

## FINANCIAL STATEMENTS

31th December, 2007

### I N D E X

	<b><u>Page</u></b>
INCOME STATEMENT	1
BALANCE SHEET	2
STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY	3
CASH FLOW STATEMENT	4
NOTES TO THE FINANCIAL STATEMENTS	5 – 21

**INCOME STATEMENT**  
**31th December, 2007**  
**(Expressed in '000, Ron)**

	<u>Notes</u>	<u>31.12.2007</u>	<u>31.12.2006</u>
Revenue	4	9013	6622
Cost of sales	5	<u>-6577</u>	<u>-4385</u>
<b>Gross profit</b>		<b>2436</b>	<b>2237</b>
Other operating income		344	548
Distribution costs	5	<u>-1448</u>	<u>-1168</u>
Administrative expenses	5	<u>-370</u>	<u>-291</u>
Other operating expenses	5	<u>-315</u>	<u>-526</u>
Restructuring costs			
<b>Profit from operations</b>		<b>647</b>	<b>800</b>
Finance costs		<u>-174</u>	<u>-104</u>
Finance income		139	96
Income(Loss) on disposal of discontinued operations		0	0
Exchange (loss)/gain			
<b>Profit before tax</b>		<b>612</b>	<b>792</b>
Income tax expense		<u>-59</u>	<u>-113</u>
<b>Loss after tax – continuing operations</b>			
Minority interest			
<b>Net Profit/(Loss) for the period</b>		<b>553</b>	<b>679</b>

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

**BALANCE SHEET**  
**31th December, 2007**  
**(Expressed in 000, Ron)**

<b>ASSETS</b>	<u>Notes</u>	<u><b>31.12.2007</b></u>	<u><b>31.12.2006</b></u>
<b>Non Current Assets</b>		<b>1084</b>	<b>479</b>
Property, plant and equipment	6	402	301
Intangible assets	7	682	178
Goodwill	8		
Interests in associates and joint ventures			
<b>Current Assets</b>		<b>3718</b>	<b>3290</b>
Inventories	9	1631	1554
Trade and other receivables	10	1283	1094
Investments held for trading			
Deferred tax asset			
Cash and cash equivalents	11	804	642
Prepayments/accrued income			
<b>Non current assets classified as held for sale</b>			
<b>Total assets</b>		<b>4802</b>	<b>3769</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	12	2977	2977
Capital reserves	13	349	-330
Revaluation reserves	14		
Hedging reserve			
Translation reserve			
Accumulated profit/loss		553	679
Minority interest			
<b>Total equity</b>		<b>3879</b>	<b>3326</b>
<b>Non current liabilities</b>		<b>22</b>	<b>97</b>
Bank loans and overdrafts-due after one year	15		
Retirement benefit obligation	16		
Deferred tax liabilities	21		
Obligations under finance leases-due after one year	17	22	97
<b>Current liabilities</b>		<b>901</b>	<b>346</b>
Trade and other payables	18	822	264
Bank loans and overdrafts-due within one year	15		
Tax liabilities			
Obligations under finance leases – due within one year	17	79	82
Provisions	19		
Accrued expenses/Deferred income	20		
<b>Liabilities directly associated with non-current assets classified as held for sale</b>			
<b>Total equity and liabilities</b>		<b>4802</b>	<b>3769</b>

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

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31th December, 2007**  
**(Amounts Expressed in 000, Ron)**

	Share capital	Capital reserves	Revaluation reserves	Accumulated Losses carried forward	Hedging reserves	Translation reserves	Total Equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 01.01.2006	2977	-330					2647
Changes in accounting policy (adoption of IFRS)							
Profit/Loss for the year		679					679
<b>Equity as at 31.12.2006</b>	<b>2977</b>	<b>349</b>					<b>3326</b>
Balance at 01.01.2007	2977	349					3326
Revaluation Reserve							
Profit for the year		553					553
Currency translation differences							
Other reserves							
<b>Equity as at 31.12.2007</b>	<b>2977</b>	<b>902</b>					<b>3879</b>

