

FINANCIAL STATEMENTS
31st December 2007

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INCOME STATEMENT
31st December 2007
(Expressed in GBP)

Formatted: English (United Kingdom)

	<u>Notes</u>	<u>31/12/07</u>	<u>31/12/06</u>
Revenue	4	378,420	425,402
Cost of sales	5	<u>-342,442</u>	<u>-320,129</u>
Gross profit		35,978	105,273
Other operating income		250	3,106
Distribution costs	5	-64,703	-83,527
Administrative expenses	5	-124,077	-100,555
Other operating expenses	5	0	0
Restructuring costs		<u>0</u>	<u>0</u>
Profit from operations		-152,552	-78,809
Finance costs		-13,616	-12,089
Finance income		672	250
Loss on disposal of discontinued operations			
Exchange (loss)/gain		<u>-25,588</u>	<u>3106</u>
Profit before tax		<u>-191,084</u>	<u>-87,543</u>
Income tax expense			
Loss after tax – continuing operations		0	0
Minority interest			
Net Profit/(Loss) for the period		<u>-191,084</u>	<u>-87,542</u>

Notes forming an integral part of the financial statements on pages 5 to 22.

BALANCE SHEET
31st December 2007
(Expressed in GBP)

ASSETS	<u>Notes</u>	<u>31/12/07</u>	<u>31/12/06</u>
Non Current Assets			
Property, plant and equipment	6	135	3,413
Intangible assets	7		
Goodwill	8		
Interests in associates and joint ventures			
Current Assets		135	3414
Inventories	9	76,315	160,184
Trade and other receivables	10	71,534	98,378
Investments held for trading			
Deferred tax asset			
Cash and cash equivalents	11	43,292	23,999
Prepayments/accrued income			
Non current assets classified as held for sale		191,141	282,561
Total assets		191,276	285,974
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	12	1	1
Capital reserves	13		
Revaluation reserves	14		
Hedging reserve			
Translation reserve		0	0
Accumulated profit/loss		-938,807	-747,723
Minority interest			
Total equity		-938,806	-747,722
Non current liabilities			
Bank loans and overdrafts-due after one year	15	386,338	348,449
Retirement benefit obligation	16		
Deferred tax liabilities	21		
Obligations under finance leases-due after one year	17		
		386,338	348,449
Current liabilities			
Trade and other payables	18	710,753	672,161
Bank loans and overdrafts-due within one year	15		
Tax liabilities	16	8,789	10,942
Obligations under finance leases – due within one year	17		
Provisions	19		
Accrued expenses/Deferred income	20	24,202	2,144
		743,744	685,247
Liabilities directly associated with non-current assets classified as held for sale		1,130,082	1,033,696
Total equity and liabilities		191,276	285,974

Notes forming an integral part of the financial statements on pages 5 to 22.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31st December 2007
(Amounts Expressed in GBP)

	Share capital	Capital reserves	Revaluation reserves	Accumulated Losses carried forward	Hedging reserves	Translation reserves	Total Equity
	€	€	€	€	€	€	€
Balance at 01.01.2007	1			-747,723		0	-747,722
Changes in accounting policy (adoption of IFRS)				-191,084		0	-191,084
Profit/Loss for the year				-191,084		0	-191,084
Equity as at 31.12.2007	1			-938,807		0	-938,806
Balance at 01.01.2006	1			-660,181			-660,180
Revaluation Reserve							
Profit for the year				-87,542			-87,542
Currency translation differences							
Other reserves							
Equity as at 30.12.2006	1			-747,723			-747,722

CASH FLOW STATEMENT
31st December 2007
(Expressed in GBP)

