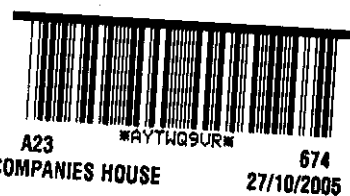


Registration No: 296234

LEIGH ENVIRONMENTAL SOUTHERN LIMITED

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2004



LEIGH ENVIRONMENTAL SOUTHERN LIMITED

Annual report for the year ended 31 December 2004

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Directors	J Kutner A de Saint-Quentin T Spaul J Pearson
Secretary	R Hunt
Registered office	Onyx House 154A Pentonville Road London N1 9PE
Auditors	Ernst & Young LLP No.1 Colmore Square Birmingham B4 6HQ

LEIGH ENVIRONMENTAL SOUTHERN LIMITED

Report of the directors for the year ended 31 December 2004

The directors present their report together with the audited financial statements for the year ended 31 December 2004.

Review of activities

The company did not trade during the year and as a consequence recorded neither a profit nor a loss.

Dividends

The directors do not recommend the payment of an ordinary dividend (2003: £nil). Holders of the preference shares have waived their right to a dividend (2003: £nil).

Directors

The directors who served during the year under review were as follows

J Kutner
A de Saint-Quentin
T Spaul
J Pearson

None of the directors has any interest in the shares of the company, or the shares of any other company within the Onyx UK Holdings Plc Group.

Statement of directors' responsibilities for the Annual Report

Company law in the United Kingdom requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

During the year RSM Robson Rhodes LLP resigned as auditors and Ernst & Young LLP were appointed. A resolution to reappoint Ernst & Young LLP will be proposed at the forthcoming annual general meeting.

By order of the Board:



R Hunt
Secretary

4 August 2005

LEIGH ENVIRONMENTAL SOUTHERN LIMITED

Independent Auditors' report to the members of Leigh Environmental Southern Limited

We have audited the financial statements of Leigh Environmental Southern Limited for the year ended 31 December 2004 which comprise the Profit and Loss Account, Balance Sheet and related notes 1 to 8. These financial statements have been prepared on the basis of the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2004 and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Birmingham

25 October 2005

LEIGH ENVIRONMENTAL SOUTHERN LIMITED

Profit and loss account for the year ended 31 December 2004

	Note	2004 £'000	2003 £'000
Operating result on ordinary activities before taxation		-	-
Tax on ordinary activities	2	-	230
Profit for the financial year	7	<u>-</u>	<u>230</u>


The company has no recognised gains and losses other than those included above, and therefore no separate statement of total recognised gains and losses has been presented.

LEIGH ENVIRONMENTAL SOUTHERN LIMITED

Balance sheet at 31 December 2004

	Note	2004 £'000	2003 £'000
Current Assets			
Debtors	3	1,892	1,934
Creditors: amounts falling due within one year	4	(978)	(1,020)
Net Current Assets		<u>914</u>	<u>914</u>
Net Assets		<u>914</u>	<u>914</u>
Capital and Reserves			
Called up share capital	5	2	2
Capital reserve	6	2,016	2,016
Profit and loss account	6	(1,302)	(1,302)
Equity Shareholders' Funds		<u>716</u>	<u>716</u>
Non-equity shareholders' funds	5	198	198
Shareholders' Funds (including non-equity)	7	<u>914</u>	<u>914</u>

The financial statements on pages 3 to 8 were approved by the Board of Directors on 4 August 2005 and were signed on its behalf by:



J Kutner
Director

1 Accounting policies

The financial statements have been prepared under the historical cost convention.

Deferred taxation

Deferred tax is provided, except as noted below, on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes.

In accordance with FRS 19 deferred tax is not provided on timing differences arising from:

- a) revaluation gains on land and buildings, unless there is a binding agreement to sell them at the balance sheet date; and
- b) gains on the sale of non-monetary assets, where on the basis of all available evidence it is more likely than not that the taxable gain will be rolled over into replacement assets.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Where law or accounting standards require gains and losses to be recognised in the statement of total recognised gains and losses, the related taxation is also taken directly to the statement of total recognised gains and losses in due course.

Cash flow statement

Under Financial Reporting Statement 1 (revised) the company is exempt from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary of Veolia Environnement S.A. whose financial statements are publicly available.

Related party transactions

The company has taken advantage of the exemption available under paragraph 3(c) of Financial Reporting Standard 8, not to disclose intra-group transactions.

LEIGH ENVIRONMENTAL SOUTHERN LIMITED

Notes to the financial statements for the year ended 31 December 2004

2 Taxation

	2004 £'000	2003 £'000
Current Taxation		
United Kingdom corporation tax	-	-
Adjustments in respect of prior year	-	(230)
	<hr/>	<hr/>
Tax credit on ordinary activities	-	(230)
	<hr/>	<hr/>
Current tax reconciliation		
	2004 £'000	2003 £'000
Result for the year	-	-
	<hr/>	<hr/>
Theoretical tax at UK corporation tax rate	-	-
Effects of:		
- Adjustments in respect of prior year	-	(230)
	<hr/>	<hr/>
Actual current taxation credit	-	(230)
	<hr/>	<hr/>

3 Debtors

	2004 £'000	2003 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	1,892	1,934
	<hr/>	<hr/>

4 Creditors: amounts falling due within one year

	2004 £'000	2003 £'000
Amounts owed to group undertakings	978	1,020
	<hr/>	<hr/>

LEIGH ENVIRONMENTAL SOUTHERN LIMITED

Notes to the financial statements for the year ended 31 December 2004

5 Share capital

	2004 £'000	2003 £'000
Authorised		
200,000 ordinary shares of £1 each	200	200
198,000 0.001% preference shares of £1 each	198	198
	<u>398</u>	<u>398</u>
Allotted and fully paid		
1,980 ordinary shares of £1 each	2	2
198,000 0.001% preference shares of £1 each	198	198
	<u>200</u>	<u>200</u>

The preference shares carry the right to a fixed non-cumulative dividend at the rate of 0.001% per annum on the amount for the time being paid or credited as fully paid. The shares, which carry no voting rights, are subordinated to the ordinary shares on a winding up or return of capital to the extent of £0.99 per ordinary share. Holders of the preference shares have waived their right to a dividend for the year ended 31 December 2004 (2003: £nil).

6 Reserves

	Profit and loss account £'000	Capital Reserve £'000
At 1 January 2004 and 31 December 2004	(1,302)	2,016

The capital reserve relates to revalued tangible fixed assets which have been transferred to another group undertaking.

7 Reconciliation of movements in shareholders' funds

	2004 £'000	2003 £'000
Opening shareholders' funds	914	684
Profit for the financial year	-	230
Closing shareholders' funds	<u>914</u>	<u>914</u>
Equity	716	716
Non-equity	198	198
	<u>914</u>	<u>914</u>

LEIGH ENVIRONMENTAL SOUTHERN LIMITED

Notes to the financial statements for the year ended 31 December 2004

8 Ultimate parent and controlling company

The ultimate parent and controlling company is Veolia Environnement S.A. (incorporated in France). Copies of the parent's consolidated financial statements may be obtained from the Secretary, 36-38 Avenue Kleber, 75116 Paris, France. The company's ultimate United Kingdom holding company is Veolia UK Limited (registered in England and Wales).

The immediate parent company is Onyx Environmental Group Plc (registered in England and Wales).

Onyx Environmental Group Plc (registered in England and Wales) is the smallest group for which group accounts including Leigh Environmental Southern Limited are drawn up. Copies of the accounts may be obtained from The Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.