

# **FLEXIPLAS S.A.**

## **FINANCIAL STATEMENTS**

**31th December, 2008**

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**INCOME STATEMENT**  
**31th December, 2008**  
**(Expressed in '000, Euro)**

	<u>Notes</u>	<u>31/12/08</u>	<u>31/12/07</u>
Revenue	4	8592	9829
Cost of sales	5	<u>-6239</u>	<u>-6598</u>
<b>Gross profit</b>		<b>2353</b>	<b>3231</b>
Other operating income			-1
Distribution costs	5	-1372	-1516
Administrative expenses	5	-1049	-1076
Other operating expenses	5	-52	-52
Restructuring/Exceptional costs	5	-120	-50
<b>Profit from operations</b>		<b>-240</b>	<b>536</b>
Finance costs		-152	-158
Finance income		80	78
Loss on disposal of discontinued operations			
Exchange (loss)/gain		<u>2</u>	
<b>Profit (-Loss) before tax</b>		<b>-312</b>	<b><u>456</u></b>
Income tax expense		25	-207
<b>Loss after tax – continuing operations</b>			
Minority interest			
<b>Net Prof /(-Loss) for the period</b>		<b>-287</b>	<b><u>249</u></b>



Notes 1 to 24 forming an integral part of the financial statements on pages 6 to 24.

**BALANCE SHEET**  
**31th December, 2008**  
(Expressed in 000, Euro)



<b>ASSETS</b>	<u>Notes</u>	<u>31/12/08</u>	<u>31/12/07</u>
<b>Non Current Assets</b>			
Property, plant and equipment	6	9756	5272
Intangible assets	7	2	13
Goodwill			
Interests in associates and joint ventures	8	1523	1709
		<b>11281</b>	<b>6994</b>
<b>Current Assets</b>			
Inventories	9	719	878
Trade and other receivables	10	2375	3523
Investments held for trading			
Deferred tax asset			
Cash and cash equivalents	11	6	40
Prepayments/accrued income			
		3100	4441
<b>Non current assets classified as held for sale</b>			
<b>Total assets</b>		<b>14381</b>	<b>11435</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	12	60	60
Capital reserves	13	3380	3113
Revaluation reserves	14	5713	2537
Hedging reserve			
Translation reserve			
Accumulated profit/loss		-287	249
Minority interest			
<b>Total equity</b>		<b>8866</b>	<b>5959</b>
<b>Non current liabilities</b>			
Bank loans and overdrafts-due after one year	15	844	1135
Retirement benefit obligation	16		
Deferred tax liabilities	21	2440	1096
Obligations under finance leases-due after one year	17		
		<b>3284</b>	<b>2231</b>
<b>Current liabilities</b>			
Trade and other payables	18	1345	1746
Bank loans and overdrafts-due within one year	15	911	1421
Tax liabilities		-25	78
Obligations under finance leases – due within one year	17		
Provisions	19		
Accrued expenses/Deferred income	20		
		<b>2231</b>	<b>3245</b>
<b>Liabilities directly associated with non-current assets classified as held for sale</b>			
<b>Total equity and liabilities</b>		<b>14381</b>	<b>11435</b>

Notes 1 to 24 forming an integral part of the financial statements on pages 6 to 24.

**STATEMENT OF CHANGES IN EQUITY**  
**31th December, 2008**  
**(Amounts Expressed in 000, Euro)**

	Share capital € '000	Capital reserves € '000	Revaluation reserves € '000	Accumulated Losses carried forward € '000	Hedging reserves € '000	Translation reserves € '000	Total Equity € '000
<b>Equity 31/12/06</b>	<b>60</b>						
Balance at 01/01/06	60	4922	2665				7647
Revaluation Reserve			-155				-155
Profit for the year		-1954					-1954
Other Reserves		238					238
Dividends		-322					-322
<b>Equity as at 31/12/06</b>	<b>60</b>	<b>2884</b>	<b>2510</b>				<b>5454</b>
<b>Equity 31/12/2007</b>							
Balance at 01/01/07	60	2884	2510				5454
Revaluation Reserve			27				27
Profit for the year		249					249
Currency translation differences							
Net loss on hedges							
Other Reserves		229					229
Dividends							
<b>Equity as at 31/12/07</b>	<b>60</b>	<b>3362</b>	<b>2537</b>				<b>5959</b>
<b>Equity 31/12/08</b>							
Balance 01/01/08	60	3362	2537				5959
Revaluation Reserve			-148				-148
Update revaluation reserve at 31/12/08			3324				3324
Profit for the year		-287					-287
Currency translation differences							
Net loss on hedges							
Other reserves		229					229
Dividends		-211					-211
<b>Equity as at 31/12/08</b>	<b>60</b>	<b>3093</b>	<b>5713</b>				<b>8866</b>

Notes 1 to 24 forming an integral part of the financial statements on pages 6 to 24.