**CASH FLOW STATEMENT**  
**31th December, 2007**  
**(Expressed in 000, Ron)**

<u>Cash flows from operating activities</u>	<u>31.12.2007</u>	<u>31.12.2006</u>
(Loss)/ Profit for the year	553	679
<b>Adjustments for:</b>		
Depreciation of tangible assets	59	30
Foreign Exchange differences		
Profit from Discontinued operations		
Provisions		4
<b>Cash flows from operating activities</b>	<b>612</b>	<b>713</b>
Decrease/(Increase) in inventories	-78	-102
(Increase) / Decrease in debtors	-238	79
Decrease/(Increase)in other receivables	160	-90
Increase/ (Decrease) in suppliers	495	-428
(Decrease)/Increase in other payables	63	0
<b>Cash flows from operating activities</b>	<b>1014</b>	<b>172</b>
Taxes paid	-59	-113
<b>Total infows (outflows) from operating activities</b>	<b>955</b>	<b>59</b>
<b><u>Cash flow from investing activities</u></b>		
Purchase of tangible assets	-161	-72
Decrease (increase) in other non current assets	-632	-175
Revaluation reserve		
<b>Net cash flow from investing activities</b>	<b>162</b>	<b>-188</b>
<b><u>Cash flow from financing activities</u></b>		
Repayment of bank loans		
Repayments of obligation under finance leases		
Bank loans		
Decrease of share capital		
<b>Cash flow from financing activities</b>		
<b>Net increase in cash and cash equivalents</b>	<b>162</b>	<b>-188</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>642</b>	<b>830</b>
<b>Cash and cash equivalents at end of year</b>	<b>804</b>	<b>642</b>

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

**Notes to the consolidated financial statements**  
**31th December, 2007**  
**(Expressed in 000, Ron)**

**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) .

**2. Objective**

AG Petzetakis Romania main objective is trading of items which are produced from plastic. Its range of products is applied in several activity sectors, among which stand out the agriculture, industrial and building site and public works.

**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 [Ron] 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**  
**31th December, 2007**  
**(Expressed in 000, Ron)**

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

**3.3. 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 difference arising on the retranslation are taken directly to a separate component of equity.

**3.4. 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	50
Plant and machinery	10
Office equipment	5
Transportation means	5

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**  
**31th December, 2007**  
**(Expressed in 000, Ron)**

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

3.5. **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.

3.6. **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: (16% for year 2007). 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**  
**31th December, 2007**  
**(Expressed in 000, Ron)**

**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**  
**31th December, 2007**  
**(Expressed in 000, Ron)**

**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 31.12.2007 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**  
**31th December, 2007**  
**(Expressed in 000, Ron)**

**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”.

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

**Notes to the financial statements**  
**31th December, 2007**  
**(Expressed in 000, Ron)**

**4. Revenue**

Analysis of group's revenue is as follows:

	<u>31.12.07</u>	<u>31.12.06</u>
Sales of goods	9013	6622
Finished and semi finished goods		
Other		

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

	<b>Romania</b>	<b>Rest of Europe</b>	<b>S. Africa</b>	<b>Other</b>	<b>Total</b>
<b>31-12-07</b> Volume Sales ('000 Kgr)	2962				<b>2962</b>
Sales to external customers	703				<b>703</b>
Sales to internal customers (within the group)	8310				<b>8310</b>
Total Sales	9013				<b>9013</b>
<b>31-12-06</b> Volume Sales ('000 Kgr)	1725				<b>1725</b>
Sales to external customers	93				<b>93</b>
Sales to internal customers (within the group)	6529				<b>6529</b>
Total Sales	6622				<b>6622</b>

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

	<b>Infrastru cture</b>	<b>Housing</b>	<b>Agriculture</b>	<b>Industrial</b>	<b>Mining / Garden</b>	<b>Other</b>	<b>Total</b>
<b>31-12-07</b> Volume Sales ('000 Kgr)				945	1751	266	<b>2962</b>
Sales to external customers					119	584	<b>703</b>
Sales to internal customers (within the group)				867	4587	2856	<b>8310</b>
Total Sales				867	4706	3440	<b>9013</b>
<b>31-12-06</b> Volume Sales ('000 Kgr)				302	1164	259	<b>1725</b>
Sales to external customers					80	13	<b>93</b>
Sales to internal customers (within the group)				309	3381	2839	<b>6529</b>
Total Sales				309	3461	2852	<b>6622</b>

**Notes to the financial statements**  
**31th December, 2007**  
**(Expressed in 000, Ron)**

**5. Operating expenses**

An analysis is group's revenue is as follows:

	<u>31.12.07</u>	<u>31.12.06</u>
Wages	625	537
Utilities	359	396
Depreciation	203	83
Sundry expenses	888	969
Material costs	6577	4385
Marketing/promotion costs	58	

The above amounts have been allocated as follows:

<b>Cost of sales</b>	<u>31.12.2007</u>	<u>31.12.2006</u>
Wages		
Utilities		
Depreciation		
Sundry expenses		
Material costs	6577	4385
Marketing/promotion costs	<u>        </u>	<u>        </u>
	6577	4385
 <b>Administration expenses</b>		
	<u>31.12.2007</u>	<u>31.12.2006</u>
Wages	125	107
Utilities	72	49
Depreciation	30	13
Sundry expenses	143	122
Material costs		
Marketing/promotion costs	<u>        </u>	<u>        </u>
	370	291

