



# AUGEAN PLC

Augean PLC is a market-leading, UK-based specialist waste and resource management group focused on providing a broad range of services to the hazardous waste sector. The group is at the forefront of developing innovative process and technological solutions, has permitted strategic locations throughout the UK and is positioned to lead the modernisation of the UK specialist waste infrastructure.

## ABOUT US

The group's comprehensive management service covers the collection, transfer, storage, treatment, recovery and final disposal of hazardous and difficult waste streams.

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### Treatment division

**Avonmouth**  
Oil and solvent recovery

**Cannock**  
Physico-chemical treatment

**Ellesmere Port**  
Industrial services

**Hinckley**  
Transfer and secure destruction

**Paisley**  
Transfer and oil/water treatment

**Port Clarence**  
Hazardous and non-hazardous landfill, soil treatment centre and waste recovery park

**Rochdale**  
Transfer centre

**Worcester**  
Transfer and oil recovery

### Landfill division

**East Northants Resource Management Facility (ENRMF)**  
Hazardous landfill and soil treatment centre

**Port Clarence**  
Hazardous and non-hazardous landfill, soil treatment centre and waste recovery park

**Thornhaugh**  
Non-hazardous and stable non-reactive hazardous landfill

**Head office**  
Wetherby



# HIGHLIGHTS

## FINANCIAL

- **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 of expenses, net debt reduced to £6.0m (2008: £16.8m)
- **Refinancing completed** with three year £10.0m revolving credit facility secured with HSBC
- Exceptional **non-cash goodwill impairment charge** recognised of £55.2m

## OPERATIONAL

- **EA authorisation** received, appeal initiated for planning application for Low Level Waste (LLW)
- **Offshore waste market contract** signed for a minimum 10,000 tonnes
- **Thermal treatment** providing services to the oil and gas refinery markets
- **Energy business** nearing commercial closure
- **Landfill tax claim** received for £2.5m
- **Weathered worst** of the recessionary markets
- **Management actions** to reduce costs and minimise capital expenditure
- **Markets** remain challenging into 2010
- **Roger McDowell** appointed non-executive chairman following retirement of David Williams

Augean has two divisions:

### Treatment division



The treatment division is able to offer specialist services for all types of hazardous waste which are not suitable for direct disposal to landfill, including: Each site provides specific treatment expertise in the following areas:

- Thermal desorption
- Bioremediation
- Aerobic and anaerobic digestion
- Solidification/stabilisation
- Physicochemical
- Infra-red

Avonmouth	Oil and solvent recovery
Cannock	Physico-chemical treatment
Ellesmere Port	Industrial services
Hinckley	Transfer and secure destruction
Paisley	Transfer and oil/water treatment
Port Clarence	Hazardous and non-hazardous landfill, soil treatment centre and waste recovery park
Rochdale	Transfer centre
Worcester	Transfer and oil recovery

### Landfill division



The landfill division operates three modern hazardous waste landfill installations providing over 50% of the permitted hazardous waste landfill void in the UK.

The sites are strategically located with Port Clarence (near Middlesbrough) providing capacity for the North of England and both ENRMF and Thornhaugh (near Peterborough) providing capacity in the South.

Each site is engineered to the prescribed standards, operated under strict Pollution Prevention Control (PPC) permits and managed through an Integrated Management System (IMS) which delivers industry standards of excellence in health, safety and environmental controls.

ENRMF	Hazardous landfill and soil treatment centre
Port Clarence	Hazardous and non-hazardous landfill, soil treatment centre and waste recovery park
Thornhaugh	Non-hazardous and stable non-reactive hazardous landfill

## CHAIRMAN'S STATEMENT

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**David Williams**  
Non-executive chairman

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The year under review was one of mixed fortunes for your company.

It is fair to say that the hazardous waste market has not seen the growth expected of it when it 'demerged' from the general waste market back in 2003. Several changes to the regulations in our sector caused confusion and ambiguity in the early years and it has taken much longer for this branch of the waste industry to develop. The lack of contracted revenue streams caused by the confusion surrounding regulations has made profit projections particularly hard to predict and I think it fair to say that it has been a particularly frustrating time for our investors.

Net revenue excluding landfill tax for the year decreased to £28.1m (2008: £36.3m). Operating profit before exceptional costs also decreased to £2.3m (2008: £6.2m). The statutory

results include a number of exceptional costs, the most significant of which relates to a £55.2m goodwill impairment charge. This accounting charge has been calculated according to the requirements of International Financial Reporting Standards (IFRS) and does not affect the cash flow of the business.

Whilst recognising that landfill will always play an important part in the disposal of waste, we have aimed to broaden our service to other forms of waste treatment, which Paul Blackler has eloquently covered in the business review.

Given the very specialised nature of our sub sector within the waste market, it has also taken time to build our team and thanks to Paul's hard work these past 18 months, we now have an excellent collection of expertise to assist in taking your company forward.

“The lack of contracted revenue streams caused by the confusion surrounding regulations has made profit projections particularly hard to predict and I think it fair to say that it has been a particularly frustrating time for our investors.”

“I am pleased to report that we were successful in securing £12.2m net of expenses by way of a share placing in the latter part of the year. This allowed us to refinance the group’s debt on more favourable terms, putting Augean on a sound financial footing for the future.”

So, having targeted the additional service offerings for our clients and assembled a credible team, we had to ensure that our financial structure was appropriate for our plans. I am pleased to report that we were successful in securing £12.2m net of expenses by way of a share placing in the latter part of the year. This allowed us to refinance the group’s debt on more favourable terms, putting Augean on a sound financial footing for the future.

With our strong financial position, experienced management team in place and some good new institutional shareholders supporting us, it is an appropriate time for me to stand down and hand over to Roger McDowell, who will become non-executive chairman. Roger knows the business well, having been with us from the start as a non-executive director. I wish the entire Augean team best wishes for the future.



**David Williams**  
Non-executive chairman  
23 March 2010

Net revenue

**£28.1m**

(2008: £36.3m)

Adjusted earnings per share

**1.8p**

(2008: 7.1p)

Operating profit before exceptional costs

**£2.3m**

(2008: £6.2m)



**Paul Blackler**  
Chief executive



**Peter Southby**  
Finance director

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## Summary

- The board's priority continues to be the creation of long term shareholder value.
- The development strategy for the group remains focused on four primary growth markets.
- The fundraising, completed in October, successfully raised £12.2m, net of expenses, with support from both existing and new institutional investors.
- The group has agreed a new £10.0m revolving credit facility with HSBC which gives Augean a secure financial platform for the future.

## Introduction

The group entered 2009 managing a number of difficult circumstances which dramatically affected both development and underlying trading, not least the extreme economic environment which so rapidly impacted on the waste markets. The recession has affected the waste market directly both in the decline in volumes and the slow down of release of waste streams as producers acted promptly to preserve cash. The recessionary markets also brought price-pressure, capacity issues as the markets contracted and a fall in value of materials recovered from waste. All these issues materially affected trading and revenue for the year was 21% lower than in the previous twelve months.

Throughout the first half of the year the group remained in a period of uncertainty as offer talks continued. The group came out of the offer period on 3 July.

In September, the board activated a fundraising process with the objective of raising equity to reduce the overall indebtedness of the group and promote a competitive process for renewing the group's banking facilities. The fundraising successfully raised £12.2m, net of expenses, with support

from both existing and new institutional investors. The board is extremely grateful for the strong support. Following the successful fundraising the group has agreed a new £10.0m revolving credit facility with HSBC which gives Augean a secure financial platform for the future.

Managing hazardous waste safely and compliantly requires specialist staff trained and qualified to deliver these objectives. The board took the decision during the year to protect the essential staff and weather the difficult market conditions. However, actions were taken to take costs out of the business where possible and this review has continued into the new year.

We completed the capital projects which carried over from 2008 but concentrated on reducing capital expenditure for the remainder of the year. The board will continue to minimise this expenditure in 2010.

Whilst managing the business in these extremely challenging times the development strategy for the group remains focused on four primary growth markets. 2009 was an important year in achieving progress with these four opportunities, which are covered in further detail in the strategy section of this business review.

“Augean has been at the forefront of leading the development of waste infrastructure to deliver the long term objectives of the legislative frameworks.”



#### The hazardous waste market

The current available data from the Environment Agency on the production of hazardous waste is for 2008. 2009 statistics will not be available until later in 2010, however, we believe this data will show significant reduction in overall waste production.

The market continues to move towards more sustainable methods of managing waste and the development of treatment, recycling and recovery remains the key to the emerging market. Augean has been at the forefront of leading the development of waste infrastructure to deliver the long term objectives of the legislative frameworks.

The group continues to take a strong role in the development of regulation and policy for hazardous waste. By engaging with government departments, local authorities and the regulators, we promote the industry viewpoint and modernisation of the sector, seeking to establish a positive regulatory and policy framework for the business. Augean served on the Steering Group for the DEFRA Strategy for Hazardous Waste Management published in March 2010 and contributed to the Nuclear Decommissioning Authority's Strategy for LLW due for publication imminently.



Visit our website [www.augeanplc.com](http://www.augeanplc.com)

Profit before tax before exceptional costs

**£1.3m**

(2008: £4.0m)

Operating cash flow

**£4.0m**

(2008: £11.6m)

In September the board announced a clear direction for Augean's development and identified four strategic growth areas:

- Low Level Waste;
- Offshore;
- Refineries; and
- Energy.



### The hazardous waste market continued

Augean welcomes the Strategy for Hazardous Waste Management, a key policy document promoting the development of a modern hazardous waste management sector based on the waste hierarchy. The strategy has a strong emphasis on investment and development of new infrastructure for hazardous waste treatment and recovery, in particular for organic waste. Anticipating the direction of policy travel, the Augean business model developed over the last three years is strongly aligned with the strategy.

The development of stabilisation, thermal desorption and soil treatment centres are supported by, and contribute significantly to, this critical policy initiative. Augean is therefore well positioned to take full advantage of the policy as the economic circumstances improve.

Further developments in 2010 will include the implementation of the Waste Framework Directive and the development of the hazardous waste National Policy Statement. Augean is strongly engaged with both of these initiatives.

### Strategy

The board's priority continues to be the creation of long term shareholder value. Whilst the extreme economic conditions in 2009 have slowed our development, the board believes that the quality of its people, assets and capabilities places the group in a favourable position to benefit from economic recovery.

In September the board announced a clear direction for Augean's development and identified four strategic growth areas:

- Low Level Waste;
- Offshore;
- Refineries; and
- Energy.

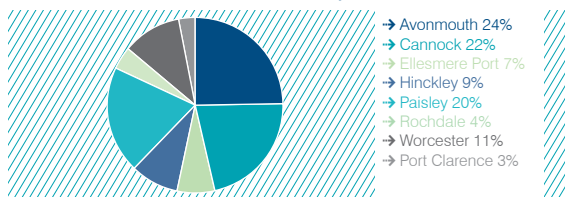
The fundamental principles of our growth opportunities are based on entering these new markets utilising the invested platform. The four strategies are based on maximising the infrastructure and consents which the group owns and developing our services into the new exciting markets.

In May 2009 the company announced that it was to engage in a public consultation process which would result in an application being made for the ENRMF near King's Cliffe to receive LLW from the Nuclear Decommissioning markets. The full application was submitted in July with a statutory consultation process, leading us to expect a decision by the end of the year. The Planning Authority requested an extension in time to ensure that the Development Control Committee could be appropriately advised on the application and this resulted in the decision date being moved to the 16 March 2010. The Radioactive Substances Act (RSA) authorisation was issued in draft by the Environment Agency in January 2010 demonstrating that the site meets





Treatment division – 2009 revenue by site



all the technical and operational requirements to handle LLW. The Development Control Committee met on the 16 March with the planning officer's report strongly recommending approval. Disappointingly the application was refused which has delayed the delivery of the project however we remain confident that we will be successful on appeal and continue to focus on the new market opportunities. The market for LLW is still extremely exciting; in particular once we gain the necessary consents the ENRMF site will be the only site permitted to take both non-hazardous and hazardous wastes with low levels of radioactivity. We are engaging with the decommissioning sector and recognise that the unique consent will provide important solutions to the decommissioning challenges, in particular, waste streams such as asbestos, contaminated soil and demolition wastes with complex hazardous contaminants. The business model is focused on low volume high margin waste streams.

The Indirect Thermal Desorption (ITD) process at the Port Clarence Waste Recovery Park has been designed to treat and recover waste derived from the oil and gas refinery markets. Whilst we experienced some commissioning difficulties in the last quarter of 2009, the process is now fully operational. We are now focusing our sales teams on delivering our services to the refinery markets and to continue to develop innovative solutions both from the fixed facility and from a mobile services option.

The board set out to develop its thermal treatment services to a wider market. We have been working with North Sea offshore operators to offer our new services to manage wastes which are derived from drilling operations. We are delighted to announce that the hard work in 2009 has resulted in successfully securing an exclusive contract with Scmi Oilfield Services, historic leaders in the thermal processing of drill cuttings. The contract is for three years with an option to extend and, in the first 16 months, provides a minimum of 10,000 tonnes of drill cuttings waste into the Recovery Park.

As part of the asset development programme we have been working with a specific partner on the development of a gasification process which is designed to convert wood waste into energy. The contractual work is progressing well and we are hopeful of moving towards financial close later in the year.

### Principal risks and their mitigation

The performance of the business is linked to economic activity in the markets it serves, principally the industrial and construction sectors. Fluctuations in the economy in these sectors therefore affect group performance. As the group continues its strategic development in line with the waste hierarchy, the value of recovered commodities such as oil becomes increasingly important. To mitigate the risk of fluctuations in the commodities markets the group

# BUSINESS REVIEW CONTINUED

## Landfill division

The main waste streams managed by the landfill division are contaminated soils, fibrous and bonded asbestos, treatment residues and filtercakes and incinerator ash.

The division is supported by the laboratory services team through the provision of rapid and accurate results, using the most advanced analytical testing equipment.



The landfill division operates three modern hazardous waste landfill installations providing over 50% of the permitted hazardous waste landfill void in the UK.

“A second soil treatment centre has been constructed at the group’s East Northants Resource Management Facility to deliver capacity for the southern region markets.”

### Principal risks and their mitigation continued

maintains an active engagement with the outsourcing markets, avoids excess stock and ensures that prices are agreed prior to transactions.

