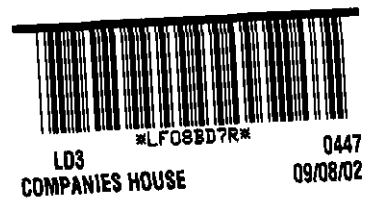

RYTON WASTE DISPOSAL LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2001

Registered Number: 2200487



RYTON WASTE DISPOSAL LIMITED

Company Information

Directors	IF Goodfellow IA Sexton
Secretary	EJG Cooper
Company Number	2200487
Registered Office	The Pickeridge Stoke Common Road Fulmer Buckinghamshire SL3 6HA
Auditors	Arthur Andersen 180 Strand London WC2R 1BL

RYTON WASTE DISPOSAL 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 and review of business

The company owns the Crawcrook landfill site, but does not intend to operate this site for the foreseeable future. The company continues to carry out environmental monitoring of the site.

Results and dividends

The profit for the year after taxation, amounted to £134,000 (2000 - £24,000) .

The directors do not recommend the payment of a dividend (2000 - £nil) and the profit for the year after taxation will be added to 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 ordinary 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.

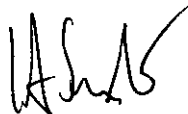
Statement of directors' responsibilities

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.

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



IA Sexton
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
RYTON WASTE DISPOSAL LIMITED

We have audited the financial statements of Ryton Waste Disposal Limited for the year ended 31 December 2001 which comprise the Profit and Loss account, Balance Sheet and the related notes numbered 1 to 15. 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.

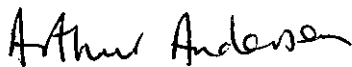
Basis of opinion

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 profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors
180 Strand
London
WC2R 1BL

26 July 2002

RYTON WASTE DISPOSAL LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2001

	Note	2001 £ '000	2000 £ '000
TURNOVER	1	5	-
Cost of sales		(26)	(87)
GROSS LOSS		(21)	(87)
Exceptional credit	3	209	142
OPERATING PROFIT		188	55
Interest payable	4	(32)	(31)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	156	24
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	5	(22)	-
RETAINED PROFIT FOR THE YEAR		134	24
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD		(944)	(968)
PROFIT AND LOSS ACCOUNT CARRIED FORWARD		(810)	(944)

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.

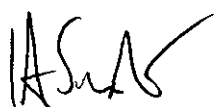
The notes on pages 5 to 9 form an integral part of these financial statements.

RYTON WASTE DISPOSAL LIMITED

BALANCE SHEET
As at 31 December 2001

	Note	2001 £ '000	2000 £ '000
FIXED ASSETS			
Tangible fixed assets	6	473	484
CURRENT ASSETS			
Debtors	7	3,153	3,153
		3,153	3,153
CREDITORS: amounts falling due within one year	8	(3,230)	(3,158)
NET CURRENT LIABILITIES		(77)	(5)
TOTAL ASSETS LESS CURRENT LIABILITIES		396	479
PROVISIONS FOR LIABILITIES AND CHARGES	9	(1,206)	(1,423)
NET LIABILITIES		(810)	(944)
CAPITAL AND RESERVES			
Profit and loss account		(810)	(944)
EQUITY SHAREHOLDERS' DEFICIT	11	(810)	(944)

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 5 to 9 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.

At 31 December 2001 the company had net liabilities of £810,000 (2000 - £944,000). The directors are of the opinion that the going concern basis continues to be the appropriate basis for the preparation of the financial statements as a fellow group undertaking has confirmed its intention and ability to provide such financial support as may be necessary to enable the company to continue to operate as a going concern and to meet all of its obligations in full for the next twelve months from the date of approval of these financial statements. The company's parent company has also confirmed that the company will not be required to pay amounts due to other group undertakings unless the company has sufficient funds to pay other creditors in full.

1.2 Tangible fixed assets and depreciation

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

Depreciation is charged on the following basis:

Freehold property - mineral and landfill	On the basis of airspace used and minerals extracted
Freehold property - buildings	5 years, straight-line basis
Plant & machinery	4 - 10 years, straight-line basis

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

1.3 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.

1.4 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 from 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.

RYTON WASTE DISPOSAL LIMITED

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

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2001 £ '000	2000 £ '000
Depreciation of tangible fixed assets - owned by the company	11	-

No director received any remuneration for services as a director of the company in the year (2000 - £nil).

The audit fees for the current and prior years have been borne by SITA Holdings UK Limited.

3. EXCEPTIONAL CREDIT

The profit includes an exceptional credit related to an adjustment of £209,000 (2000 - £142,000) to Landfill restoration and aftercare provisions.

4. INTEREST PAYABLE

	2001 £ '000	2000 £ '000
Discount on provisions	32	31
	<u>32</u>	<u>31</u>

5. TAXATION

	2001 £ '000	2000 £ '000
Current year taxation		
UK Corporation Tax	22	-

RYTON WASTE DISPOSAL LIMITED

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

6. TANGIBLE FIXED ASSETS

	Freehold property - mineral and landfill £ '000	Freehold property - buildings £ '000	Plant & machinery £ '000	Total £ '000
Cost or Valuation				
At 1 January 2001	462	13	83	558
At 31 December 2001	<u>462</u>	<u>13</u>	<u>83</u>	<u>558</u>
Depreciation				
At 1 January 2001	-	12	62	74
Charge for the year	-	-	11	11
At 31 December 2001	<u>-</u>	<u>12</u>	<u>73</u>	<u>85</u>
Net Book value				
At 31 December 2001	<u>462</u>	<u>1</u>	<u>10</u>	<u>473</u>
At 31 December 2000	<u>462</u>	<u>1</u>	<u>21</u>	<u>484</u>

7. DEBTORS

Amounts receivable within one year

	2001 £ '000	2000 £ '000
Amounts owed by group undertakings	3,153	3,153
	<u>3,153</u>	<u>3,153</u>

8. CREDITORS:

Amounts falling due within one year

	2001 £ '000	2000 £ '000
Amounts owed to group undertakings	3,208	3,141
Corporation tax	22	-
Accruals and deferred income	-	17
	<u>3,230</u>	<u>3,158</u>

RYTON WASTE DISPOSAL LIMITED

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

9. PROVISIONS FOR LIABILITIES AND CHARGES

	Site restoration and maintenance £ '000
At 1 January 2001	1,423
Credited to profit and loss account	(249)
Adjustment arising from discounting	32
At 31 December 2001	<u>1,206</u>

Site restoration and maintenance

The provision for site restoration and maintenance has been calculated in accordance with the accounting policy in note 1.4.

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	-	-	(7)	(7)
Other timing differences	-	-	(263)	(286)
	<u>-</u>	<u>-</u>	<u>(270)</u>	<u>(293)</u>

10. CALLED UP SHARE CAPITAL

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

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £ '000	2000 £ '000
Profit for the year	134	24
Opening shareholders' deficit	<u>(944)</u>	<u>(968)</u>
Closing shareholders' deficit	<u>(810)</u>	<u>(944)</u>

RYTON WASTE DISPOSAL LIMITED

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

12. 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).

13. 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.

14. 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 Ryton Waste Disposal Limited. Suez SA is the ultimate controlling party, being the ultimate controlling party of SITA Holdings UK Limited.

15. PARENT COMPANY

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

The largest group of which Ryton Waste Disposal 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.