<u>Cash flows from operating activities</u>	<u>31.12.2007</u>	<u>31.12.2006</u>
(Loss)/ Profit for the year	(191,084)	(87,542)
Adjustments for:		
Depreciation of tangible assets	3,278	4,081
Foreign Exchange differences	-25,588	3,106
Profit from Discontinued operations		
Provisions		
Cash flows from operating activities	<u>-168,774</u>	<u>-80,355</u>
Decrease/(Increase) in inventories	83,869	21,137
(Increase) / Decrease in debtors	10,249	(3,718)
Decrease/(Increase)in other receivables	16,595	(13,297)
(Increase)/ Decrease in suppliers	(38,593)	(61,300)
Decrease/(Increase) in other payables	(19,833)	(4,478)
Cash flows from operating activities	<u>52,287</u>	<u>(52,700)</u>
Taxes paid	0	0
Total inflows (outflows) from operating activities	<u>(116,487)</u>	<u>(132,055)</u>
<u>Cash flow from investing activities</u>		
Purchase of tangible assets	0	0
Decrease in other non current assets	0	0
Revaluation reserve	0	0
Net cash flow from investing activities	<u>0</u>	<u>0</u>
<u>Cash flow from financing activities</u>		
Repayment of bank loans	0	
Repayments of obligation under finance leases	0	
Bank loans / Intercompany loans	37,889	9,763
Decrease of share capital	0	
Cash flow from financing activities	<u>37,889</u>	<u>9,763</u>
Net increase in cash and cash equivalents	<u>19,294</u>	<u>(3,797)</u>
Cash and cash equivalents at beginning of year	<u>23,999</u>	<u>27,796</u>
Cash and cash equivalents at end of year	<u>43,293</u>	<u>23,999</u>

Notes forming an integral part of the financial statements on pages 5 to 22.

Notes to the consolidated financial statements
31st December 2007
(Expressed in,GBP)

1. **Corporate information**

The consolidated financial statements for the period 1/1/-31/12/2007 have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been approved by the Board of Directors which held at [].

2. **Objective**

The group's main objective is the manufacturing, process and trading of items which are produced from plastic ...

3. **Summary of significant accounting policies**

3.1. **Basis of presentation**

The financial statements have been prepared under the historical cost basis, except for the revaluation of land, buildings and machinery which have been estimated by a specialised appraisal company.

The financial statements are presented in [] and all amounts are rounded in thousands.

3.2. **Statement of compliance**

The financial statements of the group have been prepared, for first time (first adoption opening balances of 1.1.2003), in accordance with International Financial Reporting Standards (I.F.R.S.).

Notes to the financial statements
31st December 2007
(Expressed in GBP)

3. **Significant accounting policies**

Notes to the financial statements
31st December 2007
(Expressed in GBP)

3. **Significant accounting policies (cont'd)**

3.5. **Foreign currency translation**

Transactions in foreign currencies are reflected at the rate prevailing at the time the transactions are recorded. Monetary assets and liabilities in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. Realised and unrealised exchange gains and losses are transferred to profit and loss account. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction.

At the reporting date, the assets and liabilities of the overseas subsidiaries are translated into the presentation currency of Group at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the retranslation are taken directly to a separate component of equity.

3.6. **Depreciation and amortisation**

Property, plant and equipment

Transportation means and equipment are stated at cost less accumulated depreciation and any impairment in value. Land, buildings and machinery are measured at fair value less depreciation. Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

<u>Category of assets</u>	<u>Useful life</u>
Buildings	n/a
Plant and machinery	5
Office equipment	3
Transportation means	n/a

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on building an accumulated impairment losses.

Notes to the financial statements
31st December 2007
(Expressed in GBP)

3. **Significant accounting policies (cont'd)**

3.6. **Depreciation and amortisation (cont'd)**

Property, plant and equipment (cont'd)

Fair value is determined by independent estimators and is defined as the amount for which the assets could be exchanged between knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the balance sheet. Any revaluation deficit directly offsetting a previous surplus in the same asset is directly offset against the surplus in the asset revaluation reserve and the rest is transferred to the income statement. Accumulated depreciation as at revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognised.

3.7. **Income tax**

Income tax is based on taxable profits for the period at the rate which is in force for each year for the company: (~~20xx~~% for year ~~2007~~~~2006~~). Taxable profits differ from company's profit as reported in the income statement because they exclude items of income or expenses that are taxable or deductible in other years and they further exclude items that are never taxable or deductible.