This risk is mitigated by diversifying the customer base as far as possible and by linking gate fees, wherever possible, to prevailing commodity prices. In addition to this general economic risk there are a number of risks specific to the waste industry:

#### Environmental legislation

Regulation is a key driver of the waste market. This is further complicated by the rapid rate of change in legislation resulting from the increased profile of environmental issues. Changes in the legislation (including tax legislation with environmental goals) or its interpretation can have a significant and far reaching impact on markets. The group endeavours to mitigate this risk by employing high quality technical management to interpret the evolving legislative framework and its impact on the group’s operations. In addition, the group maintains

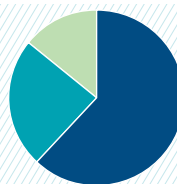
a presence on a number of industry groups to have influence in the shaping of policy.

#### Environmental compliance

All operating sites and activities are regulated by environmental authorities in line with the requirements set out within licences and permits. These licences and permits are required to carry on the business. Therefore the negotiation of, and compliance with, their terms is of paramount importance as withdrawal or temporary suspension could have a significant impact on the group’s ability to operate. Adherence to the highest environmental standards is also important to ensure the maintenance of good relations with local communities and to satisfy customers. The group mitigates this risk through the employment of technical expertise throughout the group and through the provision of training to develop the group’s staff to understand their role in ensuring compliance is maintained. Further details of how the group monitors and controls environmental compliance are given in the group’s corporate social responsibility (CSR) report.



#### Landfill division – 2009 volumes by site



- ENRMF 62%
- Port Clarence 24%
- Thornhaugh 14%

#### Landfill hazardous waste volumes

**195,745 tonnes**

(2008: 323,517 tonnes)

#### Average landfill hazardous waste price

**£47 per tonne**

(2008: £42 per tonne)

The group also relies on its principal regulator, the Environment Agency, to ensure that other operators within the industry are adhering to the standards required on a local, regional and national basis. The success of the regulator in achieving this is critical in providing a level playing field and a positive climate for investment in responsible waste management practices. The group maintains an active dialogue with the Environment Agency to promote the best interests of the industry and of the environment as a whole.

#### Health and safety

By its nature, the waste industry has inherent risks in the area of health and safety. As employees are the group's most important and valuable assets, their health and safety is vital. The group continues to invest and resource the business to ensure that the highest health and safety standards are required and applied. Further details of the group's approach to health and safety can be found in the CSR report.

#### Capex

**£5.1m**

(2008: £5.4m)

#### Net debt

**£6.0m**

(2008: £16.8m)

## BUSINESS REVIEW CONTINUED

The group contributes to many local initiatives through the Landfill Tax Credit Scheme and this will continue to be an important area of support for the communities in the areas in which the group operates.

### Corporate Social Responsibility

The Port Clarence site contributed £91,000 to the Saltholme International Nature Reserve in the Tees Valley during the year. The southern sites at ENRMF and Thornhaugh contributed over £173,000 to a variety of projects in 2009, including development of the King's Cliffe Community Sports Centre and continued funding to Resource who provide a drop in centre for members of the community so they can access and gain valuable training and skills.



### Principal risks and their mitigation continued

#### Price risk

The waste sector has experienced significant changes in the commercial framework for the management of hazardous waste. The group continues to review its pricing policies to ensure that our prices provide a competitive and attractive offer to our clients, drive value from our markets and work to maintain a stable pricing position across both divisions. The group believes that the sector has aligned to the change in the commercial structure and envisages a more stable and stronger price driven sector going forward.

#### Divisional review

##### Landfill division

Revenue excluding landfill tax was £12.9m (2008: £15.6m) with hazardous volumes lower at 195,745 tonnes (2008: 323,517 tonnes) but prices higher at an average £47/tonne (2008: £42/tonne). Operating profit was £4.6m (2008: £4.9m) including £1.0m recognised in respect of the group's landfill tax claim, £0.7m following reassessment of stockpiled waste as disclosed at the half year and £0.7m further to the disposal of a non-core quarry asset completed in October 2009. The future regime for landfill tax remains uncertain with the results of a major consultation expected shortly, but the group is pleased to report that, subsequent to the year end, it has received a payment of £2.5m from HM Revenue and Customs in respect of its claim for overpaid landfill tax.

A second soil treatment centre has been constructed at the group's ENRMF to deliver capacity for the southern region markets.

#### Treatment division

Revenue for the division was £16.7m (2008: £22.3m) with an operating loss of £2.3m (2008: profit of £1.2m). The Cannock facility suffered due to design failures on the new process. These issues resulted in the process becoming inoperable. A significant amount of further re-engineering work was required to rectify the problem, however the issues impacted the trading performance of the site throughout 2009. We are currently pursuing a claim against the contractor whilst the process is now delivering the required performance into 2010 with the business restored to profitability.

The Avonmouth site trading performance was materially affected by the collapse of prices in the commodities markets. Avonmouth processes and recycles waste oils from garages, engineering workshops and hydraulic equipment users; the process generates a Recovered Fuel Oil (RFO) which is then sent for final refining before being utilised as a fuel substitute. The prices for RFO collapsed in early 2009 and the market did not recover until the final quarter of the year, significantly affecting the profits for the site.





### Our Business

The board's current view is that the first half of 2010 will continue to be challenging, however with positive progress on the initiatives impacting in the second half of the year we are confident that the group's underlying trading will return to profit.

### Our People

The board believes that motivated and empowered employees are the lifeblood of the business and it will continue to seek ways to develop and support its people.

### Our Community

Augean recognises the important role that it has within local communities and aims to maintain an open dialogue with its neighbours about its activities and plans. This is achieved through regular liaison committees, newsletters and open days.

### Our Environment

The business continues to deliver the objectives of Best Available Technique (BAT) through its operations and works closely with the regulators to ensure that Augean is a leader in compliance in the sector.

### Financial review

#### Trading

Net revenue excluding landfill tax for the year ended 31 December 2009 decreased by 22% to £28.1m (2008: £36.3m). With the inclusion of landfill tax charged to customers, on which the group makes no margin, of £3.4m (2008: £3.8m), total group revenue fell by 21% to £31.5m (2008: £40.1m).

#### Operating margin and exceptional costs

Operating profit before exceptional costs decreased to £2.3m (2008: £6.2m) and adjusted profit before tax to £1.3m (2008: £4.0m). The reduction in operating margin on revenue excluding landfill tax to 8% (2008: 17%) reflected the impact of the weaker performance of the treatment division during the year and the operationally geared nature of the business.

Statutory operating profit was adversely affected by exceptional costs relating to the offer period (£0.1m), costs relating to an Environment Agency prosecution (£0.2m), restructuring charges (£0.2m) and impairment losses (£55.2m).

Under IFRS, an annual impairment review must be performed for each cash-generating unit in accordance with IAS 36 'Impairment of Assets'. The group has completed this exercise with the advice of external experts and determined that, given the sustained downturn in the hazardous waste market and the uncertain timing of any recovery, it would be prudent to recognise impairments of goodwill in the landfill and treatment divisions of £38.6m and £16.7m respectively. This does not affect the cash flow of the business.

After including the impact of these exceptional costs, the group's operating loss was £53.3m (2008: profit of £5.2m).

#### Finance costs

Following the successful placing in October 2009, the group refinanced its banking facilities in December 2009. As a result, finance charges in 2009 included £0.2m of costs related to the cancellation of the previous facilities. Including these costs, total finance charges reduced to £1.2m (2008: £1.8m), including £0.1m (2008: £0.1m) of unwinding of discount on provisions.

“We are delighted to have signed a contract with Scomi and are working hard to ensure that we provide a first class service which will enable our partner to win work with the objective of exceeding the minimum volume target.”

### Financial review continued

#### Jointly controlled entity

The group's Terramundo joint venture with DEC NV continued to face difficult market conditions in 2009, but benefited from cost saving measures to bring its result for the year close to breakeven (2008: loss of £0.3m). Both joint venture parties remain committed to this strategic venture but, in recognition of the uncertainty in the marketplace for its services, have placed the venture on hold at the current time.

#### Tax

The group has continued to benefit from the utilisation of tax losses in its landfill businesses. This has resulted in no overall current tax charge in the year as in 2008. The group expects that it will continue to benefit from a reduced current tax rate in the short term as it utilises the remaining losses recognised as a deferred tax asset.

#### Dividend

The board does not recommend the payment of a dividend for the year ended 31 December 2009. It continues to review the group's financial situation in order to ensure that dividends are paid to shareholders at an appropriate point in the group's development.

#### Earnings per share

Basic earnings per share adjusted to exclude the impact of exceptional costs were 1.8p (2008: 7.1p). The weighted average number of shares in issue increased following the placing to 73.0m (2008: 65.5m). After exceptional costs, the loss per share was 74.8p (2008: earnings per share of 5.6p). There were no dilutive outstanding share options at either year end.

#### Cash flow

Net cash generated from operating activities was £3.0m (2008: £9.5m). Net cash used in investing activities was £4.4m (2008: £6.1m), with £5.1m spent on purchases of property, plant and equipment as the group completed the investment programme committed to in 2008. The significant reduction in capital expenditure in the second half of 2009 is expected to continue into the coming year. The group disposed of a non-core quarry asset for £0.7m in the year. The £12.2m net proceeds of the placing were used to reduce borrowings, with net debt falling to £6.0m (2008: £16.8m), a gearing level of 13% (2008: 19%).

### Placing and banking facilities

In October 2009 the group completed a placing of 34,210,522 shares at 38p per share. Following the subsequent refinancing completed in December 2009, the group's funding is comprised of a three year revolving credit facility of £10.0m supplemented by finance leases secured on certain plant. At 31 December 2009, the undrawn banking facilities available to the group were £5.1m.

### The environment, employees and the community

The group recognises the important role it plays in the environment and communities within which it operates. This commitment to mitigating any adverse effects of its operations is explained further in the detailed CSR report published alongside the annual report.

#### The environment

All operating sites and activities are strictly regulated by environmental authorities through a range of regulations. In the context of hazardous waste the principal instrument driving standards is the Integrated Pollution Prevention and Control directive, which provides an integrated approach to pollution control to prevent emissions into air, land or water. The implementation of the standards is taking the waste sector from a low technology base to compliance with BAT. BAT requires a review of each activity and the implementation of the highest standards to minimise emissions, be energy efficient, reduce waste and consumption of raw materials, manage noise, vibration and heat loss and ensure accident prevention is in place.

The business continues to deliver the objectives of BAT through its operations and works closely with the regulators to ensure that Augean is a leader in compliance in the sector.

#### Employees

The group's employees are vital to its ongoing success. The past year has been challenging for all the group's people in the context of difficult markets and the ongoing groupwide payfreeze implemented in 2008. The board has been heartened by the dedication shown by the group's employees despite these challenges, and believes that this underlines the importance of continuing to invest in employees through training and consulting with staff on a regular basis. As the board believes that motivated and empowered employees are the lifeblood of the business, it will continue to seek ways to develop and support its people.

### The community

Augean recognises the important role that it has within local communities and aims to maintain an open dialogue with its neighbours about its activities and plans. This is achieved through regular liaison committees, newsletters and open days.

The group has also chosen to contribute to many local initiatives through the Landfill Tax Credit Scheme and this will continue to be an important area of support for the communities in the areas in which the group operates.


The Port Clarence site contributed £91,000 to the Saltholme International Nature Reserve in the Tees Valley during the year. The southern sites at ENRMF and Thornhaugh contributed over £173,000 to a variety of projects in 2009, including development of the King's Cliffe Community Sports Centre and continued funding to Resource, who provide a drop in centre for members of the community so they can access and gain valuable training and skills.

### Outlook

We are making good progress with the group's development strategy; whilst we are disappointed about the delay in obtaining the LLW planning permission for ENRMF, we are confident we will be successful on appeal. This will take time and energy to deliver and we now do not anticipate being in a position to receive the waste until 2011. We are delighted to have signed a contract with Scomi and are working hard to ensure that we provide a first class service which will enable our partner to win work with the objective of exceeding the minimum volume target. The ITD process is the first of its kind in the UK, and has taken longer than we would have liked to complete the commissioning phase; however we are through these challenges and putting momentum behind the sales teams to deliver strong inputs into the new facility.

2009 was the most challenging year the group has yet faced with the deep recession in the UK. We then started 2010 with the exceptional weather conditions in January and into February which made trading difficult as land remediation, construction and demolition projects did not start, coupled with freezing temperatures which affected operations and logistics.

The uncertainty in the UK markets and the slower start makes forecasting so early in the financial year difficult. The board's current view is that the first half of the year will continue to be challenging, however with positive progress on the initiatives outlined above impacting in the second half of the year we are confident that the group's underlying trading will return to profit.



**Paul Blackler**  
Chief executive  
23 March 2010



**Peter Southby**  
Finance director  
23 March 2010

## BOARD OF DIRECTORS

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**Roger McDowell – Chairman and non-executive director, 54**

Roger is a seasoned senior manager of 30 years' standing. Having developed the Oliver Ashworth Group through dramatic growth, main market listing and sale to St. Gobain, he then took a number of non-executive roles including chairmanships in both public and private equity backed businesses. Roger is currently chairman of Avingtrans Plc, a non-executive director of I S Solutions Plc and a director of several private companies. He joined the board of Augean in 2004 and took the chair following the resignation of David Williams on 23 March 2010.



**Peter Southby – Finance director, 36**

Peter joined Augean in October 2006 as finance director. He qualified as a chartered accountant with Arthur Andersen and previously held senior positions with the acquisitive support services group White Young Green Plc and at Leeds United Plc.



**Paul Blackler – Chief executive, 40**

Paul is a member of the Royal Society of Chemistry and has been at Augean since December 2004 when he took on the non-main board role of group operations director, becoming group development director in September 2005. Prior to joining the group, Paul held senior positions with Shanks Group Plc, Castle Environmental Limited. He was appointed to the board of Augean in January 2007 as commercial director and promoted to chief executive in December 2007.





**Rory Macnamara – Non-executive director, 55**

Rory is a chartered accountant with a wide range of corporate finance transaction experience. He was previously head of mergers and acquisitions at Deutsche Morgan Grenfell and latterly a managing director at Lehman Brothers. He currently holds a number of directorships including Izodia Plc, Carpathian Plc, Dunedin Income Growth Investment Trust Plc and Private Equity Investor Plc. He was appointed to the board of Augean in November 2006.



