</u>		<u>5,288</u>
Provisions for liabilities					
Other provisions	12		(1,775)		(1,191)
Net assets			<u>4,638</u>		<u>4,097</u>
Capital and Reserves					
Called up share capital	13		1,300		1,300
Profit and loss account	14		3,338		2,797
Shareholders' funds	15		<u>4,638</u>		<u>4,097</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 January 2009.



C Chapron
Director

The notes on pages 9 to 16 form part of these financial statements.

Binn Landfill (Glenfarg) Limited

Notes to the financial statements for the year ended 31 December 2007

1. Accounting policies

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.

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Turnover

Turnover comprises amounts receivable by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts, but inclusive of Landfill Tax.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property - landfill	-	On the basis of airspace used
Landfill engineering	-	On the basis of airspace used
Motor vehicles	-	3 - 10 years, straight line
Fixtures & fittings	-	3 - 5 years, straight line

1.5 Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- provision is made for tax gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding arrangement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the period in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Binn Landfill (Glenfarg) Limited

Notes to the financial statements for the year ended 31 December 2007

1. Accounting policies (continued)

1.6 Provisions for environmental and landfill costs and landfill gas revenues

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 the operation and maintenance costs to be confirmed during the period after the site closes. 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 2.00% and discounted by 4.39% (2006 - 5.70%). The discount element is shown in the financial statements as a financial item.

Future revenues from the generation of electricity from landfill gas during the post-closure period, where contracts are in place for its sale, are capitalised as a fixed asset and discounted in line with the post-closure provision.

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. Operating profit

The operating profit is stated after charging:

	2007 £000	2006 £000
Depreciation of tangible fixed assets:		
- owned by the company	1,242	775
Auditors' remuneration	4	4
Operating lease rentals - plant and machinery	23	23

During the year, no director received any remuneration in respect of his services as director of the company (2006 - £NIL).

4. Staff costs

The company does not directly employ any staff.

Binn Landfill (Glenfarg) Limited

**Notes to the financial statements
for the year ended 31 December 2007**

5. Interest receivable

	2007	2006
	£000	£000
Interest receivable from group companies	<u>172</u>	<u>96</u>

6. Interest payable

	2007	2006
	£000	£000
Discount on provisions	30	27
On loans from group undertakings	35	29
	<u>65</u>	<u>56</u>

7. Taxation

	2007	2006
	£000	£000
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	486	332
Adjustments in respect of prior periods	(47)	18
Total current tax	<u>439</u>	<u>350</u>
Deferred tax		
Origination and reversal of timing differences	(94)	37
Adjustments in respect of prior periods	(26)	(18)
Total deferred tax (see note 11)	<u>(120)</u>	<u>19</u>
Tax on profit on ordinary activities	<u>319</u>	<u>369</u>

Binn Landfill (Glenfarg) Limited

Notes to the financial statements for the year ended 31 December 2007

7. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2006 - higher than) the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2007 £000	2006 £000
Profit on ordinary activities before tax	860	1,040
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 - 30%)	258	312
Effects of:		
Expenses not deductible for tax purposes	55	57
Capital allowances for year in excess of depreciation	133	(36)
Adjustments to tax charge in respect of prior periods	(47)	18
Other timing differences	40	(1)
Current tax charge for the year (see note above)	439	350

Factors that may affect future tax charges

During the year, changes in tax laws and rates were enacted which will have an effect on the deferred tax asset of the company. The change in the corporation tax rate from 30% to 28% with effect from 1 April 2008 has been enacted and the impact of this is a reduction in the deferred tax asset of £80,000.

8. Tangible fixed assets

	Land and buildings £000	Plant and machinery £000	Construction in progress £000	Total £000
Cost				
At 1 January 2007	8,793	962	-	9,755
Additions	126	-	1,098	1,224
Movement on landfill gas revenues capitalised	327	-	-	327
Transfer between classes	895	-	(895)	-
At 31 December 2007	10,141	962	203	11,306
Depreciation				
At 1 January 2007	5,555	491	-	6,046
Charge for the year	1,152	90	-	1,242
At 31 December 2007	6,707	581	-	7,288
Net book value				
At 31 December 2007	3,434	381	203	4,018
At 31 December 2006	3,238	471	-	3,709