Deferred income tax is provided using the liability method, on all temporary differences at the Balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose.

Deferred income tax assets, are recognised to the extent that it is probably that future taxable profit will be available, against which the temporary differences can be utilised.

Notes to the financial statements
31st December 2007
(Expressed in GBP)

3. Significant accounting policies (cont'd)

3.7. Taxation (cont'd)

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date and are reduced if it is necessary to the extent that it is no longer probable that taxable profits will be available to allow all or part of the asset or liability to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply to the year when the liability is settled or asset is realised.

Deferred tax is charged or is credited to profit or loss, except when it relates to items charged or credited directly to equity in which case the deferred tax is also accounted for against equity.

3.8. Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

The management did not consider necessary the adoption of a depreciation policy for goodwill, subsequently goodwill is stated at cost in balance sheet. Goodwill is reviewed frequently for impairment, especially if events or changes in circumstances indicate that the carrying value may be impaired.

3.9. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows for both the current and previous year.

Raw materials	- purchase cost on a first-in, first-out basis;
Finished goods and work-in-progress	- cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the financial statements
31st December 2007
(Expressed in 000,GBP)

3. **Significant accounting policies (cont'd)**

3.10. **Retirement benefits**

In accordance with the labour legislation the [] companies employees are entitled to a specific financial benefit when they arrive at retirement age. This financial benefit which is payable on the retirement day is of the amount calculated on the basis of:

- a. years of service in the company
- b. monthly salary at the retirement year
- c. other factors in accordance with the existing legislation

The defined obligation has been calculated by the company's management. The estimated liability on 30.06.2006 is recognised in the financial statements.

The obligation of previous years have been separated and charged directly to equity, and the obligation relates to the period, charged to income statement.

The company has not adopted, any retirement benefit plan, in order to secure the availability of the required funds, when obligation is arised.

3.11. **Revenue**

Sales of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be reliably .measured (excluding relevant V.A.T.).

Interest

Revenue is recognised as the interest accrues to the net carrying amount of the financial asset.

Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

3.12. **Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

Notes to the financial statements
31st December 2007
(Expressed in 00GBP)

3. **Significant accounting policies (cont'd)**

3.13. **Trade and other receivables**

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Bad debts are written off when identified.

3.14. **Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity of three month or less. For the purpose of the consolidated cash flow statement cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdraft.

3.15. **Bank borrowings**

Interest – bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs.

3.16. **Trade payables**

The trade payables are stated at their nominal value.

3.17. **Finance leases**

The company as lessee.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income except if related to investment property which can be treated according to IAS 23 “Borrowing costs and capitalised”.

3.18. Borrowing costs are recognised as an expense when incurred and charged directly against income.

Notes to the financial statements
31st December 2007
(Expressed in 000, GBP)

4. Revenue

Analysis of group's revenue is as follows:

	<u>31.12.2007</u>	31.12.2006
Sales of goods	378,420	422,350
Finished and semi finished goods		
Other		

The following table provides an analysis of the sales by geographical area :

	Greece	<u>Rest of Europe</u>	S. Africa	Other	Total
31.12.07 Volume Sales		378,420			
Sales to external customers					
Sales to internal customers (within the group)					
Total Sales		378,420			
31.12.06 Volume Sales		422,350			
Sales to external customers					
Sales to internal customers (within the group)					
Total Sales		422,350			

The following table provides an analysis of the sales by product segment :

	Infrastructure	Housing	Agriculture	Industrial	Mining / Garden	Other	Total
31.12.07 Volume Sales				378420			
Sales to external customers							
Sales to internal customers (within the group)							
Total Sales				378420			
31.12.06 Volume Sales				422,350			
Sales to external customers							
Sales to internal customers (within the group)							
Total Sales				422,350			

Notes to the financial statements
31st December 2007
(Expressed in 000, GBP)