**CASH FLOW STATEMENT**  
**31th December, 2008**  
(Expressed in 000, Euro)

<b><u>Cash flows from operating activities</u></b>	<b><u>31/12/08</u></b>	<b><u>31/12/07</u></b>
(Loss)/ Profit for the year	-287	249
<b>Adjustments for:</b>		
Depreciation of tangible assets	337	343
Foreign Exchange differences		
Profit from Discontinued operations		
Provisions		
<b>Cash flows from operating activities</b>	<b><u>50</u></b>	<b><u>592</u></b>
Decrease/(Increase) in inventories	158	-160
(Increase) / Decrease in debtors	1152	-139
Decrease/(Increase)in other receivables		
Increase)/ Decrease in suppliers & other payables	-406	72
(Decrease)/Increase in borrowings	<u>-510</u>	<u>-182</u>
<b>Cash flows from operating activities</b>	<b><u>394</u></b>	<b><u>-409</u></b>
Taxes paid	<u>-103</u>	<u>46</u>
<b>Total inflows (outflows) from operating activities</b>	<b><u>341</u></b>	<b><u>229</u></b>
<b><u>Cash flow from investing activities</u></b>		
Purchase of tangible assets	-60	-61
Decrease (increase) in other non current assets	186	67
Revaluation reserve		
<b>Net cash flow from investing activities</b>	<b><u>126</u></b>	<b><u>6</u></b>
<b><u>Cash flow from financing activities</u></b>		
Repayment of bank loans	-291	-280
Repayments of obligation under finance leases		
Bank loans		
Decrease of share capital / Dividends paid	<u>-210</u>	
<b>Cash flow from financing activities</b>	<b><u>-501</u></b>	<b><u>-280</u></b>
<b>Net increase in cash and cash equivalents</b>	<b><u>-34</u></b>	<b><u>-45</u></b>
<b>Cash and cash equivalents at beginning of year</b>	<b><u>40</u></b>	<b><u>85</u></b>
<b>Cash and cash equivalents at end of year</b>	<b><u>6</u></b>	<b><u>40</u></b>

Notes 1 to 24 forming an integral part of the financial statements on pages 6 to 24.

**Notes to the consolidated financial statements**  
**31th December, 2008**

**1. Corporate information**

The financial statements for the period 1/1-31/12/2008 have been prepared in accordance with International Financial Reporting Standards (IFRS).

**2. Objective**

Flexiplas is devoted in the manufacture and commercialisation of pipes and hoses produced from plastic in PVC and Polyethylene. 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**

These financial statements are presented in Thousand of Euros that is the currency in which the majority of the company's transactions are denominated.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements have been prepared on the historical cost basis, except for the tangible fixed assets and related revaluation reserve and for the measurement of certain financial instruments. The principal accounting policies are set out below.

The more significant inter group operational transactions and balances are hold with Induplas(Italy), AGP. The operational trade balances are recognised as "Trade and other receivables and/or payables". Other balances are recognised as "Interest in associates and join ventures". The company accounting system does not prepare automatically, trial balances and financial statements according to IFRS. So, these financial statements have been prepared upon reconciliation (with reclassifications and adjustments) with the local financial statements prepared in accordance with the Spanish generally accepted accounting principles.

**Notes to the financial statements**  
**31th December, 2008**

**Statement of compliance**

The financial statements of the company have been prepared, for first time (first adoption opening balances of 1.1.2003), in accordance with International Financial Reporting Standard 1. All these Financial Statements for the period ended at 31th December, 2008 (and those one comparative for the year ended at 31<sup>th</sup> December, 2007) were prepared according to International Financial Reporting Standards / International Accounting Standards, issued by International Accounting Standards Board (IASCF Foundation), approved by the endorsement mechanism issued by (EC) Reg n° 1606/ 2002, of 19<sup>th</sup> July, 2002.

**3.3. Foreign currency translation**

Transactions in currencies other than Euro are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on exchange are included in the income statement.