**Notes to the financial statements**  
**31th December, 2007**  
**(Expressed in 000, Ron)**

**Other operating expenses**

	<u>31.12.2007</u>	<u>31.12.2006</u>
Wages		
Utilities		
Depreciation		
Sundry expenses	315	526
Material costs		
Marketing/promotion costs		
	<u>315</u>	<u>526</u>

**Distribution expenses**

	<u>31.12.2007</u>	<u>31.12.2006</u>
Wages	500	430
Utilities	287	347
Transportation costs		
Depreciation	173	70
Sundry expenses	430	321
Material costs		
Marketing/promotion costs	<u>58</u>	<u>1168</u>
	1448	1168

**Restructuring costs**

	<u>31.12.2007</u>	<u>31.12.2006</u>
Dismissals		
AGP Bad debts		

**Notes to the financial statements**  
**31th December, 2006**  
**(Expressed in 000, Ron)**

**6. Property, plant and equipment**

	<b>Land 000' Ron</b>	<b>Buildings 000' Ron</b>	<b>Fixtures and Equipment 000' Ron</b>	<b>Transportation Means 000' Ron</b>	<b>Assets under Construction 000' Ron</b>	<b>Total 000' Ron</b>
<b>Cost of valuation</b>						
At 1 January, 2006		35	429			464
Translation difference						
Additions			511			511
Disposals			-439			-439
Revaluation increase						
<b>At 31 December, 2006</b>		<u>35</u>	<u>501</u>			<u>536</u>
<b>Accumulated depreciation and impairment</b>						
At 1 January, 2006		28	179			207
Translation difference						
Charge for the year		1	66			67
Disposals			<u>-39</u>			<u>-39</u>
<b>At 31 December, 2006</b>		<u>29</u>	<u>206</u>			<u>235</u>
<b>Carrying amount</b>						
<b>At 31 December, 2006</b>		<u>6</u>	<u>295</u>			<u>301</u>

**Notes to the financial statements**  
**31th December, 2007**  
**(Expressed in 000, Ron)**

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

	<b>Land 000' Ron</b>	<b>Buildings 000' Ron</b>	<b>Fixtures and Equipment 000' Ron</b>	<b>Transportation Means 000' Ron</b>	<b>Assets under Construction 000' Ron</b>	<b>Total 000' Ron</b>
<b>Cost of valuation</b>						
At 1 January, 2007		35	501			536
Translation difference						
Additions			263			263
Disposals			-102			-102
Revaluation increase						
<b>At 31 December, 2007</b>		<u>35</u>	<u>662</u>			<u>697</u>
<b>Accumulated depreciation and impairment</b>						
At 1 January, 2007		29	206			235
Translation difference						
Charge for the year		1	75			76
Disposals			<u>-16</u>			<u>-16</u>
<b>At 31 December, 2007</b>		<u>30</u>	<u>265</u>			<u>295</u>
<b>Carrying amount</b>						
<b>At 31 December, 2007</b>		<u>5</u>	<u>397</u>			<u>402</u>

**Notes to the financial statements**  
**31th December, 2007**  
**(Expressed in 000, Ron)**

**7. Intangible assets**

	<b><u>Patents, Trademarks</u></b>	<b><u>Other</u></b>	<b><u>Total</u></b>
<b>Cost</b>			
At 1 January, 2006	49		49
Translation difference			
Additions	175		175
<b>At 31 December, 2006</b>	<b>224</b>		<b>224</b>
<b>Accumulated amortisation</b>			
At 1 January, 2006	36		36
Translation difference			
Charge for the year	10		10
Impairment			
<b>At 31 December, 2006</b>	<b>46</b>		<b>46</b>
<b>Carrying amount</b>			
<b>At 31 December, 2006</b>	<b>178</b>		<b>178</b>
	<b><u>Patents, Trademarks</u></b>	<b><u>Other</u></b>	<b><u>Total</u></b>
<b>Cost</b>			
At 1 January, 2007	224		224
Translation difference			
Additions	632		632
<b>At 31 December, 2007</b>	<b>856</b>		<b>856</b>
<b>Accumulated amortisation</b>			
At 1 January, 2007	46		46
Translation difference			
Charge for the year	128		128
Impairment			
<b>At 31 December, 2007</b>	<b>174</b>		<b>174</b>
<b>Carrying amount</b>			
<b>At 31 December, 2007</b>	<b>682</b>		<b>682</b>

**8. Goodwill**

<u>Country of Residence</u>	<u>31.12.07</u>	<u>31.12.06</u>
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**Notes to the financial statements**  
**31th December, 2007**  
**(Expressed in 000, Ron)**