**Andrew Bryce – Non-executive director, 62**

Andrew has had a long career in environmental law in the UK and currently runs his own law firm, Andrew Bryce & Co, which specialises in regulatory defence and board level advice on environmental management, strategy and liability issues. He was previously an equity partner and head of environmental services at City law firm Cameron Markby Hewitt (now part of CMS Cameron McKenna). He has held the chairmanship of the United Kingdom Environmental Law Association of which he is an honorary life member. He was appointed to the board of Augean in June 2005.

# CORPORATE GOVERNANCE

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Augean is committed to high standards of corporate governance in all its activities. While the company is not required under AIM rules to comply with the 2008 FRC Combined Code (the Code), the board recognises the value of the Code and has regard to its requirements as far as is practicable and appropriate for a public company of its size and nature.

## **The board of directors**

Following the resignation of David Williams, the board currently comprises a non-executive chairman, two further independent non-executive directors, the chief executive and the finance director. The chairman has primary responsibility for running the board and the chief executive is responsible for developing strategic plans and initiatives for consideration by the board and for their operational delivery.

The non-executive directors bring a variety of different experience to the board, are considered to be independent of management and ensure that rigour is applied to the board decision-making process. During the year under review, Andrew Bryce, a non-executive director and environmental lawyer, provided specialist assistance to the board in connection with certain legal matters. Further details are provided in the directors' remuneration report but the board confirms that, in its opinion, the independence of this director has not been compromised as a result of this additional service.

The composition of the board is reviewed regularly. Appropriate training, briefings and induction are available to all directors on appointment and subsequently as necessary, taking into account existing qualifications and experience. All directors have access to the advice and services of the company secretary, who is also responsible for ensuring that board procedures are followed. Any director may take independent professional advice, if necessary, at the company's expense.

The board meets formally nine times a year but additional meetings are held to review and approve special matters if necessary. During 2009, no director was absent from more than one board meeting. Each director is provided with sufficient timely information to enable full consideration of matters in advance of meetings and proper discharge of duties. There is a formal schedule of matters reserved for the board which includes published financial statements, strategy, acquisitions, significant capital projects, budgets and borrowing facilities.

Executive directors' normal retirement age is 60 and non-executive directors' normal retirement age is 65. One-third of all directors are subject to re-appointment by shareholders each year. Any director appointed to the board during the year is subject to election by shareholders at the following general meeting.

With effect from 1 October 2008, the Companies Act 2006 introduced a statutory duty on directors to avoid conflicts of interest. Shareholders approved new Articles of Association at the 2008 annual general meeting (AGM) giving directors authority to approve situations involving any such conflicts and to allow conflicts of interest to be dealt with by the board. All directors are required to notify the company on an ongoing basis of their other commitments and the company has established procedures for ensuring that the board's powers for authorising directors' conflicts of interest are operated effectively.

## **Board committees**

The company has established a number of committees, details of which are set out below:

### **Audit committee**

The audit committee comprises the non-executive directors, is chaired by Rory Macnamara, and meets at least twice a year. The external auditor and the executive directors are regularly invited to attend the meetings but the committee also has access to the external auditor's advice without the presence of the executive directors. The audit committee considers the adequacy and effectiveness of the risk management and control systems of the group. It reviews the scope and results of the external audit, its cost effectiveness and the objectivity and independence of the auditor. It also reviews, prior to publication, the interim report, the preliminary announcement, the annual financial statements and other information included in the annual report.

### **Remuneration committee**

The remuneration committee comprises the non-executive directors and is chaired by Roger McDowell. It meets at least twice a year and reviews and advises upon the remuneration and benefits packages of the executive directors and other senior management of the group, including the Long Term Incentive Plan (LTIP). The remuneration of the chairman and non-executive directors is agreed upon by the full board. The directors' remuneration report on pages 21 to 23 contains details of directors' remuneration and interests in the company's shares.

## **Board committees continued**

### **Nomination committee**

The nomination committee comprises the non-executive directors and is chaired by Andrew Bryce. It meets as required in order to review the structure, size and composition of the board. It is responsible for the selection and recommendation of suitable candidates for appointment to the board.

### **Internal controls**

The board has overall responsibility for the group's system of internal control and for reviewing its effectiveness, while the role of management is to implement board policies on risk management and control. The system is designed to provide reasonable but not absolute assurance against material misstatement or loss.

The group operates a series of controls to meet its needs. Key features of the control system include the following:

- an annual review of business risks affecting the group which also identifies procedures to manage and mitigate those risks;
- monthly reports to the board on key risks and their management;
- an annual strategic planning and budgeting process;
- a clearly defined organisational structure with terms of reference for board committees and responsibilities and authorisation limits for executive management;
- monthly visits by the executive directors and group senior management to key operating locations to meet with local management and review business performance;
- a range of compliance management systems at the group's sites subject to external review, including certification to ISO 9001, ISO 14001 and OHSAS 18001; and
- reviews by senior management and the board of monthly financial and operating information, including comparisons with budgets and forecasts.

The audit committee receives reports from management and the auditor concerning the system of internal control and any control weaknesses.

The board does not believe it is currently appropriate to establish a separate, independent internal audit function given the size of the group but keeps this position under review.

### **Investor relations**

The board has an active investor relations programme and believes in maintaining good communication with all stakeholders including institutional and private shareholders, analysts and the press. The executive directors are available to meet with institutional shareholders and analysts following the announcement of interim and final results. The group's brokers and financial PR advisers provide feedback from these meetings to the board.

The chairman is available to shareholders at any time to discuss strategy and governance matters.

All shareholders have access to the interim and annual reports and are invited to attend the AGM at which all board directors are present. The group periodically hosts presentations at its sites for the investor community and provides detailed information for shareholders and the general public on its website [www.augeanplc.com](http://www.augeanplc.com).

### **Annual general meeting**

At the AGM on 8 June 2010, Paul Blackler will retire by rotation in accordance with the Articles of Association and being eligible, he offers himself for re-election. No director has a contract with an unexpired notice period of more than twelve months.

# DIRECTORS' REPORT

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The directors present their report and the audited financial statements for the year ended 31 December 2009.

## Principal activity and business review

The principal activity of the group is the provision of hazardous waste management services. These services include hazardous landfill and treatment services. The group operates solely within the United Kingdom.

The chairman's statement and business review on pages 2 to 13 provide a review of the business of the group together with an indication of future prospects.

## Results and dividends

The group's loss after tax for the year was £54.6m (2008: profit of £3.6m) on revenue of £31.5m (2008: £40.1m).

The directors have not recommended a dividend for the year (2008: £nil).

## Placing

In October 2009 the group completed a placing of 34,210,522 new ordinary shares at 38p each which raised £13.0m before expenses.

## Environmental policy

The quality of the environment is an important concern for the group, its employees, customers, suppliers and the communities in which the group operates. The group continues to adopt high standards of environmental practice and aims to minimise its impact on the environment wherever possible. Further details of the group's actions in this area can be found in the separately published corporate social responsibility (CSR) report.

## Payment of creditors

The group's policy is to settle invoices promptly according to terms and conditions as far as is practicable. Trade creditors at the balance sheet date represented 43 days' purchases (2008: 41 days).

## Employees

The group's policy is to ensure the adequate provision for the health, safety and welfare of its employees and of other people who may be affected by its activities. The success of the group depends on the skill and motivation of its workforce and it is the group's policy to ensure close consultation with employees on matters of concern to them.

In compliance with current legislation, the group encourages the employment of disabled persons wherever this is practicable. Every endeavour is made to ensure that disabled employees, and those who become disabled whilst in the group's employment, benefit from training and career development programmes in common with all employees.

## Charitable and political donations

During the year the group contributed £264,000 (2008: £217,000) of its landfill tax liability to Entrust registered environmental bodies as permitted by Government regulations. It also made other charitable donations amounting to £8,000 (2008: £10,000).

No political donations were made during the year (2008: £nil).

## Directors

The composition of the board of directors is shown on pages 14 and 15. Details of the directors' interests and remuneration are given in the directors' remuneration report on pages 21 to 23.

### Substantial shareholdings

The company had been notified of the following interests of more than 3% in its shares as at 23 March 2010:

Fund manager	Number of shares	%
One 51	17,610,200	17.66
Utilico	14,772,163	14.82
JO Hambro Capital Management	12,275,284	12.31
Gartmore Investment Management	9,706,096	9.74
Invesco Perpetual	5,957,656	5.98
Octopus Investments	4,538,797	4.55
Artemis Investment Management	4,000,000	4.01
Henderson Global Investors	3,564,248	3.57
Aviva Investors	3,147,979	3.16

### Corporate governance

A statement by the directors on corporate governance immediately precedes this report.

Qualifying third party indemnity provisions (as defined in the Companies Act 2006) have been entered into by the company for the benefit of all directors, which indemnify the directors against third party claims brought against them in their capacity as directors of the company to the extent permitted by law and such provisions continue in force at the date of this report.

### Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review on pages 4 to 13. Details of the group's financial position, cash flows, liquidity position and borrowing facilities are included in the financial review section of the business review. Further information on the group's financial risks and their management is given in note 23.

As highlighted in note 23 the group meets its short term working capital requirements through an overdraft facility which is due for renewal on 30 November 2012. The group's forecasts and projections, taking account of reasonably possible changes in trading performance and market value of the group's assets, show that the group should be able to operate within the level of its current facility.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. As the group has net current liabilities at 31 December 2009 the directors have further considered the company's ability to continue as a going concern. On the basis of detailed forecast cash flows for the next twelve months the directors are confident that the company will be able to meet its liabilities as they fall due. Consequently these financial statements have been prepared on a going concern basis.

# DIRECTORS' REPORT CONTINUED

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## Statement of directors' responsibilities for the financial statements

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 group and company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and the profit or loss of the group 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; and
- state whether applicable IFRS have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records which 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 2006. 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 on the group's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

## Statement of disclosure of information to the auditor

At the date of making this report each of the company's directors, as set out on pages 14 and 15, confirm the following:

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

## Auditors

Grant Thornton UK LLP has expressed willingness to continue in office. In accordance with Section 489(4) of the Companies Act 2006, a resolution to reappoint Grant Thornton UK LLP will be proposed at the AGM.

By order of the board



**Paul Blackler**  
Chief executive  
23 March 2010

# DIRECTORS' REMUNERATION REPORT

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## Remuneration committee

The remuneration committee comprises the non-executive directors and is chaired by Roger McDowell. The principal objective of the remuneration committee is to attract, retain and motivate talented people with a competitive package of incentives and awards linked to performance and the interests of shareholders.

The committee uses the services of independent external advisers as required.

Remuneration of the non-executive directors, including the chairman, is determined by the board as a whole. Subsequent to the period under review, all non-executive directors have agreed to reduce their remuneration by a minimum of 10%.

## Current remuneration package

The current remuneration package of the executive directors comprises:

### (i) Basic salaries

Basic salaries for executive directors take into account the performance, experience and responsibilities of the individuals concerned, as well as the salaries of those with similar positions and responsibilities. External advice is taken as appropriate and basic salaries are reviewed annually. No increases have been applied to executive directors' salaries for the past two years.

### (ii) Performance related bonus

The executive directors participate in a bonus scheme applicable to all senior management based on annual profit targets approved by the remuneration committee. The achievement of these targets would result in a bonus of 50% of basic salary. No bonus has been awarded in respect of 2009.

### (iii) Pension provision and other benefits

Pension provision is made at a rate of 10% of basic salary for executive directors, which is payable directly into a nominated pension fund. Other benefits for executive directors include a car allowance, life assurance and private healthcare.

### (iv) Long Term Incentive Plan

Under the LTIP senior employees may be granted an award annually of up to 100% of basic salary. The award vests in the form of shares in the company and is subject to the attainment of pre-determined performance conditions over a three year period. For the 2009 award, participants will receive 100% of the award if the group's normalised pre-tax profit in the year ended 31 December 2011 is £11.3m. No award will vest unless the profit is at least £3.3m, at which level 30% of the award would apply.

### (v) Share options

Following the placing during the year and in recognition of the changed targets for the company in a much-altered marketplace, share options were granted to directors and senior management. These share options have no performance criteria. It is not the intention of the remuneration committee to grant share options on a regular basis in the future.

## Service contracts

Executive directors have rolling service contracts with notice periods of not more than twelve months.

# DIRECTORS' REMUNERATION REPORT CONTINUED

## Directors' interests

The beneficial, family and contingent interests of the directors in the share capital of the company were as follows:

At 31 December 2009	Beneficial shares Number	Share options Number	LTIP Number	Total shares Number
David Williams*	730,744	500,000	—	1,230,744
Paul Blackler	23,000	455,695	610,057	1,088,752
Peter Southby	22,834	354,430	478,621	855,885
Roger McDowell	91,342	—	—	91,342
Andrew Bryce	11,419	—	—	11,419
Rory Macnamara	15,224	—	—	15,224

At 31 December 2008	Beneficial shares Number	Share options Number	LTIP Number	Total shares Number
David Williams*	480,000	500,000	—	980,000
Paul Blackler	—	150,000	268,285	418,285
Peter Southby	15,000	144,665	212,799	372,464
Roger McDowell	60,000	—	—	60,000
Andrew Bryce	7,500	—	—	7,500
Rory Macnamara	10,000	—	—	10,000

\* resigned on 23 March 2010

## Directors' emoluments

The emoluments of the directors were as follows:

	2009 Basic fee/salary £'000	2009 Bonus £'000	2009 Other emoluments £'000	2009 Total £'000	2008 Total £'000
David Williams*	90	—	—	90	90
Paul Blackler	180	—	30	210	245
Peter Southby	140	—	25	165	192
Roger McDowell	28	—	—	28	28
Andrew Bryce	28	—	12	40	37
Rory Macnamara	28	—	—	28	28
	494	—	67	561	620

\* resigned on 23 March 2010

Other emoluments for Paul Blackler and Peter Southby include car allowance, pension contributions and other benefits such as medical insurance. For Andrew Bryce they relate to specialist assistance provided to the board in connection with certain legal matters.