There is no significant foreign exchange risks, because the majority of transactions are made in Euro (domestic and European market). That's why the company has no necessity of financial instruments to avoid this risk.

**3.4. Depreciation and amortisation**

**Property, plant and equipment**

Land, buildings, fixtures and equipment are stated in the balance sheet at the fair value (using the replacement value performed by an external entity, less estimated accumulated depreciation) on the basis of their existing use, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase / decrease arising on the revaluation of such land and buildings is credited / debited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

**Notes to the financial statements**  
**31th December, 2008**

Current depreciation on revaluated assets is charged at depreciation expenses and the depreciation of the former year, less the deferred tax, decreases the revaluation reserve. On the subsequent sale or retirement of a revaluated property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to accumulated profits.

Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, less estimated residual value, using the straight-line method on the following bases:

<u>Category of assets</u>	<u>Useful life (from 1<sup>st</sup> January, 2008)</u>
Buildings	33
Plant and machinery	8-12.5
Office equipment	8-10
Transportation means	6

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 revaluated amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on building an accumulated impairment losses.

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 revaluated 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 recognition 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.

The operating property, land and machinery was appraised in year 2004 by a specialised appraisal. In year 2008, according to IAS 16, the appraisal has been updated also by an independent specialised appraisal with the following revaluation result (See note 6):

	AFTER REVALUATION			BEFORE REVALUATION		
	COST	ACU.DEPRE	NBV	COST	ACU.DEPRE	NBV
Land	5926	0	5926	2816		2816
Buildings	3115	1242	1873	2381	1213	1168
Machinery	4854	2897	1957	3897	2874	1023
Intangible assets	62	60	2	62	60	2
	<b>13.957</b>	<b>4.199</b>	<b>9.758</b>	<b>9.156</b>	<b>4.147</b>	<b>5.009</b>

Net revaluation of 3.324 has been credited to revaluation reserves and 1.425 to Deferred tax liabilities (See notes 6 and 21).

**Notes to the financial statements**  
**31th December, 2008**

**3.5. Income tax / Taxation**

Income tax is based on taxable profits for the period at the rate which is in force for each year for the company : (32,5% for year 2007 and 30% for 2008). 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.

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.

**3.6. Goodwill**

Not applicable. There is no goodwill recognised.

**3.7. Inventories**

Inventories are valued at the lower of cost or 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- average cost;

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.

**3.8. Retirement benefits**

Not applicable. There are no retirement benefit costs or liabilities.

**3.9. 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.).

**Notes to the financial statements**  
**31th December, 2008**

Revenue is recorded during the period to which they refer regardless of when received, in accordance with the accrual accounting principle. Differences between amounts received and the corresponding revenue are recorded under accruals and deferrals.

Revenue in respect of sales of goods and products are stated net of value added tax and trade discounts, and is recognised when title is passed to the customer, which is generally when products and goods are delivered to the customer.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

***Interest***

Revenue is recognised as the interests accrued to the net carrying amount of the financial asset.

***Dividend***

**3.10. Government grants**

Not applicable. There are no government grants.

**3.11. 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.

**3.12. 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.

**3.13. Bank borrowings**

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

**Notes to the financial statements  
31th December, 2008**

**3.14. Trade payables**

The trade payables are stated at their nominal value.

**3.15. Finance leases**

The company as lessee. Finance leases, which transfer to the company 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".

**3.16. Borrowing costs**

Are recognised as an expense when incurred and charged directly against income.

**3.17 Investments in subsidiaries and related companies**

**3.18 Available for sale financial assets (not applicable)**

31/12/08            31/12/07

**3.19 Derivative financial instruments (not applicable)**

31/12/08            31/12/07



**Notes to the financial statements**  
**(Expressed in '000 euro)**  
**31th December, 2008**

**4. Revenue**

Analysis of company's revenue is as follows:

	<u>31/12/08</u>	<u>31/12/07</u>
Sales of goods	8592	9829
Finished and semi finished goods		
Other		
	<u>8592</u>	<u>9829</u>

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

	<b>Greece</b>	<b>Rest of Europe</b>	<b>S. Africa</b>	<b>Other</b>	<b>Total</b>
<b>31/12/08</b>					
Volume Sales ('000 Kgr)		3115			3115
Sales to external customers		8558			8558
Sales to internal customers (within the group)		34			34
<b>Total sales</b>		<b>8592</b>			<b>8592</b>
<b>31/12/07</b>					
Volume Sales ('000 Kgr)		3522			3522
Sales to external customers		9796			9796
Sales to internal customers (within the group)		33			33
<b>Total sales</b>		<b>9829</b>			<b>9829</b>

