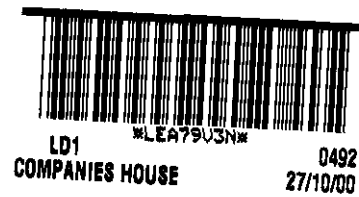

WEST TYNE GRAVEL COMPANY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 1999
Registered Number: 0342240



WEST TYNE GRAVEL COMPANY LIMITED

Company Information

Directors	I.F. Goodfellow R.A. Searby S.J. Thorne
Secretary	S.J. Thorne
Company Number	0342240
Registered Office	The Pickeridge Stoke Common Road Fulmer Buckinghamshire SL3 6HA
Auditors	Arthur Andersen 3 Victoria Square Victoria Street St Albans AL1 3TF

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1999

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report for the year ended 31 December 1999.

Principal activities

The company was dormant during the year. In the prior year it transferred its business as road haulage contractor and vehicle hirer to a fellow subsidiary undertaking of SITA Holding U.K. Limited, Ryton Waste Disposal Limited.

Results and dividends

The company did not trade during the year (1998 - loss of £2,000) .

Directors

The directors who served during the year were as follows :

A.R. Hornsby	(Resigned 5 February 1999)
M.A. Bayley	(Resigned 5 February 1999)
I.F. Goodfellow	
C.M. Green	(Resigned 19 May 1999)
P. Taylor	(Resigned 19 May 1999)
R.A. Searby	(Appointed 19 May 1999)
S.J. Thorne	(Appointed 19 May 1999)

No director who held office on 31 December 1999 had an interest in the company's shares either during the financial year or at 31 December 1999.

The interests of the directors who held office on 31 December 1999 in the ordinary shares of the ultimate parent company, Suez Lyonnaise des Eaux SA, are reported in the Directors' Report and Financial Statements of the company's intermediate holding company, Northumbrian Environmental Management Limited, for the year ended 31 December 1999.

Statement of directors' responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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

The auditors, Arthur Andersen, are deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on 1 October 1999.

This report was approved by the board on 18 October 2000 and signed on its behalf.



RA Searby
Director

AUDITORS' REPORT TO THE SHAREHOLDERS OF WEST TYNE GRAVEL COMPANY LIMITED

We have audited the financial statements on pages 3 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom Law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

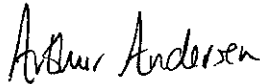
Basis of opinion

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31 December 1999 and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

3 Victoria Square
Victoria Street
St Albans
AL1 3TF

18 October 2000

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 1999

	Note	1999 £ '000	1998 £ '000
TURNOVER	1,2	-	292
Cost of sales		-	(288)
OPERATING PROFIT		-	4
Interest payable	5	-	(2)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	-	2
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	6	-	(4)
LOSS FOR THE YEAR		-	(2)
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD		206	208
PROFIT AND LOSS ACCOUNT CARRIED FORWARD		206	206

All amounts relate to discontinued operations.

There were no recognised gains and losses for 1999 or 1998 other than those included in the profit and loss account.

The notes on pages 5 to 7 form an integral part of these financial statements.

WEST TYNE GRAVEL COMPANY LIMITED

BALANCE SHEET
As at 31 December 1999

	Note	1999 £ '000	1998 £ '000
CURRENT ASSETS			
Debtors	7	217	231
Cash at bank and in hand		-	208
		<u>217</u>	<u>439</u>
CREDITORS: amounts falling due within one year	8	<u>(1)</u>	<u>(223)</u>
NET CURRENT ASSETS		<u>216</u>	<u>216</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>216</u>	<u>216</u>
CAPITAL AND RESERVES			
Called up share capital	9	10	10
Profit and loss account		206	206
		<u>216</u>	<u>216</u>
SHAREHOLDERS' FUNDS - All equity	10	<u>216</u>	<u>216</u>

The financial statements were approved by the board on 18 October 2000 and signed on its behalf.



Director

The notes on pages 5 to 7 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1999

1. ACCOUNTING POLICIES

The principal accounting policies which are summarised below have been applied consistently throughout the current and preceding year.

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is exempt from the requirement of FRS 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking and the consolidated financial statements of the group in which it is included are publicly available.

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of trade discounts, Value Added Tax and other sales related taxes.

1.3 Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced, except that the deferred tax effects of timing differences arising from pensions and other post-retirement benefits are always recognised in full.

2. TURNOVER

All turnover in the prior year arose within the United Kingdom.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	1999 £ '000	1998 £ '000
Depreciation of tangible fixed assets		
- owned by the company	-	10

No director received any emoluments during the year in respect as his services as director of West Tyne Gravel Company Limited (1998 - £Nil).

4. STAFF COSTS

Staff costs were as follows:

	1999 £ '000	1998 £ '000
Wages and salaries	-	80
Other pension costs	-	2
	-	82

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1999

The average monthly number of employees, including directors, during the year was as follows:

	1999	1998
Administration and management	-	2
Operations	-	7
	<u>-</u>	<u>9</u>

5. INTEREST PAYABLE

	1999 £ '000	1998 £ '000
Finance leases and hire purchase contracts	-	2

6. TAXATION

	1999 £ '000	1998 £ '000
Current year taxation		
UK Corporation Tax at 30.25% (1998 - 31%)	-	1
Prior years		
Deferred taxation	-	3
	<u>-</u>	<u>4</u>

7. DEBTORS

	1999 £ '000	1998 £ '000
Amounts falling due within one year		
Amounts owed by group undertakings	211	231
Corporation tax recoverable	6	-
	<u>217</u>	<u>231</u>

8. CREDITORS:

	1999 £ '000	1998 £ '000
Amounts falling due within one year		
Amounts owed to group undertakings	1	222
Corporation tax	-	1
	<u>1</u>	<u>223</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1999

9. CALLED UP SHARE CAPITAL

	1999 £ '000	<i>1998</i> <i>£ '000</i>
Authorised		
20,000 ordinary shares of £1 each	<u>20</u>	<u>20</u>
Allotted, called up and fully paid		
10,000 ordinary shares of £1 each	<u>10</u>	<u>10</u>

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £ '000	<i>1998</i> <i>£ '000</i>
Loss for the year	-	(2)
Opening shareholders' funds	<u>216</u>	<u>218</u>
Closing shareholders' funds	<u>216</u>	<u>216</u>

11. RELATED PARTIES

Under the provisions of Financial Reporting Standard 8, the company is not required to disclose details of related party transactions with Group entities as it is a wholly owned subsidiary, and the consolidated financial statements in which the company results are included are available to the public.

12. CONTROLLING PARTY

In the opinion of the directors, SITA Holding U.K. Limited controls the company as a result of controlling 100% of the issued share capital of West Tyne Gravel Company Limited. Suez Lyonnaise des Eaux SA is the ultimate controlling party, being the ultimate controlling party of SITA Holding U.K. Limited.

13. PARENT COMPANY

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

The largest group of which West Tyne Gravel Company Limited is a member and for which group financial statements are drawn up is that headed by Suez Lyonnaise des Eaux SA, whose consolidated financial statements are available from 1 Rue d'Astorg, Paris, France. The smallest such group is that headed by SITA Holding U.K. Limited, a company registered in England and Wales. The consolidated financial statements of the SITA Holding U.K. Limited Group may be obtained from The Pickeridge, Stoke Common Road, Fulmer, Buckinghamshire, SL3 6HA.