## Directors' share plans

LTIP	Award date	Earliest vesting date	Market price at award date	Number of shares 2008	Granted in year	Number of shares 2009
Paul Blackler	05.07.2007	05.07.2010	130.25p	74,403	—	74,403
	29.04.2008	29.04.2011	78.50p	193,882	—	193,882
	21.12.2009	21.12.2012	39.50p	—	341,772	341,772
Peter Southby	05.07.2007	05.07.2010	130.25p	62,002	—	62,002
	29.04.2008	29.04.2011	78.50p	150,797	—	150,797
	21.12.2009	21.12.2012	39.50p	—	265,822	265,822
				481,084	607,594	1,088,678

Share option schemes	Award date	Earliest vesting date	Market price at award date	Number of shares 2008	Granted in year	Lapsed in year	Number of shares 2009
David Williams*	15.12.2004	15.12.2004	180.00p	500,000	—	—	500,000
Paul Blackler	14.12.2005	14.12.2008	147.50p	150,000	—	150,000	—
	21.12.2009	21.12.2012	39.50p	—	455,695	—	455,695
Peter Southby	30.10.2006	30.10.2009	138.25p	144,665	—	144,665	—
	21.12.2009	21.12.2012	39.50p	—	354,430	—	354,430
				794,665	810,125	294,665	1,310,125

\* resigned on 23 March 2010

The latest date for exercise of all share options is ten years after the award date. The mid market price of the company's shares at 31 December 2009 was 38.0p. The range of the share price during the year was 30.0p to 77.5p.

On behalf of the remuneration committee:



**Roger McDowell**

Chairman of the remuneration committee  
23 March 2010

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AUGEAN PLC

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We have audited the financial statements of Augean PLC for the year ended 31 December 2009 which comprise the group and parent company statement of financial position, the group statement of comprehensive income, the group and parent company statements of cash flow, the group and parent company statements of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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**

As explained more fully in the Directors' Responsibilities Statement on page 20, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

## **Opinion on financial statements**

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2009 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us;
- the parent company financial statements are not in agreement with the accounting records and returns;
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Grant Thornton UK LLP*

#### **Andrew Wood**

Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Leeds  
23 March 2010

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Before exceptional costs 2009 £'000	Exceptional costs 2009 £'000	Total 2009 £'000	Before exceptional costs 2008 £'000	Exceptional costs 2008 £'000	Total 2008 £'000
<b>Revenue</b>		<b>31,540</b>	<b>—</b>	<b>31,540</b>	40,081	—	40,081
Operating expenses	3	(29,213)	(55,665)	(84,878)	(33,924)	(996)	(34,920)
<b>Operating profit/(loss)</b>		<b>2,327</b>	<b>(55,665)</b>	<b>(53,338)</b>	6,157	(996)	5,161
Finance charges	4	(995)	(189)	(1,184)	(1,844)	—	(1,844)
Share of loss of jointly controlled entity	8	(30)	—	(30)	(292)	—	(292)
<b>Profit/(loss) before tax</b>		<b>1,302</b>	<b>(55,854)</b>	<b>(54,552)</b>	4,021	(996)	3,025
Tax	6	—	—	—	621	—	621
<b>Profit/(loss) for the year attributable to equity shareholders</b>		<b>1,302</b>	<b>(55,854)</b>	<b>(54,552)</b>	4,642	(996)	3,646
<b>Total comprehensive income attributable to equity holders of the parent company</b>		<b>1,302</b>	<b>(55,854)</b>	<b>(54,552)</b>	4,642	(996)	3,646
<b>Earnings/(loss) per share</b>							
Basic and diluted	7	1.8p	(76.6p)	(74.8p)	7.1p	(1.5p)	5.6p

The notes on pages 30 to 56 form an integral part of these financial statements.

# STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2009

	Note	Group		Company	
		2009 £'000	2008 £'000	2009 £'000	2008 £'000
<b>Non-current assets</b>					
Goodwill	9	21,705	77,768	—	—
Other intangible assets	10	130	217	42	25
Investments	11	—	—	55,581	98,278
Property, plant and equipment	12	36,133	33,176	804	842
Deferred tax asset	6	121	413	—	80
		<b>58,089</b>	111,574	<b>56,427</b>	99,225
<b>Current assets</b>					
Inventories		130	138	—	—
Trade and other receivables	13	7,538	8,546	608	769
Cash and cash equivalents		335	765	131	—
		<b>8,003</b>	9,449	<b>739</b>	769
<b>Current liabilities</b>					
Trade and other payables	14	(7,809)	(10,232)	(11,069)	(10,643)
Current tax liabilities		(561)	(1,540)	—	—
Financial liabilities	15	(450)	(4,652)	—	(5,409)
		<b>(8,820)</b>	(16,424)	<b>(11,069)</b>	(16,052)
<b>Net current liabilities</b>					
		<b>(817)</b>	(6,975)	<b>(10,330)</b>	(15,283)
<b>Non-current liabilities</b>					
Financial liabilities	15	(5,864)	(12,894)	(4,746)	(12,600)
Provisions	16	(6,191)	(3,885)	—	—
Trade and other payables	14	—	(300)	—	(300)
Share of losses of jointly controlled entity	8	(446)	(416)	—	—
		<b>(12,501)</b>	(17,495)	<b>(4,746)</b>	(12,900)
<b>Net assets</b>					
		<b>44,771</b>	87,104	<b>41,351</b>	71,042
<b>Shareholders' equity</b>					
Share capital	17	9,970	6,549	9,970	6,549
Share premium account		114,960	106,222	114,960	106,222
Retained losses		(80,159)	(25,667)	(83,579)	(41,729)
<b>Total shareholders' equity</b>					
		<b>44,771</b>	87,104	<b>41,351</b>	71,042

The notes on pages 30 to 56 form an integral part of these financial statements.

The financial statements were approved by the board on 23 March 2010 and signed on its behalf by:



**Paul Blackler**  
Chief executive



**Peter Southby**  
Finance director

# STATEMENTS OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Group		Company	
		2009 £'000	2008 £'000	2009 £'000	2008 £'000
<b>Operating activities</b>	20				
Cash generated from operations		3,990	11,631	2,101	5,039
Interest paid		(757)	(2,031)	(788)	(2,129)
Tax paid		(199)	(99)	—	—
<b>Net cash generated from operating activities</b>		<b>3,034</b>	<b>9,501</b>	<b>1,313</b>	<b>2,910</b>
<b>Investing activities</b>					
Proceeds on disposal of property, plant and equipment		49	55	—	—
Purchases of property, plant and equipment		(5,131)	(5,366)	(36)	(81)
Purchases of intangible assets		(44)	(22)	(43)	(11)
Proceeds on disposal of subsidiary undertaking		735	—	—	—
Purchase of businesses		—	(770)	—	(1,165)
<b>Net cash used in investing activities</b>		<b>(4,391)</b>	<b>(6,103)</b>	<b>(79)</b>	<b>(1,257)</b>
<b>Financing activities</b>					
Proceeds on issue of shares		12,159	—	12,159	—
Repayments of borrowings		(12,286)	(2,000)	(12,254)	(2,000)
Drawdown of loan facilities		—	1,000	—	1,000
Drawdowns under finance leases		1,529	—	—	—
Repayments of obligations under finance leases		(475)	(347)	—	(1)
<b>Net cash generated from/(used in) financing activities</b>		<b>927</b>	<b>(1,347)</b>	<b>(95)</b>	<b>(1,001)</b>
Net (decrease)/increase in cash and cash equivalents		(430)	2,051	1,140	652
Cash and cash equivalents at beginning of period		765	(1,286)	(1,009)	(1,661)
<b>Cash and cash equivalents at end of period</b>		<b>335</b>	<b>765</b>	<b>131</b>	<b>(1,009)</b>

# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2009

Group	Share capital £'000	Share premium account £'000	Statement of comprehensive income £'000	Shareholders' equity £'000
At 1 January 2008	6,549	106,222	(29,389)	83,382
Share-based payments	—	—	76	76
Retained profit and total comprehensive income for the year	—	—	3,646	3,646
At 1 January 2009	6,549	106,222	(25,667)	87,104
Shares issued in year	3,421	8,738	—	12,159
Share-based payments	—	—	60	60
Retained loss and total comprehensive income for the year	—	—	(54,552)	(54,552)
<b>At 31 December 2009</b>	<b>9,970</b>	<b>114,960</b>	<b>(80,159)</b>	<b>44,771</b>
Company	Share capital £'000	Share premium account £'000	Statement of comprehensive income £'000	Shareholders' equity £'000
At 1 January 2008	6,549	106,222	(41,614)	71,157
Share-based payments	—	—	76	76
Retained loss and total comprehensive income for the year	—	—	(191)	(191)
At 1 January 2009	6,549	106,222	(41,729)	71,042
Shares issued in year	3,421	8,738	—	12,159
Share-based payments	—	—	60	60
Retained loss and total comprehensive income for the year	—	—	(41,910)	(41,910)
<b>At 31 December 2009</b>	<b>9,970</b>	<b>114,960</b>	<b>(83,579)</b>	<b>41,351</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

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## 1 Accounting policies

### (a) Basis of accounting

The financial statements have been prepared in accordance with IFRS, International Financial Reporting Interpretations Committee (IFRIC) interpretations endorsed by the European Union and those parts of the Companies Act 2006 that remain applicable to companies reporting under IFRS. The financial statements have been prepared on the historical cost basis with the exception of certain items which are measured at fair value as disclosed in the principal accounting policies set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from these estimates.

The company has taken advantage of Section 408 of the Companies Act 2006 and has not included a statement of comprehensive income in these financial statements. The company's result for the year is given in the statements of changes in shareholders' equity.

### (i) Subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) made up to 31 December each year. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Results of subsidiary undertakings acquired or sold during the year are consolidated from or to the date on which control passes. The trading results of companies acquired during the year are accounted for under the purchase method of accounting.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

### (ii) Jointly controlled entities

A jointly controlled entity is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control exists where the strategic, financial and operating decisions relating to the activity require the unanimous consent of the parties. Jointly controlled entities are accounted for using the equity method under which the carrying value of the group's investment is made up of the cost plus the group's share of post-acquisition profits and less equivalent losses as recognised in the statement of comprehensive income. Should a jointly controlled entity result in losses in excess of the group's interest they will be recognised where the group has a legal or constructive obligation to fund those losses.

Unrealised gains on transactions with jointly controlled entities are eliminated to the extent of the group's interest in the jointly controlled entity. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the asset transferred.

The group ceases to use the equity method of accounting on the date from which it no longer has joint control in the jointly controlled entity or when the interest becomes held for sale.

### (iii) Business combinations

The purchase method is used to account for all acquisitions. The cost of an acquisition is measured at the fair values on the date of exchange of assets given, liabilities incurred or assumed and equity instruments issued, together with any costs directly attributable to the acquisition.

At the date of acquisition, the identifiable assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill.

### (b) Revenue recognition

The group's responsibility for waste arises as soon as the waste is accepted into one of its facilities. Revenue is therefore recognised at the point of acceptance, except when contractual agreements provide for specific services in which case revenue is recognised at point of delivery of each separate service. Revenue shown in the statement of comprehensive income represents charges for all waste accepted, inclusive of landfill tax, where appropriate, but exclusive of value added tax, relating to the principal activities of the group.



## 1 Accounting policies continued

### (c) Exceptional costs

Costs that are material in size and non-recurring in nature are presented as exceptional costs in the statement of comprehensive income. The directors are of the opinion that the separate recording of the exceptional costs provides helpful information about the group's underlying business performance. Examples of events which may give rise to the classification of costs as exceptional include restructuring of the business, compensation for loss of office, impairment of goodwill and non-recurring expenditure.

### (d) Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised as an intangible asset. It is tested for impairment at least annually by reference to the relevant Cash-Generating Unit (CGU) and is carried at cost less accumulated impairment losses. Any impairment is recognised immediately in the statement of comprehensive income and is not subsequently reversed.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

Where deferred tax assets such as tax losses, which were not recognised at the acquisition date due to uncertainty over their recovery, are subsequently utilised or recognised, goodwill is reduced by an amount equivalent to the deferred tax assets calculated at the relevant tax rate and a charge made to the statement of comprehensive income.

### (e) Other intangible assets

Intangible assets purchased separately, such as software licences that do not form an integral part of related hardware, are capitalised at cost and amortised on a straight-line basis over their useful economic life of three years.

Intangible assets acquired through a business combination such as customer contracts are initially measured at fair value and amortised on a straight-line basis over their useful economic lives which are taken to be the length of the contract. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations. After initial recognition assets acquired as part of a business combination are carried at cost less accumulated amortisation and any impairment losses.

Methods of amortisation, residual value and useful lives are reviewed, and if necessary adjusted, at each year end date.

### (f) Investments

Investments are in respect of subsidiaries and a jointly controlled entity. Investments held as non-current assets are stated at historic cost less any provision for impairment.

### (g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. The cost of an item of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing the asset into use. Borrowing costs related to the purchase of property, plant and equipment are capitalised where the cost is directly attributable to the property, plant or equipment being purchased.

Subsequent costs are included in an asset's carrying value or recognised as a separate asset, when it is probable that future economic benefits associated with the additional expenditure will flow to the group and the cost of the item can be measured reliably. All other costs are charged to the statement of comprehensive income when incurred.

The acquisition, commissioning and site infrastructure costs for each landfill site are capitalised when incurred. These costs are then depreciated over the useful life of the site, which is assessed with reference to the usage of the void space available.

Cell engineering costs are capitalised when incurred or when an obligation to fund future expenditure in the case of the cap arises. The depreciation charged to the statement of comprehensive income is calculated with reference to actual costs to date and expected future costs for each cell including the cost of the future cap, the total of which is spread over the useful life of the cell. Useful life is assessed by reference to the usage of the void space available and the rate at which the void space is filled.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2009

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## 1 Accounting policies continued

### (g) Property, plant and equipment continued

Freehold land which is not part of a landfill site is not depreciated. Depreciation is provided evenly on all other property, plant and equipment at rates calculated to write off the cost, less estimated residual value, of each asset over its useful life as follows:

Freehold buildings – 50 years

Plant and machinery – two to ten years

Methods of depreciation, residual values and useful lives are reviewed and adjusted, if appropriate, at each year end date.

Assets held under finance leases are depreciated over the shorter of their expected useful lives or, where there is no reasonable certainty that title will be obtained at the end of the lease term, the term of the relevant lease.

The gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the item, and is included in the statement of comprehensive income.

### Finance leases

Where the group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease and the asset is capitalised. Future instalments under such leases, net of finance charges, are recognised as a liability. Rentals payable are apportioned between the finance element, which is charged to the statement of comprehensive income so as to give an approximate constant rate of charge on the outstanding obligation and the capital element which reduces the outstanding obligation for future instalments.

The asset and associated liability are recorded in the statement of financial position within property, plant and equipment and financial liabilities respectively at their fair value or, if lower, at the present value of the minimum lease payments, both determined at the inception of the lease.

Depreciation is calculated in accordance with the above depreciation policies.

Other leases are treated as operating leases, the rentals for which are charged to the statement of comprehensive income on a straight-line basis over the lease term.

### Restoration and aftercare provisions

The anticipated total cost of restoration and post-closure monitoring and aftercare is charged to the statement of comprehensive income over the expected useful life of the sites in proportion to the amount of void consumed at the sites during the period. The costs of restoration and post-closure monitoring are charged to the provision when incurred. The provision has been estimated using current costs and is discounted. When the effect is material, the expected future cash flows required to settle the obligation are discounted at the pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation.

### (h) Impairment of non-current assets

At each year end date, the group assesses whether there is any indication that its assets have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the CGU to which the asset belongs is determined.

The recoverable amount is defined as the higher of fair value less costs to sell and value in use at the date the impairment review is undertaken. Value in use represents the present value of expected future cash flows discounted on a pre-tax basis, using the estimated cost of capital of the CGU. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss.

An impairment loss relating to assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the statement of comprehensive income.

## 1 Accounting policies continued

### (h) Impairment of non-current assets continued

Goodwill is tested for impairment on an annual basis. An impairment loss is recognised for CGUs if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit by first reducing the carrying amount of any goodwill allocated to the CGU, and then reducing the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in the statement of comprehensive income. Any impairments of goodwill cannot be subsequently reversed.

### (i) Inventories

Inventories are stated at the lower of cost (measured on a first-in first-out basis) and net realisable value and where appropriate are stated net of provisions for slow moving and obsolete inventories.

### (j) Tax

#### Current tax

Current tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the statement of financial position date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

#### Deferred tax

Deferred tax on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes is accounted for under the liability method.

Using the liability method, deferred tax liabilities are recognised in full for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. However, if the deferred tax asset or liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit, it is not recognised.

Deferred tax on temporary differences associated with shares in subsidiaries and jointly controlled entities is not provided if reversal of these temporary differences can be controlled by the group and it is probable that the reversal will not occur in the foreseeable future.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply when the asset is realised, or the liability settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

Current and deferred tax are recognised in the statement of comprehensive income except when they relate to items recognised directly in equity, when they are similarly taken to equity.

Where deferred tax assets such as tax losses, which were not recognised at the acquisition date due to uncertainty over their recovery, are subsequently utilised or recognised, goodwill is reduced by an amount equivalent to the deferred tax assets calculated at the relevant tax rate with an equivalent credit to the tax account in the statement of comprehensive income.

### (k) Retirement benefits

Contributions made by the group to individual money purchase pension schemes are charged to the statement of comprehensive income during the period to which they relate.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2009

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## 1 Accounting policies continued

### (l) Equity-settled share-based payments

All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 January 2006 are recognised in the financial statements.

IFRS 2 'Share-based Payments' requires that an expense for equity instruments granted is recognised in the financial statements based on their fair values at the date of the grant. This expense, which is in relation to employee share options and executive LTIP schemes, is recognised over the vesting period of the scheme. The fair value of employee services is determined by reference to the fair value of the awarded grant calculated using the Black Scholes model or Binominal Lattice model, excluding the impact of any non-market vesting conditions.

At the year end date, the group revises its estimate of the number of share incentives that are expected to vest.

The impact of the revisions of original estimates, if any, is recognised in the statement of comprehensive income, with a corresponding adjustment to equity, over the remaining vesting period.

### (m) Cash and cash equivalents

Cash and cash equivalents comprise demand deposits and cash in hand together with short term highly liquid deposits with a maturity of three months or less which are subject to an insignificant risk of change in value.

### (n) Financial instruments

#### (i) Financial assets

Financial assets are categorised as other loans and receivables. The group's trade and other receivables fall in the 'loans and receivables' category. Financial assets are assigned to this category on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant for the way it is measured and whether any resulting income and expense is recognised in the statement of comprehensive income or directly in equity.

Augean recognises all financial assets when the group becomes party to the contractual provisions of the instrument. Financial assets are recognised at fair value plus transaction costs. An annual assessment is made to ascertain whether there is objective evidence that the financial assets are impaired. All income and expense relating to financial assets are recognised in the statement of comprehensive income.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less any provision for impairment. Any change in their value is recognised in the statement of comprehensive income. Discounting, however, is omitted where the effect is immaterial.

Significant receivables are considered for impairment on a case-by-case basis when they are past due at the statement of financial position date or when objective evidence is received that a specific counterparty will default. Provision against trade receivables is made when there is objective evidence that the group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the impairment is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

#### (ii) Financial liabilities

The group's financial liabilities include trade payables, debt and finance costs and derivatives. Trade payables are not interest-bearing and are recognised at fair value and carried at amortised cost. Debt is initially recognised at fair value and carried at amortised cost. The group's policy is that no trading in financial instruments or derivatives shall be undertaken.

Financial liabilities are recognised when the group becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in the statement of comprehensive income under 'finance charges'.

## 1 Accounting policies continued

### (o) Equity

Equity comprises share capital, share premium and retained losses. Share capital represents the nominal value of equity shares. Share premium account represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue. Retained losses represent retained losses and equity-settled share-based payment employee remuneration until such share options are exercised.

### (p) Significant judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, expenses and related disclosures. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. This forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may however differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based, or as a result of new information or further information. Such changes are recognised in the period in which the estimate is revised.

Certain accounting policies are particularly important to the preparation and explanation of the group's financial information. Key assumptions about the future and key sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying value of assets and liabilities over the next twelve months are set out below:

#### Impairment of goodwill and fixed assets

The group has property, plant and equipment with a carrying value of £36m (note 12) and goodwill with a carrying value of £22m (note 9). These assets are reviewed annually for impairment as described on page 32 to ensure that goodwill and property, plant and equipment are not carried above their estimated recoverable amounts. To assess if any impairment exists, estimates are made of the future cash flows expected to result from the use of the asset and its eventual disposal. Actual outcomes could vary from such estimates of discounted future cash flows. Factors such as changes in expected use of property, plant and equipment, closure of facilities, or lower than anticipated revenues could result in impairment. For further details of assumptions see note 9.

#### Site development and cell engineering/capping

Total anticipated site development and cell engineering/capping costs are charged to the statement of comprehensive income as void usage progresses. Costs of site development and cell engineering/capping are estimated using either the work of external consultants or internal experts. Management uses its judgement and experience to provide for these estimated costs over the life of the site and cell.

#### Aftercare costs

Provision is made for aftercare costs as soon as the obligation arises and is charged to the statement of comprehensive income as void usage progresses. Aftercare costs are estimated using either the work of external consultants or internal experts. Management uses its judgement and experience to provide for these estimated costs over the life of the site.

#### Income taxes

At 31 December 2009, the net liability for current income tax is £0.6m. A deferred tax asset of £0.1m has also been recognised. Estimates may be required in determining the level of current and deferred income tax assets and liabilities, which the directors believe are reasonable and adequately recognise any income tax related uncertainties. Various factors may have favourable or adverse effects on the income tax assets or liabilities. These include changes in tax legislation, tax rates and allowances, future levels of spending and the group's level of future earnings.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2009

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## 1 Accounting policies continued

### (q) New IFRS standards and interpretations not applied

The IASB and IFRIC have issued additional standards and interpretations which are effective for periods starting after the date of these financial statements. The following standards and interpretations have yet to be adopted by the group:

- IFRS 9 'Financial Instruments' (effective 1 January 2013)
- IAS 24 'Related Party Disclosures' (revised 2009) (effective 1 January 2011)
- Amendment to IAS 32 'Classification of Rights Issues' (effective 1 February 2010)
- IAS 27 'Consolidated and Separate Financial Statements' (revised 2008) (effective 1 July 2009)
- Amendment to IAS 39 'Financial Instruments: Recognition and Measurement – Eligible Hedged Items' (effective 1 July 2009)
- Amendment to IFRS 2 'Group Cash-settled Share-based Payment Transactions' (effective 1 January 2010)
- Improvements to IFRS 2009 (various effective dates, earliest of which is 1 July 2009, but mostly 2010)
- IFRS 3 'Business Combinations' (revised 2008) (effective 1 July 2009)
- IFRIC 17 'Distributions of Non-cash Assets to Owners' (effective 1 July 2009)
- IFRIC 18 'Transfers of Assets from Customers' (effective prospectively for transfers on or after 1 July 2009)
- IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments' (effective 1 July 2010)
- Amendments to IFRIC 14 'Prepayments of a Minimum Funding Requirement' (effective 1 January 2011)
- Amendment to IFRS 1 'Additional Exemptions for First-time Adopters' (effective 1 January 2010)

IFRS 9, IAS 24, amendments to IFRS 2, IFRIC 19 and amendments to IFRS 1 are not yet adopted by the European Union and therefore no disclosure is required under IAS 8.

Amendment to IAS 32, amendment to IAS 39, IFRIC 17 and IFRIC 18 are not relevant to the group and therefore no disclosure is required.

IFRS 3 and IAS 27 – the revised standards introduce major changes to the accounting requirements for business combinations, transactions with non-controlling interests and loss of control of a subsidiary. Management is currently assessing the detailed impact of this amendment on the group's consolidated financial statements. IFRS 3 does not require retrospective application.

The revised standards will be adopted in the group's consolidated financial statements, where relevant for the period beginning 1 January 2010.

### (r) New IFRS standards and interpretations applied

IAS 1 'Presentation of Financial Statements' (revised 2007) has been adopted in the period. The adoption of IAS 1 'Presentation of Financial Statements' (revised 2007) has not affected the financial position or profits of the group, but does give rise to additional disclosures. The measurement and recognition of the group's assets, liabilities, income and expenses is unchanged, however some items that were recognised directly in equity are now recognised in other comprehensive income. In accordance with the new standard the entity does not present a 'Statement of Recognised Income and Expenses'. Furthermore, a 'Statement of Changes in Equity' is presented.

IAS 1 'Presentation of Financial Statements' (revised 2007) requires presentation of a comparative Statement of Financial Position as at the beginning of the first comparative period, in some circumstances. Management considers that this is not necessary this year because the 2007 statement of financial position is unchanged from the version previously published.

IFRS 8 has been adopted in the period. The adoption of IFRS 8 has not changed the segments that are disclosed in these financial statements because, in the previous annual report, segments were already based on the internal management reporting information that is regularly reviewed by the chief operating decision maker.

IAS 23 'Borrowing Costs' has been adopted in the period. The adoption of IAS 23 has not affected the financial position or profits of the group.

## 2 Segmental analysis

The group's business segments provide services which are subject to risks and returns which are different from each other. The group's internal organisation and management structure and its system of internal financial reporting are based primarily on business segments. The business segments comprise the landfill division and the treatment division. Segmental revenue, expense and results include transactions between businesses, undertaken on normal commercial terms, which are eliminated on consolidation. There are no geographical business segments as all the group's activities take place within the United Kingdom.

	2009			2008		
	Landfill division £'000	Treatment division £'000	Group £'000	Landfill division £'000	Treatment division £'000	Group £'000
<b>Statement of comprehensive income</b>						
<b>Revenue</b>						
External sales net of landfill tax	11,375	16,732	28,107	13,993	22,260	36,253
Landfill tax	3,433	—	3,433	3,828	—	3,828
External sales	14,808	16,732	31,540	17,821	22,260	40,081
Inter-segment sales	1,570	—	1,570	1,616	—	1,616
<b>Total revenue</b>	<b>16,378</b>	<b>16,732</b>	<b>33,110</b>	<b>19,437</b>	<b>22,260</b>	<b>41,697</b>
<b>Result</b>						
Operating profit/(loss) before exceptional costs	4,633	(2,306)	2,327	4,923	1,234	6,157
Exceptional costs	(38,679)	(16,986)	(55,665)	(996)	—	(996)
<b>Operating (loss)/profit</b>	<b>(34,046)</b>	<b>(19,292)</b>	<b>(53,338)</b>	<b>3,927</b>	<b>1,234</b>	<b>5,161</b>
Finance charges			(1,184)			(1,844)
Share of loss of jointly controlled entity			(30)			(292)
<b>(Loss)/profit before tax</b>			<b>(54,552)</b>			<b>3,025</b>
Tax			—			621
<b>(Loss)/profit for the year attributable to equity shareholders</b>			<b>(54,552)</b>			<b>3,646</b>
<b>Other information</b>						
Additions to property, plant, equipment and intangible assets	3,069	3,698	6,767	1,768	4,211	5,979
Depreciation and amortisation	(2,411)	(1,416)	(3,827)	(3,336)	(1,088)	(4,424)
<b>Statement of financial position</b>						
<b>Assets</b>						
Segment assets	39,779	25,978	65,757	78,976	41,282	120,258
<b>Unallocated segment assets</b>						
Cash and cash equivalents			335			765
<b>Group total assets</b>			<b>66,092</b>			<b>121,023</b>
<b>Liabilities</b>						
Segment liabilities	(11,061)	(5,100)	(16,161)	(10,621)	(5,882)	(16,503)
<b>Unallocated segment liabilities</b>						
Bank overdraft and loans			(4,714)			(17,000)
Share of losses in jointly controlled entity			(446)			(416)
<b>Group total liabilities</b>			<b>(21,321)</b>			<b>(33,919)</b>

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2009

## 3 (Loss)/profit for the year

Loss for the year is arrived at after charging/(crediting):

	2009 £'000	2008 £'000
Fees payable to the company's auditor for the audit of the annual financial statements	50	48
Fees payable to the company's auditor for other services:		
– audit of the financial statements of the company's subsidiaries pursuant to legislation	3	10
– other services relating to tax – compliance and advice	25	34
– services relating to corporate finance transactions	—	28
– other services	3	12
	81	132
Amortisation of intangible assets	131	185
Depreciation of property, plant and equipment:		
– owned assets	3,405	3,937
– assets held under finance leases and hire purchase contracts	292	302
Operating leases:		
– land and buildings	147	104
– plant and machinery	422	524
Profit on disposal of shares in subsidiary undertaking	(702)	—
Profit on sale of property, plant and equipment	(15)	(13)
Exceptional items:		
– goodwill tax adjustment	—	765
– goodwill impairment (note 9)	55,217	—
– restructuring charges	164	—
– costs of offer period	118	231
– costs relating to Environment Agency prosecution	166	—
– costs relating to write off of old bank facility arrangement fees	189	—

## 4 Finance charges

	2009 £'000	2008 £'000
<b>Interest payable</b>		
Interest and charges payable on bank loans, guarantees and overdrafts	1,029	1,737
Interest on finance leases and hire purchase contracts	55	25
Unwinding discount on provisions	100	100
	1,184	1,862
<b>Interest receivable</b>		
Bank and other interest receivable	—	(18)
	1,184	1,844



## 5 Group and company employees

The average monthly number of employees analysed by function was:

	2009 Number	2008 Number
Sales	29	27
Operations	170	161
Administration	41	33
	240	229
	2009 £'000	2008 £'000
Wages and salaries	7,135	6,807
Social security costs	742	721
Other pension costs	199	198
	8,076	7,726

Details of other statutory directors' remuneration disclosures are given in the directors' remuneration report on pages 21 to 23 under directors' emoluments and directors' share plans.