**Segment Reporting:**

	<b>31/12/08</b>					<b>31/12/07</b>				
	PVC	PE	Hoses/ SPVC	Other	<b>Total</b>	PVC	PE	Hoses/ SPVC	Other	<b>Total</b>
Revenue	7450	1142			<b>8592</b>	8526	1303			<b>9829</b>
Operating Profit	-209	-31			<b>-240</b>	468	68			<b>536</b>
Profit before tax	-271	-41			<b>-312</b>	397	59			<b>456</b>
Net Profit	-250	-37			<b>-287</b>	216	33			<b>249</b>
Depreciation	293	44			<b>337</b>	299	43			<b>343</b>
Total Assets	12511	1870			<b>14381</b>	9948	1487			<b>11435</b>
Total Liabilities	12511	1870			<b>14381</b>	9948	1487			<b>11435</b>

**Notes to the financial statements**  
( Expressed in '000 eur)  
**31th December, 2008**

**5. Operating expenses**

An analysis is company's revenue is as follows:

	<u>31/12/08</u>	<u>31/12/07</u>
Wages	1778	1701
Utilities	196	181
Depreciation	337	343
Sundry expenses	2015	2378
Material costs	4386	4688
Restructuring /exceptional costs	120	
	<u>8832</u>	<u>9291</u>

The above amounts have been allocated as follows:

<b>Cost of sales</b>	<u>31/12/08</u>	<u>31/12/07</u>
Wages	1022	988
Utilities	195	181
Depreciation	318	332
Sundry expenses	318	409
Material costs	4386	4688
Marketing/promotion costs	6239	6598

<b>Administration expenses</b>	<u>31/12/08</u>	<u>31/12/07</u>
Wages	380	353
Utilities		
Depreciation	19	12
Sundry expenses	650	711
Material costs		
Marketing/promotion costs	1049	1076



**Notes to the financial statements**  
**( Expressed in '000 euro)**  
**31th December, 2008**

**Other operating expenses**

	<u>31/12/08</u>	<u>31/12/07</u>
Wages	52	52
Utilities		
Depreciation		
Sundry expenses		
Material costs		
Marketing/promotion costs		
	<hr/>	<hr/>
	52	52

**Distribution expenses**

	<u>31/12/08</u>	<u>31/12/07</u>
Wages	326	309
Utilities		
Transportation costs	850	959
Depreciation		
Sundry expenses	196	248
Material costs		
Marketing/promotion costs		
	<hr/>	<hr/>
	1372	1516

**Restructuring costs**

	<u>31/12/08</u>	<u>31/12/07</u>
Millenium write-off	42	----
Dismissals	----	7
AGP Bad debts	----	52
Extraordinary income (Smiths)	----	-119
Extraordinary expense (Induplas)	----	110
Reversal bonuses 2007	68	----
Indemnity night shift worker	10	----
	<hr/>	<hr/>
	120	50

Notes to the financial statements  
31th December, 2008  
Expressed in 000, Euro)

6. Property, plant and equipment

	Land and Buildings 000' Euro	Fixtures and Equipment 000' Euro	Transportation Means 000' Euro	Assets under Construction 000' Euro	Total 000' Euro
<b>Cost of valuation</b>					
At 1 January, 2008	5197	3836	17		9050
Translation difference		64			64
Additions		-3	-17		-20
Disposals		<u>3897</u>	<u>0</u>		<u>9094</u>
<b>At 31 December, 2008</b>	<u>5197</u>				
<b>Accumulated depreciation and impairment</b>					
At 1 January, 2008	1066	2700	12		3778
Translation difference		177	1		325
Charge for the year	147	-3	-13		-16
Disposals	1213	<u>2874</u>	<u>0</u>		<u>4087</u>
<b>At 31 December, 2008</b>	<u>3984</u>	<u>1023</u>			<u>5007</u>
<b>Carrying amount at 31 December 2008</b>	<u>3814</u>	<u>935</u>			<u>4749</u>
<b>Net revaluation increase at 31 December 2008</b>	<u>7798</u>	<u>1958</u>			<u>9756</u>
<b>Net Carrying amount at 31 December 2008</b>					

Notes to the financial statements  
31th December, 2008  
(Expressed in 000, Euro)