<b>9. Inventories</b>	<u>31.12.07</u>	<u>31.12.06</u>
Raw materials		
Work in progress		
Finished and semifinished goods	1631	1554
Merchandise		
Spare parts		
Other inventories		
<b>10. Trade and other receivables</b>	<u>31.12.07</u>	<u>31.12.06</u>
Trade receivables, net of provisions for doubtful debts	1166	908
Other receivables	117	186
<b>11. Cash and cash equivalents</b>	<u>31.12.07</u>	<u>31.12.06</u>
Cash in hand	9	6
Balances with banks	795	636
Deposits with banks		
<b>12. Share capital</b>	<u>31.12.07</u>	<u>31.12.06</u>
Authorised, issued and fully paid: [ ] ordinary shares of [ ] each	2977	2977

**Notes to the financial statements**  
**31th December, 2007**  
**(Expressed in 000, Ron)**

13.	<b>Capital reserve</b>		<u>31.12.07</u>	<u>31.12.06</u>
	Statutory reserve			
	Special reserve			
	Tax free reserve			
	Share premium			
	Other reserves		349	-330
14.	<b>Revaluation reserve</b>			
		<b><u>Land &amp; buildings</u></b>	<b><u>Plants &amp; machinery</u></b>	<b><u>Other</u></b>
				<b><u>Total</u></b>
	Balance as at 1.1.2006			
	Addition for the year			
	<b>Balance 31.12.2006</b>	not applicable		
	Addition for the period			
	<b>Balance 31.12.2007</b>	not applicable		
15.	<b>Bank loans and overdrafts</b>		<u>31.12.07</u>	<u>31.12.06</u>
	Bank loans and overdrafts – due after one year		0	0
	Bank loans and overdrafts – within one year		0	0

**Also, following analysis is required :**

**Bank name, Duration, Interest rate, Underlying security**

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

Not applicable.

**Notes to the financial statements**  
**31th December, 2007**  
**(Expressed in 000, Ron)**

**17. Obligation under finance lease**

The company has financial 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>31.12.07</u>	<u>31.12.06</u>
	<u>000'</u>	<u>000'</u>
Present value of payments	101	179
Within on year	79	82
After one year but not more than five years	22	97
Over than five years		
<b>Total minimum lease payments</b>		
Less: Amounts representing finance charges		

**18. Trade and other payables**

	<u>31.12.07</u>	<u>31.12.06</u>
Trade payables	716	222
Other creditors		
Advances from clients		
Other payables	106	42

**19. Provisions**

	<u>31.12.07</u>	<u>31.12.06</u>
At 1 January 2007		
Additional provision during the year		
Utilised during the year		

**At 30 December 2007**

**Notes to the financial statements**  
**31th December, 2007**  
**(Expressed in 000, Ron)**

20.	<b>Accrued expenses/Deferred income</b>	<u>31.12.07</u>	<u>31.12.06</u>
	Government grants		
	Accrued expenses		
	Deferred income		
	Reconciliation		
21.	<b>Deferred tax liabilities</b>		
	Deferred tax liabilities relates to the following:	<u>31.12.07</u>	<u>31.12.06</u>
	Accelerated depreciation for account purposes		
	Accelerated wear and tear for tax purposes		
	Finance lease		
	Prepayments		
	Provision for doubtful debts		
	Salary related provision		
	Provision for settlement discount		
	Provision for credit notes		
	Tax loss		
	Revaluation of plant and machinery		
	Other		

**Notes to the financial statements**  
**31th December, 2007**  
**(Expressed in 000, Ron)**

**22. Commitments and contingencies**

Not applicable.

**23. Related party disclosures**

**a) Intercompany transactions (ICOY file) as per 31.12.07 / 31.12.06**

		Amounts owed by related parties	Amounts owed to related parties	Loans to related parties	Sales to related parties	Purchases from related parties	Financial revenues	Other services
Induplas, SpA	31/12/2007					52		
	31/12/2006							
Petzetakis, A.G.	31/12/2007			380	730	2647		
	31/12/2006				537	2073		
AG Petzetakis GMBH	31/12/2007			18		163		
	31/12/2006					54		
AGPIntercontinental	31/12/2007							
	31/12/2006							
Millenium	31/12/2007							
	31/12/2006							

**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 December, 2007 Obreja Alina Executive directors		36	17			
31 December, 2006 Obreja Alina Executive directors		33	3			

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

The company 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 company 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 90,6% of the company's sales and 84,8% of the total cost of sales are denominated in currencies other than the reporting currency. AG Petzetakis Romania's subsidiary uses forward currency contracts to eliminate the currency exposures on any individual transaction for which the company 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 company's policy not to enter into forward contracts until a firm commitment is in place.

It is the company'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 company trades only with recognised, creditworthy third parties. It is the company'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 company's exposure to bad debts is not significant. For transactions that are not denominated in the measurement currency of the relevant operating unit, the company 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 company's sales.