Binn Landfill (Glenfarg) Limited

**Notes to the financial statements
for the year ended 31 December 2007**

8. Tangible fixed assets (continued)

The net book value of land and buildings may be analysed as follows:

	2007	2006
	£000	£000
Freehold property - landfill airspace	1,262	1,435
Freehold property - buildings	199	83
Landfill engineering	1,415	1,489
Landfill gas revenues capitalised	558	231
	<u>3,434</u>	<u>3,238</u>

9. Debtors

	2007	2006
	£000	£000
Amounts owed by group undertakings	2,890	2,165
Prepayments and accrued income	98	69
Deferred tax asset (see note 11)	1,114	994
	<u>4,102</u>	<u>3,228</u>

**10. Creditors:
Amounts falling due within one year**

	2007	2006
	£000	£000
Amounts owed to group undertakings	679	644
Corporation tax	486	441
Social security and other taxes	340	364
Accruals and deferred income	202	200
	<u>1,707</u>	<u>1,649</u>

11. Deferred tax asset

	2007	2006
	£000	£000
At 1 January 2007	994	1,013
Released during/(charged for) the year	120	(19)
	<u>1,114</u>	<u>994</u>

Binn Landfill (Glenfarg) Limited

**Notes to the financial statements
for the year ended 31 December 2007**

11. Deferred tax asset (continued)

The deferred tax asset is made up as follows:

	2007 £000	2006 £000
Accelerated capital allowances	944	851
Other timing differences	170	143
	<u>1,114</u>	<u>994</u>

12. Provisions

	Environ- mental and landfill costs £000
At 1 January 2007	1,191
Additions	584
	<u>1,775</u>
At 31 December 2007	<u>1,775</u>

Environmental and landfill costs

The provision for environmental and landfill costs has been calculated in accordance with the accounting policy set out in note 1.6.

13. Share capital

	2007 £000	2006 £000
Authorised, allotted, called up and fully paid		
1,300,000 ordinary shares of £1 each	<u>1,300</u>	<u>1,300</u>

14. Reserves

	Profit and loss account £000
At 1 January 2007	2,797
Profit for the year	541
	<u>3,338</u>
At 31 December 2007	<u>3,338</u>

Binn Landfill (Glenfarg) Limited

**Notes to the financial statements
for the year ended 31 December 2007**

15. Reconciliation of movement in shareholders' funds

	2007	2006
	£000	£000
Opening shareholders' funds	4,097	3,426
Profit for the year	541	671
Closing shareholders' funds	4,638	4,097

16. Contingent liabilities

The company has provided unsecured guarantees to third parties in respect of restoration and performance bonds. At 31 December 2007 guarantees outstanding amounted to £2,000,000 (2006 - £2,000,000).

17. Capital commitments

At 31 December 2007 the Company had capital commitments as follows:

	2007	2006
	£000	£000
Contracted for but not provided in these financial statements	-	8

18. Pension commitments

The company does not directly employ any staff and therefore does not directly bear any pension charge.

19. Operating lease commitments

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as follows:

	2007	2006
	£000	£000
Expiry date:		
Between 2 and 5 years	23	23

20. Related party transactions

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 results are included are available to the public.

Binn Landfill (Glenfarg) Limited

Notes to the financial statements for the year ended 31 December 2007

21. Ultimate parent undertaking and controlling party

At the year end the ultimate parent undertaking was 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 16 Rue de la Ville l'Eveque, Paris, France. The smallest such group is that headed by SITA Holdings UK Limited, a company registered in England & Wales. The consolidated financial statements of the SITA Holdings UK Limited Group may be obtained from SITA House, Grenfell Road, Maidenhead, Berkshire, SL6 1ES.

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. At the year end Suez SA was the ultimate controlling party, being the ultimate controlling party of SITA Holdings UK Limited.

On 22 July 2008 the company's ultimate parent undertaking, Suez SA, merged with Gaz de France. Prior to the merger, Suez transferred its shareholding in SITA Holdings UK Limited's parent undertaking, Suez Environment UK Limited, held by its subsidiary Suez Environnement, to a new entity, Suez Environnement Company ("the Company") and distributed 65% of the Company's capital to Suez shareholders. After this distribution the merged GDF SUEZ held a 35.41% interest in the Company. On 22 July 2008 Suez Environnement Company shares were listed for trading on the Euronext Paris and Euronext Brussels stock exchanges.