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

	Land and Buildings 000' Euro	Fixtures and Equipment 000' Euro	Transportation Means 000' Euro	Assets under Construction 000' Euro	Total 000' Euro
<b>Cost of valuation</b>					
At 1 January, 2007	5197	3776	56		9029
Translation difference		61			61
Additions		-1	-39		-40
Disposals		<u>3836</u>	<u>17</u>		<u>9050</u>
<b>At 31 December, 2007</b>	<u>5197</u>				
<b>Accumulated depreciation and impairment</b>					
At 1 January, 2007	919	2517	31		3467
Translation difference		184	8		339
Charge for the year	147	-1	-27		<u>-28</u>
Disposals		<u>2700</u>	<u>12</u>		<u>3778</u>
<b>At 31 December, 2007</b>	<u>1066</u>				
<b>Carrying amount</b>					
<b>At 31 December, 2007</b>	<u>4131</u>	<u>1136</u>	<u>5</u>		<u>5272</u>

**Notes to the financial statements**  
**31th December, 2008**  
(Expressed in 000, Euro)

7. **Intangible assets**

	<u>Patents, Trademarks</u>	<u>Other</u>	<u>Total</u>
<b>Cost</b>			
At 1 January, 2008		62	62
Translation difference			
Additions			
<b>At 31 December, 2008</b>		62	62
<b>Accumulated amortisation</b>			
At 1 January, 2008		49	49
Translation difference			
Charge for the year		11	11
Impairment			
<b>At 31 December, 2008</b>		60	60
<b>Carrying amount</b>			
<b>At 31 December, 2008</b>		2	2

8. **Interest in associates and joint ventures**

<b>LOANS TO GROUP COMPANIES:</b>	<b>31/12/08</b>	<b>31/12/07</b>
INDUPLAS	115	128
A.G.PETZETAKIS	1.260	1.260
A.G.P. INTERNATIONAL	-	160
MILLENIUM	-	40
Total interests accrued	148	121
	<b>1.523</b>	<b>1.709</b>



**Notes to the financial statements**  
**31th December, 2008**  
(Expressed in 000, Euro)

**9. Inventories**

	<u>31/12/08</u>	<u>31/12/07</u>
Raw materials	346	333
Work in progress		
Finished and semifinished goods	315	382
Merchandise	58	163
Spare parts		
Other inventories		
Advances to suppliers		
	719	878

**10. Trade and other receivables**

	<u>31/12/08</u>	<u>31/12/07</u>
Trade receivables	2364	3498
Less: Provisions for doubtful debts	-23	-7
Net amount	2341	3491
Checks receivable		
Receivables from group companies	72	72
Less: Provisions group bad debts	- 58	-52
Prepaid expenses		
Accrued income		
Other receivables	20	12
	2375	3523

**Receivables** : For overdue amounts

<6 months	6-12 months	1-5 years	>5 years	Total
72	12	63		147

**11. Cash and cash equivalents**

	<u>31/12/08</u>	<u>31/12/07</u>
Cash in hand	1	1
Balances with banks	5	39
Deposits with banks		
	6	40

**12. Share capital**

	<u>31/12/08</u>	<u>31/12/07</u>
Authorised, issued and fully paid:		
10,000€ ordinary shares of 6,02€ each	60	60

**Notes to the financial statements**  
**31th December, 2008**  
(Expressed in 000, Euro)

13. **Capital reserves**

	<u>31/12/08</u>	<u>31/12/07</u>
Statutory reserve	56	56
Special reserves		
Tax free reserves		
Share premium		
Translation reserves		
Other reserves	3324	3057
	3380	3113

14. **Revaluation reserve**

	<b>Land &amp; Buildings</b>	<b>Plants &amp; machinery</b>	<b>Other</b>	<b>Total</b>
Balance as at 1.1.2007	2055	455		2510
Addition for the year	17	10		27
<b>Balance 31/12/07</b>	<b>2072</b>	<b>465</b>		<b>2537</b>
Addition for the period	1972	1204		3176
<b>Balance 31/12/08</b>	<b>4044</b>	<b>1669</b>		<b>5713</b>

Addition in year 2008 refers mainly to the revaluation due to an updated of the appraisal carried out in this year (see note 3.4).