The directors have identified seven (2008: six) key management personnel whose compensation was as follows:

	2009 £'000	2008 £'000
Short term employment benefits	829	811
Post employment benefits	71	46
	900	857

## 6 Tax

	2009 £'000	2008 £'000
<b>Current tax</b>		
UK corporation tax on result for the year	(293)	—
Adjustments in respect of prior years	—	—
	(293)	—
<b>Deferred tax</b>		
Charge/(credit) in respect of the current year	128	(621)
Adjustments in respect of prior years	165	—
	293	(621)
<b>Tax credit on result for the year</b>	—	(621)

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2009

## 6 Tax continued

### Tax reconciliation

	2009		2008	
	£	%	£	%
(Loss)/profit before tax	(54,552)		3,025	
Tax at theoretical rate	(15,275)	28%	847	28%
Effects of:				
– expenses not deductible for tax purposes	15,470	(28)%	75	2%
– utilisation of tax losses previously unrecognised	—	0%	(1,733)	(57)%
– change in unrecognised deferred tax assets	(502)	1%	(412)	(14)%
– adjustment in respect of prior periods	307	(1)%	602	20%
Tax charge/(credit) on result	—	0%	(621)	(21)%

Deferred tax has been recognised during the year in respect of tax losses in certain of the group's subsidiaries as the directors believe there is sufficient certainty over the extent and timing of their recovery to do so. The deferred tax asset recognised was £121,000 (2008: £413,000).

No deferred tax has been recognised during the year in respect of temporary differences as there is uncertainty over the extent and timing of their recovery. The potential deferred tax assets in respect of the temporary differences are analysed as follows:

	2009 £'000	2008 £'000
Depreciation in excess of capital allowances	2,311	2,786
Other temporary differences (mainly relating to specific tax rules for the timing of landfill deductions)	89	116
Unrecognised deferred tax asset	2,400	2,902

## 7 (Loss)/earnings per share

	2009 £'000	2008 £'000
(Loss)/profit after tax for the purposes of basic and diluted earnings per share	(54,552)	3,646
Exceptional costs	55,854	996
Profit after tax for the purposes of basic and diluted adjusted earnings per share	1,302	4,642

	Number	Number
<b>Number of shares</b>		
Weighted average number of shares for basic earnings per share	72,976,669	65,488,892
Effect of dilutive potential ordinary shares from share options	—	—
Weighted average number of shares for diluted earnings per share	72,972,669	65,488,892
<b>(Loss)/earnings per share</b>		
Basic and diluted	(74.8)p	5.6p
<b>Adjusted earnings per share</b>		
Basic and diluted	1.8p	7.1p

## 8 Jointly controlled entity

Terramundo Limited is a 50:50 jointly controlled entity between Augean PLC and DEC NV. Terramundo is a ground remediation facility which uses various techniques to clean contaminated soils of both organic and inorganic contaminants.

The cost of investment held by the company at 31 December 2009 was £nil (2008: £100).

During the period ended 31 December 2009 the jointly controlled entity generated the following revenue and costs:

	2009 £'000	2008 £'000
Revenue	319	1,241
Costs	(379)	(1,825)
Loss	(60)	(584)

At 31 December 2009 the jointly controlled entity held net liabilities of £892,000 (2008: £832,000), of which the group's 50% share was £446,000 (2008: £416,000). The net liabilities of the jointly controlled entity are analysed below:

	2009 £'000	2008 £'000
Non-current assets	39	55
Current assets	406	379
Current liabilities	(1,187)	(1,116)
Non-current liabilities	(150)	(150)
Net liabilities	(892)	(832)

## 9 Goodwill

	Total £'000
<b>Cost</b>	
At 1 January 2008	104,340
Acquired on business combinations	1,039
Goodwill adjustment on the recognition of deferred tax	(765)
At 1 January 2009	104,614
Revisions to fair values (note 22)	(846)
<b>At 31 December 2009</b>	<b>103,768</b>
<b>Provision for impairment</b>	
At 1 January 2008	(26,846)
Impairment loss for the year	—
At 1 January 2009	(26,846)
Impairment loss for the year	(55,217)
<b>At 31 December 2009</b>	<b>(82,063)</b>
<b>Net book value</b>	
<b>At 31 December 2009</b>	<b>21,705</b>
At 31 December 2008	77,768
At 1 January 2008	77,494

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2009

## 9 Goodwill continued

Goodwill is allocated to the group's CGUs which are defined as the group's primary business segments and are the lowest level at which goodwill is monitored for internal management purposes. The allocation of goodwill by CGU is as follows:

	2009 £'000	2008 £'000
Landfill division	11,563	50,124
Treatment division	10,142	27,644
Total	21,705	77,768

Goodwill is tested for impairment annually or when other events or changes in circumstance indicate that the carrying amount may not be fully recoverable. The goodwill impairment test is performed by comparing the carrying value of the CGU and associated goodwill with the aggregate recoverable amount. The recoverable amount is estimated by calculating value in use on a discounted cash flow basis.

The key assumptions used in this calculation are estimates of volume, price, operating margin, compaction rates (landfill only) and discount rate.

Cash flow projections for the landfill division are based on approved budgets and plans for 2010 (which take into account historic trading) and, beyond this period, have been forecast until site closure assuming steady revenue streams to reflect expected volume decreases offset by increases in average price, as the availability of landfill resource becomes more scarce. Forecast margin was determined based upon past performance and expectations for the market development.

Cash flow projections for the treatment division are based on approved budgets and plans for 2010 and beyond this period have been forecast into the future with growth in gross profit assumed to be lower than 5%. This growth rate does not exceed the long term average growth rate for the business in which the CGU operates.

The cash flows have been discounted using a pre-tax discount rate of 12% (2008: 9%) which reflects the overall business risks associated with waste management activities.

The impairment charge recognised in the year of £55,217,000 arises due to an impairment of £38,561,000 in the landfill division and £16,656,000 in the treatment division. The impairments in the landfill and treatment divisions arise principally due to changes in assumptions regarding the long term growth of the hazardous waste sector. The circumstances around the recognition of this impairment loss are discussed further in the business review.

## 10 Other intangible assets

	Group			Company
	Customer contracts £'000	Computer software £'000	Total £'000	Computer software £'000
<b>Cost</b>				
At 1 January 2008	374	224	598	195
Additions	—	22	22	11
At 1 January 2009	374	246	620	206
Additions	—	44	44	42
<b>At 31 December 2009</b>	<b>374</b>	<b>290</b>	<b>664</b>	<b>248</b>
<b>Amortisation</b>				
At 1 January 2008	68	150	218	125
Charge for year	125	60	185	56
At 1 January 2009	193	210	403	181
Charge for year	102	29	131	25
<b>At 31 December 2009</b>	<b>295</b>	<b>239</b>	<b>534</b>	<b>206</b>
<b>Net book value</b>				
<b>At 31 December 2009</b>	<b>79</b>	<b>51</b>	<b>130</b>	<b>42</b>
At 31 December 2008	181	36	217	25
At 1 January 2008	306	74	380	70

## 11 Investments

Company	£'000
<b>Cost</b>	
At 1 January 2008	129,412
Additions	1,465
At 1 January 2009	130,877
Revisions to fair values (note 23)	(846)
<b>At 31 December 2009</b>	<b>130,031</b>
<b>Provision for impairment</b>	
At 1 January 2008	(32,599)
Impairment loss for year	—
At 1 January 2009	(32,599)
Impairment loss for the year	(41,851)
<b>At 31 December 2009</b>	<b>(74,450)</b>
<b>Net book value</b>	
<b>At 31 December 2009</b>	<b>55,581</b>
At 1 January 2009	98,278
At 1 January 2008	96,813

The impairment charge recognised in the year of £41,851,000 arises principally in the landfill division due to changes in assumptions regarding the long term growth of the hazardous waste landfill sector. The circumstances around the recognition of this impairment loss are discussed further in the business review and in note 9.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2009

## 11 Investments continued

The principal trading subsidiary companies of the group are as follows:

Name of company	Country of registration or incorporation	Proportion held %	Nature of business
Augean Treatment Limited	England and Wales	100	Waste treatment
Augean North Limited	England and Wales	100	Landfill operations
Augean South Limited	England and Wales	100	Landfill operations

These companies are owned directly by Augean PLC with the exception of Augean South Limited.

In addition to the above, the company holds 50% of the issued share capital of Terramundo Limited, a jointly controlled entity with DEC NV (note 8).

## 12 Property, plant and equipment

### Group

	Freehold land and buildings £'000	Engineered cells £'000	Plant and machinery £'000	Total £'000
<b>Cost</b>				
At 1 January 2008	29,738	4,754	5,287	39,779
Additions	2,429	22	3,506	5,957
Disposals	—	—	(62)	(62)
At 1 January 2009	32,167	4,776	8,731	45,674
Additions	1,184	2,132	3,406	6,722
Disposals	(33)	—	(173)	(206)
<b>At 31 December 2009</b>	<b>33,318</b>	<b>6,908</b>	<b>11,964</b>	<b>52,190</b>
<b>Accumulated depreciation</b>				
At 1 January 2008	3,883	3,250	1,146	8,279
Charged for year	1,583	1,315	1,341	4,239
Disposals	—	—	(20)	(20)
At 1 January 2009	5,466	4,565	2,467	12,498
Charged for year	1,144	958	1,595	3,697
Disposals	—	—	(138)	(138)
<b>At 31 December 2009</b>	<b>6,610</b>	<b>5,523</b>	<b>3,924</b>	<b>16,057</b>
<b>Net book value</b>				
<b>At 31 December 2009</b>	<b>26,708</b>	<b>1,385</b>	<b>8,040</b>	<b>36,133</b>
At 1 January 2009	26,701	211	6,264	33,176
At 1 January 2008	25,855	1,504	4,141	31,500

Plant and machinery includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2009 £'000	2008 £'000
Cost	2,534	1,529
Accumulated depreciation	(358)	(588)
Net book value	2,176	941

## 12 Property, plant and equipment continued Company

	Freehold land and buildings £'000	Plant and machinery £'000	Total £'000
<b>Cost</b>			
At 1 January 2008	771	187	958
Additions	—	81	81
At 1 January 2009	771	268	1,039
Additions	7	28	35
<b>At 31 December 2009</b>	<b>778</b>	<b>296</b>	<b>1,074</b>
<b>Accumulated depreciation</b>			
At 1 January 2008	31	99	130
Charged for year	14	53	67
At 1 January 2009	45	152	197
Charged for year	13	60	73
<b>At 31 December 2009</b>	<b>58</b>	<b>212</b>	<b>270</b>
<b>Net book value</b>			
<b>At 31 December 2009</b>	<b>720</b>	<b>84</b>	<b>804</b>
At 1 January 2009	726	116	842
At 1 January 2008	740	88	828

Plant and machinery includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2009 £'000	2008 £'000
Cost	—	22
Accumulated depreciation	—	(16)
Net book value	—	6

## 13 Trade and other receivables

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Trade receivables	5,058	6,462	—	—
Amounts due from jointly controlled entity	743	668	75	—
Other receivables	1,167	345	233	189
Prepayments and accrued income	570	1,071	300	580
	<b>7,538</b>	<b>8,546</b>	<b>608</b>	<b>769</b>

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2009

## 13 Trade and other receivables continued

With the exception of amounts due from the jointly controlled entity, all amounts are short term. The carrying amount of trade receivables is considered a reasonable approximation of fair value.

All trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and a provision of £275,000 (2008: £298,000) has been recorded accordingly.

## 14 Trade and other payables

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Current				
Trade payables	2,694	3,228	658	450
Amounts due to subsidiary undertakings	—	—	9,133	7,758
Amounts due to jointly controlled entity	395	121	—	—
Other taxes and social security	1,724	2,277	498	1,098
Accruals and deferred revenue	2,792	3,856	576	587
Deferred consideration	204	750	204	750
	7,809	10,232	11,069	10,643
Non-current				
Deferred consideration	—	300	—	300

All amounts are short term. The carrying values are considered to be a reasonable approximation of fair value.

