



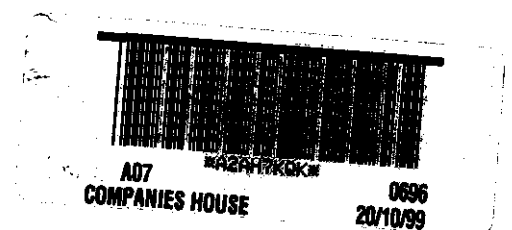
ANTI-WASTE (RESTORATION) LIMITED

Report and Financial Statements

31 December 1998

Deloitte & Touche
Leda House
Station Road
Cambridge CB1 2RN

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P A Rackham
P A Rackham Jnr
S R Stuteley
T C Walsh

SECRETARY

S R Stuteley

REGISTERED OFFICE

Manor Farm
Bridgham
Norwich
Norfolk NR16 2RX

BANKERS

Lloyds TSB Bank plc
Corporate & Institutional Banking
P O Box 787
6-8 Eastcheap
London EC3M 1LL

SOLICITORS

Rowe & Maw
20 Blackfriars Lane
London EC4V 6HD

Cunningham, John & Co
Fairstead House
7 Bury Road
Thetford
Norfolk IP24 3PL

AUDITORS

Deloitte & Touche
Chartered Accountants
Leda House
Station Road
Cambridge CB1 2RN



DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1998.

ACTIVITIES

The principal activity of the company is that of the provision of landfill site monitoring and restoration services.

REVIEW OF DEVELOPMENTS

The result for the year is in line with the directors' expectations. Trading for the current year is at anticipated levels.

DIVIDENDS

The directors do not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The present directors of the company are disclosed on page 1. All directors served throughout the year.

None of the directors held an interest in the share capital of the company during the year.

The interests of the directors in the share capital of the parent company are disclosed in the accounts of that company.

YEAR 2000 ISSUES

Year 2000 issues have been addressed at group level. The group is continuing to address the Year 2000 problem in accordance with its Compliance and Contingency Plan. This Plan assumes the major risk to the group to be failure of third party utility services. The group has already renewed or upgraded a substantial proportion of its business critical computer systems and other equipment, and is in the process of obtaining representations from the vendors of its key software that their systems are Year 2000 compliant.

Although the group expects its systems to be Year 2000 compliant by the required date, it cannot guarantee the compliance of any third party systems.

The total cost of the Year 2000 compliance issue is not considered to be material.

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 as at the end of the financial year 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;
- 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. 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

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

A large, stylized handwritten signature in black ink, appearing to be the signature of the Secretary.

Secretary

28 September 1999



ANTI-WASTE (RESTORATION) LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 9 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and
Registered Auditors

15 October 1999



PROFIT AND LOSS ACCOUNT
Year ended 31 December 1998

	Note	1998 £	1997 £
TURNOVER	2	1,359,821	39,199
Cost of sales		<u>(1,359,808)</u>	<u>(39,199)</u>
OPERATING PROFIT	3	13	-
Interest payable and similar charges	4	<u>(15)</u>	<u>(23)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(2)	(23)
Tax on loss on ordinary activities	5	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		(2)	(23)
Retained loss brought forward		<u>(210)</u>	<u>(187)</u>
Retained loss carried forward		<u><u>(212)</u></u>	<u><u>(210)</u></u>

All results derive from continuing operations.

There are no recognised gains and losses for the current financial year or the preceding financial year other than as stated in the profit and loss account.

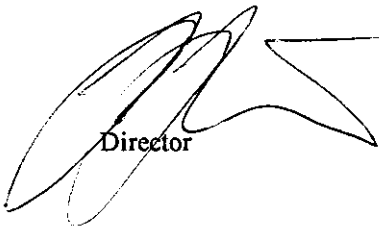


BALANCE SHEET
31 December 1998

	Note	1998 £	1997 £
CURRENT ASSETS			
Debtors	6	1,501,745	1,563,014
Cash at bank and in hand		838,343	-
		<u>2,340,088</u>	<u>1,563,014</u>
CREDITORS: amounts falling due within one year	7	<u>(75,136)</u>	<u>(110,824)</u>
NET CURRENT ASSETS		2,264,952	1,452,190
CREDITORS: amounts falling due after more than one year	8	<u>(2,265,162)</u>	<u>(1,452,398)</u>
NET LIABILITIES		<u>(210)</u>	<u>(208)</u>
CAPITAL AND RESERVES			
Called up share capital	9	2	2
Profit and loss account		(212)	(210)
EQUITY SHAREHOLDERS' FUNDS		<u>(210)</u>	<u>(208)</u>

These financial statements were approved by the Board of Directors on 28 September 1999.

Signed on behalf of the Board of Directors



Director



NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 1998

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover represents invoiced sales of goods and services provided excluding value added tax.

Restoration costs

Income from charges made to other group companies in respect of the anticipated cost of final site restoration and monitoring costs is deferred and will be credited to the profit and loss account in the periods in which the associated costs arise.

Cash flow exemption

The company has taken advantage of the exemption, conferred by Financial Reporting Standard 1 (Revised), from presenting a cash flow statement as it is a wholly owned subsidiary of a group which prepares a consolidated cash flow statement.

2. TURNOVER

Turnover is wholly attributable to the principal activity of the company and is carried on within the United Kingdom.

3. OPERATING PROFIT

Fees in respect of auditors' remuneration are met by the parent company.

Wages and salaries of directors and administrative activities are also met by the parent company.

4. INTEREST PAYABLE AND SIMILAR CHARGES

	1998	1997
	£	£
Bank loans and overdrafts	15	23
	<u>15</u>	<u>23</u>



NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 1998

5. TAX ON LOSS ON ORDINARY ACTIVITIES

There was no charge to taxation for the year due to losses sustained.

6. DEBTORS

	1998 £	1997 £
Amounts owed by group undertakings	1,501,745	1,504,132
Other debtors	-	626
Prepayments and accrued income	-	58,256
	<u>1,501,745</u>	<u>1,563,014</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998 £	1997 £
Bank overdraft	-	110,816
Trade creditors	20,056	8
Other taxation and social security	55,080	-
	<u>75,136</u>	<u>110,824</u>

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1998 £	1997 £
Deferred income	<u>2,265,162</u>	<u>1,452,398</u>

Deferred income is in respect of sums charged to fellow group undertakings in respect of post closure and monitoring costs, to be released to the profit and loss account and matched against the relevant costs when they arise.



NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 1998

9. CALLED UP SHARE CAPITAL

	1998	1997
	£	£
Authorised:		
100,000 ordinary shares of £1 each	100,000	100,000
	<u> </u>	<u> </u>
Called up, allotted and fully paid:		
2 ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>

10. PARENT COMPANY

The company is a wholly owned subsidiary of Anti-Waste Limited, a company registered in England and Wales. The ultimate parent company and ultimate controlling party is Waste Recycling Group plc, a company registered in England and Wales. Copies of group accounts of Waste Recycling Group plc are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

11. CONTINGENT LIABILITIES

- a) The company has entered into an unlimited cross-guarantee with its bankers relating to the borrowings of other group companies. At 31 December 1998 the bank borrowings of other group companies amounted to £3,033,064 (1997 - £8,810,000).
- b) The company is a member of a group VAT registration and as such has contingent liabilities for VAT in respect of other members of the group.

12. RELATED PARTY TRANSACTIONS

In the ordinary course of business, the company has traded with its ultimate parent company Waste Recycling Group plc together with its subsidiaries. The company is exempt from disclosing details of these transactions because copies of Waste Recycling Group plc group financial statements are publicly available.