15. **Bank loans and overdrafts**

	<u>31/12/08</u>	<u>31/12/07</u>
Bank loans and overdrafts – due after one year	844	1135
Bank loans and overdrafts – within one year	911	1421
	1755	2556

**Bank loans due after one year:**

<u>Bank</u>	<u>Duration</u>	<u>Interest rate</u>	<u>Security</u>
Bilbao Vizcaya	7 years	Euribor+0.7	Land & Building

**Bank loans & overdraft within one year:**

<u>Bank</u>	<u>Duration</u>	<u>Interest rate</u>	<u>Security</u>
Bank	Duration	Amount	Interest rate
Bilbao Vizcaya	yearly renewal		Euribor+1.5
La Caixa	yearly renewal		Euribor+1.5
Popular	yearly renewal		Euribor+1
Caixa Galicia	yearly renewal		Euribor+1.5

16. **Retirement benefit obligation (Staff leaving indemnities SLI) (not applicable)**

**Notes to the financial statements**  
**31th December, 2008**

**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:

	Lease 1	Lease 2	Lease 3	
Payable within 2009				
Payable 2010-2011				
Payable 2012-2014				
<b>Total</b>	xxx	xxx	xxx	A
Present value of finance lease payments	xxx	xxx	xxx	A
Less: Short term finance lease Obligation	xxx	xxx	xxx	B
Long term finance lease obligation 31/12/2008	xxx	xxx	xxx	A-B

**18. Trade and other payables**

	<u>31/12/08</u>	<u>31/12/07</u>
Trade payables	1100	1466
Insurance and pension funds		
Current tax liabilities		
Liabilities to group companies		
Advances from clients		
Other payables	245	280
	1345	1746

**Liabilities:**

	Past due	<6 months	6-12 months	1-5 years	>5 years	Total
Bank debt		510	401	844		1755
Suppliers		1345				1345
<b>Total Liabilities</b>		<b>1855</b>	<b>401</b>	<b>844</b>		<b>3100</b>

**19. Provisions for other liabilities and charges**

	<u>31/12/08</u>	<u>31/12/07</u>
Provision for customer claims	-----	-----

**Notes to the financial statements**  
**31th December, 2008**  
(Expressed in 000, Euro)

20. **Accrued expenses/Deferred income**

	<u>31/12/08</u>	<u>31/12/07</u>
Government grants		
Accrued expenses		
Deferred income		

21. **Deferred tax liabilities**

Deferred tax liabilities relates to the following:

	<u>31/12/08</u>	<u>31/12/07</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	2440	1096
Other		
	<b>2440</b>	<b>1096</b>



**Notes to the financial statements  
31th December, 2008**

22. **Commitments and contingencies (not applicable)**

**Other than financial leases, for example bank guarantees, claims**

23. **Related party disclosures**

a) **Intercompany transactions (ICOY file) as per 31/12/08 / 31/12/07**

		<b>Amounts owed by related parties</b>	<b>Amounts owed to related parties</b>	<b>Loans to related parties</b>	<b>Sales to related parties</b>	<b>Purchases from related parties</b>	<b>Financial revenues</b>	<b>Other services</b>
<b>Induplas, SpA</b>	<b>31/12/08</b>	14	64	127	34	94	7	
	<b>31/12/07</b>	14	70	133	33	187	11	
<b>Petzetakis, A.G.</b>	<b>31/12/08</b>	58	11	1396		74	71	
	<b>31/12/07</b>	58		1362	28		57	
<b>AGPIntercontinental</b>	<b>31/12/08</b>			0			3	
	<b>31/12/07</b>			171			7	
<b>Millenium</b>	<b>31/12/08</b>			0				
	<b>31/12/07</b>			42			2	



**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>
<b>31 December 2008</b>						
Executive directors		105	10			115
Name	Surname					
Jordi Solé		105	10			115
Non executive directors		175	9			184
 <b>31 December 2007</b>						
Executive directors		98	30			128
Name	Surname					
Jordi Solé		98	30			128
Non executive directors		168	38			206

**Notes to the financial statements  
31th December, 2008**

**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. It is, and has been throughout the year under review, the company policy that no trading in financial instruments shall be undertaken. The main risks arising from the company financial instruments are, liquidity risk, and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below. The company 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.

***Foreign currency risk***

The company has no significant transactional currency exposures.

As issued in note 3.3. *There is no significant foreign exchange risks, because the majority of transactions are made in Euro (domestic and European market). That's why the company has no necessity of financial instruments to avoid this risk.*

***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. The audit risk is minimum. All the significant single clients accounts with credit risk (taking in consideration aging) are covered at 100%.