5. Operating expenses

An analysis of group's revenue is as follows:

	<u>31.12.2007</u>	<u>31.12.2006</u>
Wages	34196	37076
Utilities	8775	8100
Depreciation	3278	4080
Sundry Expenses	52569	47177
Material costs	0	0
Marketing/promotion costs	4065	4122
	<u>102883</u>	<u>100555</u>

The above amounts have been allocated as follows:

Cost of Sales

	<u>31.12.2007</u>	<u>31.12.2006</u>
Wages	18117	18538
Utilities	8775	8100
Depreciation	0	0
Sundry Expenses	22134	13826
Materials Costs	0	0
Marketing/promotion costs	4165	4122
	<u>53191</u>	<u>44586</u>

Administration Expenses

Wages	16079	18538
Utilities	0	0
Depreciation	3278	4080
Sundry Expenses	30335	33351
Materials Costs	0	0
Marketing/promotion costs	0	0
	<u>49692</u>	<u>55969</u>

Notes to the financial statements
31st December 2007
(Expressed in 000, 000GBP)

6. **Property, plant and equipment**

	Land 000' Euro	Buildings 000' GBP	Fixtures and Equipment 000' GBP	Transportation Means 000' GBP	Assets under Construction 000' GBP	Total 000' GBP
Cost of valuation						
At 1 January, 2007			64115			
Translation difference						
Additions						
Disposals						
Revaluation increase						
At 31st December 2007			<u>136</u>			
Accumulated depreciation and impairment						
At 1 January, 2007			60,702			
Translation difference						
Charge for the year						
Disposals						
At 31st December 2007						
Carrying amount						
At 31st December 2007			<u>63,979</u>			

Notes to the financial statements
31st December 2007
 (Expressed in 000, GBP)

6. **Property, plant and equipment (cont'd)**

	Land 000' GBP	Buildings 000' GBP	Fixtures and Equipment 000' GBP	Transportation Means 000' GBP	Assets under Construction 000' GBP	Total 000' GBP
Cost of valuation						
At 1 January, 2007						
Translation difference						
Additions						
Disposals						
Revaluation increase						
At 31st December 2007						
Accumulated depreciation and impairment						
At 1 January, 2007						
Translation difference						
Charge for the year						
Disposals						
At 31st December 2007						
Carrying amount						
At 31st December 2007						

Notes to the financial statements
31st December 2007 expressed in GBP)

9. Inventories

	<u>31.12.2007</u>	<u>31.12.2006</u>
Raw materials		
Work in progress		
Finished and semifinished goods	76315	187610
Merchandise		
Spare parts		
Other inventories		

10. Trade and other receivables

	<u>31.12.2007</u>	<u>31.12.2006</u>
Trade receivables, net of provisions for doubtful debts	120891	74621
Other receivables		

11. Cash and cash equivalents

	<u>31.12.2007</u>	<u>31.12.2006</u>
Cash in hand	43293	23999
Balances with banks		
Deposits with banks		

12. Share capital

	<u>31.12.2007</u>	<u>30.12.2006</u>
Authorised, issued and fully paid: [] ordinary shares of [] each	1	1

Notes to the financial statements
31st December 2007
(Expressed in GBP)

13. **Capital reserve**

	<u>31.12.2007</u>	<u>31.12.2006</u>
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Statutory reserve
Special reserve
Tax free reserve
Share premium
Other reserves

14. **Revaluation reserve**

	<u>Land & buildings</u>	<u>Plants & machinery</u>	<u>Other</u>	<u>Total</u>
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Balance as at 1.1.2007
Addition for the year
Balance 31.12.2007

Addition for the period
Balance 31.12.2007

15. **Bank loans and overdrafts**

	<u>31.12.2007</u>	<u>30.12.2006</u>
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Bank loans and overdrafts – due after one year	386338	348449
Bank loans and overdrafts – within one year		

Also, following analysis is required :**Bank name, Duration, Interest rate, Underlying security**