## 15 Financial liabilities

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Current				
Bank overdraft	—	—	—	1,009
Bank loans	—	4,400	—	4,400
Obligations under finance leases	450	252	—	—
	450	4,652	—	5,409
Non-current				
Bank loans	4,714	12,600	4,746	12,600
Obligations under finance leases	1,150	294	—	—
	5,864	12,894	4,746	12,600



## 15 Financial liabilities continued

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
<b>Analysis of total financial liabilities</b>				
Bank overdraft	—	—	—	1,009
Bank loans	4,714	17,000	4,746	17,000
Obligations under finance leases	1,600	546	—	—
	<b>6,314</b>	<b>17,546</b>	<b>4,746</b>	<b>18,009</b>
Total financial liabilities are repayable as follows:				
– on demand or within one year	450	4,652	—	5,409
– in the second year	450	4,652	—	4,400
– in the third to fifth years inclusive	5,414	8,242	4,746	8,200
– in more than five years	—	—	—	—
	<b>6,314</b>	<b>17,546</b>	<b>4,746</b>	<b>18,009</b>
Obligations under finance leases are repayable as follows:				
– on demand or within one year	450	252	—	—
– in the second year	450	252	—	—
– in the third to fifth years inclusive	700	42	—	—
	<b>1,600</b>	<b>546</b>	<b>—</b>	<b>—</b>

The obligations under finance leases are secured against the specific assets financed. The bank overdraft, bank loan and guarantees are secured by way of cross guarantees and indemnities across the group.

Further information on financial instruments is provided in note 23.

## 16 Provisions

	Group		
	Restoration and aftercare costs of landfill sites £'000	Other provisions £'000	Total £'000
At 1 January 2008	1,759	1,921	3,680
Charged to statement of comprehensive income during the year – unwinding of discount provisions	100	—	100
Charged to statement of comprehensive income during the year – other	148	—	148
Utilised during the year	(18)	(25)	(43)
At 1 January 2009	1,989	1,896	3,885
Charged to statement of comprehensive income during the year – unwinding of discount provisions	100	—	100
Charged to statement of comprehensive income during the year – other	79	14	93
Utilised during the year	(7)	(7)	(14)
Additional capping provision	—	2,127	2,127
<b>At 31 December 2009</b>	<b>2,161</b>	<b>4,030</b>	<b>6,191</b>

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2009

## 16 Provisions continued

The provision for restoration and aftercare relates to closure and post-closure costs for all landfill sites, charged over the estimated active life of the landfill sites. The expenditure is incurred partially on completion of the landfill sites and in part after the closure of the landfill sites over a considerable number of years. The provision has been estimated using current costs and is discounted using a real rate of 3%.

Other provisions relate to the future cost of capping cells, for remediation of issues inherited on landfill sites acquired from Atlantic Waste Holdings Limited and for potential landfill tax exposures.

## 17 Share capital

	2009 £'000	2008 £'000
Authorised – 103,000,000 (2008: 100,500,000) shares of 10p	10,300	10,050
Allotted, called up and fully paid – 99,699,414 (2008: 65,488,892) shares of 10p	9,970	6,549

During the year the authorised share capital was increased by 2,500,000 shares of 10p nominal value. The group completed a placing of 34,210,522 new shares in October 2009 which were fully subscribed and paid up.

	Number of shares	£'000
Allotted, called up and fully paid as at 1 January 2009	65,488,892	6,549
New shares issued in the year	34,210,522	3,421
<b>Allotted, called up and fully paid as at 31 December 2009</b>	<b>99,699,414</b>	<b>9,970</b>

## 18 Share-based payments

At 31 December 2009 outstanding awards to subscribe for ordinary shares of 10p each in the company, granted in accordance with the rules of the Augean share option schemes and the Augean LTIP, were as follows:

Exercise or vesting date	Exercise price	At 1 January 2009	Exercised	Lapsed	Granted	At 31 December 2009
<b>Augean Share Option Schemes</b>						
December 2004 – December 2014	180.00p	1,200,000	—	—	—	1,200,000
December 2008 – December 2015	147.50p	339,828	—	(339,828)	—	—
October 2009 – October 2016	138.25p	144,665	—	(144,665)	—	—
December 2012 – December 2019	39.50p	—	—	—	1,810,122	1,810,122
		1,684,493	—	(484,493)	1,810,122	3,010,122
<b>Warrants</b>						
March 2005 – December 2009	180.0p	1,309,776	—	(1,309,776)	—	—
		1,309,776	—	(1,309,776)	—	—
<b>Augean LTIP</b>						
5 July 2010	10.0p	196,299	—	—	—	196,299
29 April 2011	10.0p	513,429	—	—	—	513,429
21 December 2012	10.0p	—	—	—	1,107,590	1,107,590
		709,728	—	—	1,107,590	1,817,318
		3,703,997	—	(1,794,269)	2,917,712	4,827,440

## 18 Share-based payments continued

### Share options

The Augean share option schemes are for the benefit of the group's directors and senior management.

The fair value of remaining share options has been calculated using the Black Scholes model. The assumptions used in the calculation of the fair value of the share options outstanding during the year are as follows:

	Share options	Share options	Share options
Grant date	14 December 2005	30 October 2006	21 December 2009
Exercise period	December 2008 – December 2015	October 2009 – October 2016	December 2012 – December 2019
Share price at grant date	£1.47	£1.38	39.5p
Exercise price	£1.47	£1.38	39.5p
Shares under option	339,828	144,665	1,810,112
Expected volatility	40%	40%	43%
Expected life (years)	4.0	4.0	4.0
Risk-free rate	4.3%	4.8%	2.5%
Expected dividend yield	2.3%	2.2%	0.0%
Fair value per option	£0.49	£0.47	£0.14

Expected volatility was determined by reviewing the historical volatility of the company's share price since its formation by comparison to the average volatility of comparable listed companies.

The risk-free rate of return is the yield on zero coupon UK Government bonds of a term equal to the expected term of the options.

The share options have no performance criteria. Rights under the share option scheme are usually forfeited if the employee leaves the group of his own accord before the rights vest.

### LTIP

Under the LTIP senior employees may be granted an award annually of up to 100% of basic salary. The award vests in the form of shares in the company and is subject to the attainment of pre-determined performance conditions over a three year period. For the 2008 award which vests on 29 April 2011, participants will receive 100% of the award if the group's normalised pre-tax earnings for the year ended 31 December 2010 are greater than £7.1m. No award will vest unless the group's normalised pre-tax earnings for year ended 31 December 2010 are greater than £5.6m, at which level 30% of the award would apply. For the 2009 award which vests on 21 December 2012, participants will receive 100% of the award if the group's normalised pre-tax earnings for the year ended 31 December 2011 are greater than £11.3m. No award will vest unless the group's normalised pre-tax earnings for year ended 31 December 2011 are greater than £3.3m, at which level 30% of the award would apply. The performance conditions for the 2007 award, due to vest on 5 July 2010, have not been met and therefore no award is expected to vest.

Rights under the LTIP scheme are usually forfeited if the employee leaves the group of his own accord before the rights vest. The fair value of rights to acquire shares has been calculated based on the value of the shares on grant adjusted for future dividend streams. During the year the group recognised total expenses of £60,000 related to equity-settled share-based payment transactions. No options under either the share option or LTIP schemes were exercised or vested during the year.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2009

## 19 Operating lease commitments

The group has commitments to make minimum lease payments under non-cancellable operating leases as follows:

	2009 £'000	2008 £'000
<b>Plant and machinery</b>		
Leases which expire:		
– within one year	233	329
– within two to five years	497	47
	<b>730</b>	<b>376</b>
<b>Land and buildings</b>		
Leases which expire:		
– within one year	147	116
– within two to five years	274	358
– after five years	283	260
	<b>704</b>	<b>734</b>

## 20 Reconciliation of operating (loss)/profit to net cash generated from operating activities

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Operating (loss)/profit	(53,338)	5,161	(40,716)	1,573
Other non-cash charge – goodwill tax adjustment	—	765	—	—
Goodwill impairment	55,217	—	—	—
Investments impairment	—	—	41,851	—
Amortisation of intangible assets	131	185	26	56
Depreciation	3,697	4,239	75	66
Aftercare provisions	79	148	—	—
Earnings before interest, tax, depreciation and amortisation (EBITDA)	5,786	10,498	1,236	1,695
Profit on sale of property, plant and equipment	(15)	(13)	—	—
Profit on sale of disposal of subsidiary	(702)	—	—	—
Share-based payments	60	76	60	76
Decrease/(increase) in inventories	8	(42)	—	—
Decrease/(increase) in trade and other receivables	634	32	(214)	(4)
Decrease in net receivables from subsidiary undertakings	—	—	1,374	2,524
(Decrease)/increase in trade and other payables	(1,781)	1,123	(355)	748
Decrease in provisions	—	(43)	—	—
Cash generated from operations	3,990	11,631	2,101	5,039
Interest paid	(757)	(2,031)	(788)	(2,129)
Tax paid	(199)	(99)	—	—
Net cash generated from operating activities	3,034	9,501	1,313	2,910

## 21 Analysis of changes in net financial liabilities

	31 December 2008 £'000	Cash flow £'000	31 December 2009 £'000
Cash and cash equivalents	765	(430)	335
Bank loans due within one year	(4,400)	4,400	—
Bank loans due after one year	(12,600)	7,886	(4,714)
Finance leases	(546)	(1,054)	(1,600)
Net financial liabilities	(16,781)	10,802	(5,979)

## 22 Business combinations

### Prior year acquisitions

The 2008 financial statements included an estimate for deferred consideration relating to the acquisition of Hitech Equipment Limited of £750,000. The deferred consideration was based on specific targets set within the sale and purchase agreement for the year to 31 May 2009. The group does not now expect any deferred consideration to be payable which has resulted in a corresponding decrease in goodwill.

The 2008 financial statements also included an estimate for deferred consideration relating to the acquisition of Astec Chemical Waste Services Limited of £300,000. The deferred consideration was based on specific targets set within the sale and purchase agreement for the year to 31 December 2009. The group now expects deferred consideration of £204,000 to be payable which has resulted in a decrease in goodwill of £96,000.

## 23 Financial instruments

The assets of the group and company are categorised as follows:

	Group			Company		
	Loans and receivables £'000	Non-financial assets £'000	Total £'000	Loans and receivables £'000	Non-financial assets £'000	Total £'000
<b>As at 31 December 2009</b>						
Goodwill	—	21,705	21,705	—	—	—
Other intangible assets	—	130	130	—	42	42
Investments	—	—	—	—	55,581	55,581
Property, plant and equipment	—	36,133	36,133	—	804	804
Deferred tax asset	—	121	121	—	—	—
Inventories	—	130	130	—	—	—
Trade and other receivables	6,456	1,082	7,538	244	364	608
Cash and cash equivalents	335	—	335	131	—	131
	<b>6,791</b>	<b>59,301</b>	<b>66,092</b>	<b>375</b>	<b>56,791</b>	<b>57,166</b>

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2009

## 23 Financial instruments continued

	Group			Company		
	Loans and receivables £'000	Non-financial assets £'000	Total £'000	Loans and receivables £'000	Non-financial assets £'000	Total £'000
As at 31 December 2008						
Goodwill	—	77,768	77,768	—	—	—
Other intangible assets	—	217	217	—	25	25
Investments	—	—	—	—	98,278	98,278
Property, plant and equipment	—	33,176	33,176	—	842	842
Deferred tax asset	—	413	413	—	80	80
Inventories	—	138	138	—	—	—
Trade and other receivables	7,693	853	8,546	190	579	769
Cash and cash equivalents	765	—	765	—	—	—
	8,458	112,565	121,023	190	99,804	99,994

The liabilities of the group and company are categorised as follows:

	Group			Company		
	Financial liabilities at amortised cost £'000	Liabilities not within scope of IAS 39 £'000	Total £'000	Financial liabilities at amortised cost £'000	Liabilities not within scope of IAS 39 £'000	Total £'000
As at 31 December 2009						
Trade and other payables – current	5,951	1,858	7,809	10,619	450	11,069
Current tax liabilities	—	561	561	—	—	—
Financial liabilities – current	—	450	450	—	—	—
Financial liabilities – non-current	4,714	1,150	5,864	4,746	—	4,746
Provisions	—	6,191	6,191	—	—	—
Share of losses of jointly controlled entity	—	446	446	—	—	—
	10,665	10,656	21,321	15,365	450	15,815

	Group			Company		
	Financial liabilities at amortised cost £'000	Liabilities not within scope of IAS 39 £'000	Total £'000	Financial liabilities at amortised cost £'000	Liabilities not within scope of IAS 39 £'000	Total £'000
As at 31 December 2008						
Trade and other payables – current	7,938	2,294	10,232	9,517	1,127	10,644
Current tax liabilities	—	1,540	1,540	—	—	—
Financial liabilities – current	4,400	252	4,652	5,409	—	5,409
Financial liabilities – non-current	12,600	294	12,894	12,600	—	12,600
Provisions	—	3,885	3,885	—	—	—
Trade and other payables – non-current	300	—	300	300	—	300
Share of losses of jointly controlled entity	—	416	416	—	—	—
	25,238	8,681	33,919	27,826	1,127	28,953

### 23 Financial instruments continued

The group and company's financial liabilities have contractual maturities (including interest payments where applicable) which are summarised below:

#### Group

	Amounts due in less than one year £'000	Amounts due in second to fifth year £'000	Financial liabilities £'000
As at 31 December 2009			
Trade and other payables – current	5,951	—	5,951
Financial liabilities – non-current	—	5,242	5,242
	5,951	5,242	11,193

	Amounts due in less than one year £'000	Amounts due in second to fifth year £'000	Financial liabilities £'000
As at 31 December 2008			
Trade and other payables – current	7,938	—	7,938
Financial liabilities – current	5,339	—	5,339
Financial liabilities – non-current	—	13,945	13,945
Trade and other payables – non-current	—	300	300
	13,277	13,194	27,522

#### Company

	Amounts due in less than one year £'000	Amounts due in second to fifth year £'000	Financial liabilities £'000
As at 31 December 2009			
Trade and other payables – current	10,619	—	10,619
Financial liabilities – non-current	—	5,173	5,173
	10,619	5,173	15,792

	Amounts due in less than one year £'000	Amounts due in second to fifth year £'000	Financial liabilities £'000
As at 31 December 2008			
Trade and other payables – current	9,516	—	9,516
Financial liabilities – current	6,156	—	6,156
Financial liabilities – non-current	—	13,651	13,651
Trade and other payables – non-current	—	300	300
	15,672	13,951	29,623

#### Risk management objectives and policies

As the group's transactions take place solely in sterling there is no direct foreign currency risk. The principal risks arising from the group's financial instruments are liquidity, credit and interest rate risk.

The group's principal financial instruments during the period comprised bank loans, cash and finance leases. The main purpose of these financial instruments is to finance the group's operations. The group's other financial instruments include short term receivables and payables which arise directly from its operations. There was no material difference between the fair value of the assets and liabilities and their book value.