INTERCOMPANY LOAN – INDUPLAS – 4.5%

16. **Retirement benefit obligation (Staff leaving indemnities SLI)**

Allowance of the end of period (01/01/2007)
Allowance used
Allowance made
Allowance at the beginning of year (31/12/2007)

Allowance paid
Allowance made
Allowance of the beginning of year (01/01/07)
Allowance used
Allowance made
Allowance at the beginning of year (30/06/07)

Notes to the financial statements
31st December 2007
(Expressed in GBP)

17. Obligation under finance lease

The Group has finance leases for plant and machinery. Future minimum lease payments under finance leases together with the present value of the minimum lease payment are as follows:

	<u>31.12.2007</u>		<u>31.12.2006</u>
	Present		Present
	value of		value of
	payments		payments
	<u>€000'</u>		<u>€000'</u>
Minimum Payments		Minimum payments	
Within on year			
After one year but not more than five years			
Over than five years			
Total minimum lease payments			
Less: Amounts representing finance charges			

18. Trade and other payables

	<u>31.12.2007</u>	<u>31.12.2006</u>
Trade payables	710754	672161
Other creditors		
Advances from clients		
Other payables		

19. Provisions

	<u>31.12.2007</u>	<u>31.12.2006</u>
At 1 January 2007		
Additional provision during the year		
Utilised during the year		
At 31st January 2007		

Notes to the financial statements
31st December 2007
(Expressed in GBP)

20. **Accrued expenses/Deferred income**

	<u>31.12.2007</u>	<u>31.12.2006</u>
Government grants		
Accrued expenses	18202	1936
Deferred income		
Reconciliation		

21. **Deferred tax liabilities**

Deferred tax liabilities relates to the following:

	<u>31.12.2007</u>	<u>31.12.2006</u>
Accelerated depreciation for account purposes		
Accelerated wear and tear for tax purposes		
Finance lease		
Prepayments		
Provision for doubtful debts	6000	7162
Salary related provision		
Provision for settlement discount		
Provision for credit notes		
Tax loss		
Revaluation of plant and machinery		
Other		

Notes to the financial statements
31st December 2007
(Expressed in GBP)

22. **Commitments and contingencies**

23. **Related party disclosures**

a) **ICOY file**

b) **Directors' remuneration**

The following table records the emoluments payable to each director during the period:

	<u>Fees for services</u>	<u>Basic salary</u>	<u>Bonus</u>	<u>Expenses allowance</u>	<u>Pension Contribution</u>	<u>Total</u>
31 st March 2007						
Executive directors						
Non executive directors						

	<u>Fees for services</u>	<u>Basic salary</u>	<u>Bonus</u>	<u>Expenses allowance</u>	<u>Pension Contribution</u>	<u>Total</u>
31 st March 2007						
Executive directors						
Non executive directors						

24. **Financial risk management objective and policies**

The Group's principal financial instruments, other than derivatives, comprise bank loans, and instalment sale agreements hire purchase contracts, cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The Group also through S. Africa subsidiary enters into derivative transactions, principally forward currency contracts. The purpose is to manage currency risks arising from the S. Africa's operations and its sources of finance. It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are, liquidity risk, foreign currency risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below. The Group also monitors the market price risk arising from all financial instruments. The magnitude of this risk that has arisen over the year is discussed in note 2. The Group's accounting policies in relation to derivatives are set out in note 2.

Foreign currency risk

The Group has transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's measurement currency. Approximately 43,6% of the Group's sales and 44,8% of the total cost of sales are denominated in currencies other than the reporting currency. Petzetakis S. Africa's subsidiary uses forward currency contracts to eliminate the currency exposures on any individual transaction for which the Group has entered into a firm

commitment for a sale or purchase. The forward currency contracts must be in the same currency as the hedged item. It is the Group's policy not to enter into forward contracts until a firm commitment is in place.

It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness.

Commodity price risk

The Group's exposure to price risk is minimal.

Credit risk

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that are not denominated in the measurement currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control. No single client accounts for more than 1,2% of Group's sales.