The group has maintained its policy that no trading in financial instruments shall be undertaken.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2009

## 23 Financial instruments continued

### Risk management objectives and policies continued

#### Liquidity risk

The group seeks to maintain a balance between continuity of funding and flexibility. The objective is to maintain sufficient resource to meet the funding needs for the foreseeable future. At 31 December 2009 the group carried relatively low levels of debt and short term flexibility is achieved by bank facilities comprising of a £10m revolving credit and overdraft facility committed until 30 November 2012.

#### Credit risk

The group has a customer credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The group has standard credit terms of 30 days from date of invoice. Invoices greater than 30 days old are assessed as overdue. The maximum exposure to credit risk is the carrying value of each financial asset included on the statement of financial position as summarised below:

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Cash and cash equivalents	335	765	131	—
Trade and other receivables	7,538	8,546	608	769
	7,873	9,311	739	769

At 31 December 2009, £3,428,000 (2008: £3,245,000) of trade receivables were past due. A provision of £275,000 (2008: £298,000) is held to mitigate the exposure to potential bad and doubtful debts.

The ageing of the group's trade receivables past their due date but not impaired is as follows:

	2009 £'000	2008 £'000
Greater than one but not more than four months old	2,790	2,384
More than four months old	638	861
Total past due trade receivables	3,428	3,245
Trade receivables not yet past due – less than one month old	1,905	3,515
Total gross trade receivables	5,333	6,760
Bad debt provision	(275)	(298)
Total net trade receivables	5,058	6,462

The group's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good quality.

The company has no trade receivables.

The movement on the bad debt provision in the period is analysed below:

	£'000
Bad debt provision as at 31 December 2008	298
Amounts utilised	(23)
<b>Bad debt provision as at 31 December 2009</b>	<b>275</b>



## 23 Financial instruments continued

### Risk management objectives and policies continued

#### Interest rate risk

The group finances its operations through a mixture of retained profits, bank borrowings and hire purchase leasing. Due to the relatively low level of the group's borrowings no interest rate swaps or other forms of risk management have been undertaken. The group regularly reviews its exposure to interest rate risk and will take future action if required to minimise the impact on the business of movements in interest rates.

The interest rate profile of the group and company's financial liabilities at 31 December 2009 was:

	Fixed rate £'000	Floating rate £'000	Total £'000
Group			
Bank loans	—	4,714	4,714
Finance leases	294	1,306	1,600
<b>At 31 December 2009</b>	<b>294</b>	<b>6,020</b>	<b>6,314</b>
At 31 December 2008	546	17,000	17,546
Company	Fixed rate £'000	Floating rate £'000	Total £'000
Bank loans	—	4,746	4,746
Finance leases	—	—	—
<b>At 31 December 2009</b>	<b>—</b>	<b>4,746</b>	<b>4,746</b>
At 31 December 2008	—	18,009	18,009

The interest rate on the floating rate bank borrowings is 2.5% above LIBOR. A change in interest rate by 0.5% affects the interest cost for both the group and company by approximately £25,000.

The finance lease agreements of the group under fixed rate contracts have a weighted average interest rate of 6.6% (2008: 6.6%) and a weighted average duration of two years (2008: two years). The finance lease agreements of the group under floating rate contracts have a weighted average interest rate of 3.1% and a weighted average duration of five years.

The maturity profile of the group's financial liabilities is shown in note 15.

#### Capital management policies and procedures

The group's capital management objectives are to ensure the group's ability to continue as a going concern, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

## 24 Post-year end events

There have been no post-year end events.

## 25 Contingent liabilities and cross guarantees

In accordance with PPC permitting, the group has to make such financial provision as is deemed adequate by the Environment Agency to discharge its obligations under the relevant site permits for its landfill sites. Consequently guarantees have been provided in favour of the Environment Agency in respect of the group's landfill sites. Total guarantees outstanding at the year end were £7.1m (2008: £5.6m). Future site restoration costs for each landfill site have been provided as disclosed in note 16.

The group's debt is secured by way of fixed and floating charges over certain of the group's assets.

The company and its subsidiary undertakings cross guarantee to the group's bankers the borrowings of each company covered by the guarantee.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2009

## 26 Related party disclosures

IAS 24 'Related Party Transactions' requires the disclosure of the details of material transactions between reporting entities and related parties. The group has taken advantage of the exemption under IAS 24 not to disclose transactions between subsidiaries which are eliminated on consolidation.

Related party transactions of the group which are not eliminated on consolidation and related party transactions of the company are both as follows:

Group	2009 £'000	2008 £'000
Transactions with Terramundo Limited:		
– revenue	232	647
– costs	(36)	(66)
	2009 £'000	2008 £'000
Amounts owed to Terramundo Limited:		
– less than one year	395	121
Amounts owed by Terramundo Limited:		
– less than one year	668	668
– more than one year	75	75
	743	743

Related party transactions of the company are noted below:

### Transactions and balances with jointly controlled entity

Company	2009 £'000	2008 £'000
Transactions with Terramundo Limited:		
– revenue	—	—
– costs	—	—
Amounts owed by Terramundo Limited:		
– less than one year	—	—
– more than one year	75	75
	75	75

### Transactions and balances with subsidiary undertakings

Included within current trade and other payables are amounts owed to 100% subsidiary undertakings of £9,133,000 (2008: £7,758,000).

The movement in the company's balances with its subsidiaries reflects the group's banking facilities and arrangements operating during the year.

# GUIDANCE FOR SHAREHOLDERS

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We are pleased to be writing to you with details of our annual general meeting (AGM) which we are holding at the offices of Mayer Brown International LLP, 201 Bishopsgate, London EC2M 3AF on Tuesday 8 June 2010 at 10.00am. The formal notice of AGM is set out on pages 58 to 59 of this document.

If you would like to vote on the resolutions but cannot come to the AGM, please fill in the proxy form sent to you with this notice and return it to our registrars as soon as possible. They must receive it by 10.00am on Sunday 6 June 2010.

In addition to the routine business of the AGM, there are two items of special business to be transacted, as summarised and explained below:

## Issues of share capital (resolutions 5 and 6)

- The existing general authority of the directors to allot shares and the current disapplication of the statutory pre-emption rights expire at the conclusion of the AGM.
- Article 4.6 of the company's Articles of Association contains a general authority for the directors to allot shares in the company for a period (not exceeding five years) (the "prescribed period") and up to a maximum aggregate nominal amount (the "Section 551 amount") approved by a special or ordinary resolution of the company. Article 4.6 also empowers the directors during the prescribed period to allot shares for cash in connection with a rights issue and also to allot shares in any other circumstances up to a maximum aggregate nominal amount approved by a special resolution of the company (the "Section 561 amount").
- Resolution 5, which will be proposed as an ordinary resolution, provides for the Section 551 amount to be £3,323,313 (being an amount equal to one third of the issued ordinary share capital of the company at the date of this report).
- Resolution 6, which will be proposed as a special resolution and which will only be effective if resolution 5 is passed, provides for the Section 561 amount to be £498,497 representing 5% of the company's issued share capital. The prescribed period for which these powers and authorities are granted will expire at the conclusion of the AGM to be held next year (or on 8 September 2011 if earlier) when the directors intend to seek renewal of the authority.

## Action to be taken by shareholders

Shareholders will find enclosed with this document a form of proxy for use at the AGM. Whether or not you intend to be present at the AGM (or any adjournment thereof) you are requested to complete, sign and return the form of proxy in accordance with the instructions printed on it so as to be received by the company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, as soon as possible but in any event not later than 10.00am on Sunday 6 June 2010. The completion and return of the form of proxy will not preclude you from attending and voting at the meeting, should you so wish.

## Recommendation

The directors consider that the proposals set out above are in the best interests of the company and its shareholders as a whole. They recommend that you vote in favour of the resolutions set out in the notice of meeting as they intend to do in respect of their own beneficial holdings.

## Inspection of documents

The following documents will be available for inspection at Mayer Brown International LLP, 201 Bishopsgate, London EC2M 3AF until the time of the AGM and at the AGM location from 15 minutes before the AGM until it ends:

- (i) copies of the executive directors' service contracts; and
- (ii) copies of letters of appointment of the non-executive directors.

# NOTICE OF ANNUAL GENERAL MEETING

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NOTICE IS HEREBY GIVEN that the AGM of the above named company will be held at offices of Mayer Brown International LLP, 201 Bishopsgate, London EC2M 3AF on Tuesday 8 June 2010 at 10.00am for the purpose of considering and, if thought fit, passing the resolutions set out below. Resolution 6 will be proposed as a special resolution. All other resolutions will be proposed as ordinary resolutions.

## Ordinary resolutions

1. THAT the report of the directors and the financial statements for the year ended 31 December 2009 be received.
2. THAT Paul Blackler be re-elected as a director of the company.
3. THAT Grant Thornton UK LLP be re-appointed auditor of the company, to hold office until the next general meeting at which accounts are laid.
4. THAT the directors be authorised to determine the auditor's remuneration.
5. THAT the authority to allot shares and grant rights to subscribe for or to convert any security into shares ("Rights") conferred on the directors by Article 4.6(a) of the company's Articles of Association be granted for the period ending on 8 September 2011 or at the conclusion of the AGM of the company to be held after the date of the passing of this resolution (whichever is the earlier) and for that period the Section 551 amount is £3,323,313.

## Special resolution

6. THAT, subject to the passing of resolution 5, the power to allot equity securities as if s561(1) did not apply to any such allotment conferred on the directors by Article 4.6(b) of the company's Articles of Association be granted for the period ending on 8 September 2011 or at the conclusion of the AGM of the company to be held after the date of the passing of this resolution (whichever is the earlier) and for that period the Section 561 amount is £498,497.

By order of the Board



**Susan Fadil, FCIS**  
Company secretary  
23 March 2010

## Registered office:

4 Rudgate Court  
Walton  
Wetherby  
West Yorkshire  
LS23 7BF

**Notes:**

- (a) Only those shareholders entered on the relevant register of members (the "Register") for certificated or uncertificated shares of the company (as the case may be) at 5.00pm on Friday 4 June 2010 (the "Specified Time") will be entitled to attend or vote at the AGM in respect of the number of shares registered in their name at the time. Changes to entries on the Register after the Specified Time will be disregarded in determining the rights of any person to attend or vote at the AGM. Should the AGM be adjourned to a time not more than 48 hours after the Specified Time, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned AGM. Should the AGM be adjourned for a longer period, then to be so entitled, members must be entered on the Register at the time which is 48 hours before the time fixed for the adjourned AGM or, if the company gives notice of the adjourned AGM, at the time specified in the notice.
- (b) Any member may appoint a proxy to attend, speak and vote on his/her behalf. A member may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares of the member, but must attend the meeting in person. A proxy need not be a member. Proxy forms should be lodged with the company's registrar or submitted not later than 48 hours before the time for which the AGM is convened. Completion of the appropriate proxy form does not prevent a member from attending and voting in person if he/she is entitled to do so and so wishes.

To appoint more than one proxy you may photocopy the proxy form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

- (c) To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY no later than 10.00am on Sunday 6 June 2010.
- (d) Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
- (e) As at 22 March 2010 (being the last business day prior to the publication of this notice) the company's issued share capital consisted of 99,699,414 ordinary shares, carrying one vote each. Therefore, the total voting rights in the company as at 22 March 2010 are 99,699,414.

# ADVISERS AND COMPANY INFORMATION

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**Secretary**

[Susan Fadil, FCIS](#)

**Registered office**

4 Rudgate Court  
Walton  
Wetherby LS23 7BF

**Registered number**

**5199719**

(incorporated and registered  
in England and Wales)

**Website**

[www.augeanplc.com](http://www.augeanplc.com)

**Broker and nominated adviser**

[Singer Capital Markets Limited](#)

One Hanover Street  
London W1S 1YZ

**Financial adviser**

[Hawkpoint Partners Limited](#)

41 Lothbury  
London EC2R 7AE

**Auditor**

[Grant Thornton UK LLP](#)

No 1 Whitehall Riverside  
Whitehall Road  
Leeds LS1 4BN

**Solicitors**

[Walker Morris](#)

Kings Court  
12 King Street  
Leeds LS1 2HL

**Bankers**

[HSBC Bank plc](#)

City Point  
29 King Street  
Leeds LS1 2HL

**Registrars**

[Computershare Investor Services PLC](#)

The Pavilions  
Bridgwater Road  
Bristol BS13 8AE

# GLOSSARY OF TERMS

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**BAT**

Best Available Technique

**CPD**

Continuing Professional  
Development

**CSR**

Corporate Social  
Responsibility

**CSS**

Corporate Safe System

**ENRMF**

East Northants Resource  
Management Facility

**ITD**

Indirect Thermal Desorption

**LLW**

Low Level Waste

**ISO (9001; 14001)**

International Standards  
Organisation

**OHSAS (18001)**

Occupational Health and  
Safety Accreditation Scheme

**PPC**

Pollution Prevention Control

**RFO**

Recovered Fuel Oil

Augean PLC  
4 Rudgate Court  
Walton  
Wetherby LS23 7BF

Tel: 01937 844980  
Fax: 01937 844241  
[www.augeanplc.com](http://www.augeanplc.com)  
[contact@augeanplc.com](mailto:contact@augeanplc.com)

#### Contacting Augean

To find out about how Augean can help your business call us on 01937 844980, fax us on 01937 844241 or email us at [contact@augeanplc.com](mailto:contact@augeanplc.com) to arrange for a sales adviser to call you.



#### Mixed Sources

Product group from well-managed forests, controlled sources and recycled wood or fibre  
[www.fsc.org](http://www.fsc.org) Cert no. SGS-COC-0620  
© 1996 Forest Stewardship Council



Augean's commitment to environmental issues is reflected in this annual report, which has been printed on Satimatt Green comprising 75% recycled fibre and 25% virgin fibre certified by the FSC and produced at mills with ISO 14001 environmental management systems.

This document was printed by Beacon Press using *pureprint*<sup>®</sup>, their environmental print technology which minimises the impact of printing on the environment. All energy used comes from renewable sources, vegetable based inks have been used and 99% of all dry waste associated with this production has been recycled. Beacon Press is a CarbonNeutral<sup>®</sup> printer.

Both the printer and the paper mill are registered to ISO 14001.