

# MOORE STEPHENS CONCORDE

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To the Shareholders  
of Induplas S.p.A.

We have audited the attached reporting package of INDUPLAS S.p.A. expressed in EURO for the year ended December 31, 2008. These standard reporting forms are the responsibility of the management of Induplas S.p.A. Our responsibility is to express an opinion on these reporting forms based on our audit.

We conducted our audit in accordance with International Standards on Auditing (ISA). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the reporting forms are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the reporting forms. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the proper accumulation and reporting of the data on the reporting forms. We believe that our audit provides a reasonable basis for our opinion.

The reporting forms have been prepared solely to enable the company's parent to prepare consolidated financial statements and not to report on the company as a separate entity.

In our opinion, the above-mentioned reporting forms of Induplas S.p.A for the year ended December 31, 2008 have been properly prepared in all material respects to give the information required to be shown in accordance with accounting policies and procedures contained in the Reporting Manual of the Group, have been prepared using accounting principles consistent with those used in the preceding year and do not require adjustments.

Società a  
Responsabilità Limitata  
Capitale Sociale  
Euro 50.000  
R. I. n° 123608 Trib. Milano  
Partita IVA 00730070158  
R.E.A. MI-669647  
Società ad esercizio  
attività di revisione  
e certificazione contabile  
ai sensi della Legge  
21-11-1939 N. 1966  
D. 22-4-1940 N. 531  
del Revisori Contabili  
con D. Lgs. N. 88/1992



A member Firm of Moore  
Stephens International Ltd  
Group of Independent Firms

Gruppo  
Professionale  
Barranco

Based on our audit, we would like to draw your attention to the following matters:

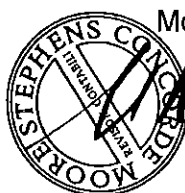
The Company's management informed us that a transfer of fund totalling euro 300.000,00, has been planned by the parent entity, covering the 2008 result.

The Company's management informed us that an external consultant (American Appraisals) certified that the fair value of the Company's assets amount to euro 2.016.400,00; the net book value included in the Financial Statements as at 31 December 2008 is euro 616.000,00. On that basis, a revaluation of these assets is forecasted in the next board of Directors.

The Company's management informed us that a plan for the purchase of the business branch of Eurohose (UK), a group company, is ongoing; in the definition of the final price should be considered the accounts receivables of the Company totalling euro 2.302.754,93.

We believe that the accompanying Financial Statement is prepared in all material respect and in accordance with the requirements and principles generally accepted.

This report is solely for your information and use in conjunction with the audit of the consolidated financial statements of the group and should not be used by anyone for any other purpose.



Moore Stephens Concorde  
Giuseppe A. Barranco  
Partner

A handwritten signature in black ink, appearing to read "Giuseppe A. Barranco".

Milan March 30, 2009

**INDUPLAS SPA**  
**FINANCIAL STATEMENTS**  
**31<sup>st</sup> December, 2008**

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**INCOME STATEMENT**  
**31<sup>st</sup> December, 2008**  
**(Expressed in '000, Euro)**

|  | Notes | <u>31/12/08</u>     | <u>31/12/07</u>     |
|--|-------|---------------------|---------------------|
| Revenue  | 4     | 12.634              | 12.748              |
| Cost of sales                                      | 5     | <u>-10.759</u>      | <u>-10.644</u>      |
| <b>Gross profit</b>                                |       | <u><b>1.874</b></u> | <u><b>2.103</b></u> |
| Other operating income                             |       | 9                   | 47                  |
| Administrative expenses                            | 5     | -596                | -680                |
| Distribution costs                                 | 5     | -915                | -831                |
| Other operating expenses                           | 5     | -241                | -311                |
| Restructuring costs                                |       | <u>0</u>            | <u>0</u>            |
| <b>Profit from operations</b>                      |       | <u><b>132</b></u>   | <u><b>329</b></u>   |
| Finance costs                                      |       | -306                | -268                |
| Finance income                                     |       | 40                  | 20                  |
| Loss/income on disposal of discontinued operations |       | 193                 | -115                |
| Exchange (loss)/gain                               |       | <u>-240</u>         | <u>-61</u>          |
| <b>Profit before tax</b>                           |       | <u><b>-181</b></u>  | <u><b>-94</b></u>   |
| Income tax expense                                 |       | -114                | -188                |
| <b>Loss after tax - continuing operations</b>      |       | <u><b>-296</b></u>  | <u><b>-282</b></u>  |
| Minority interest                                  |       | 0                   | 0                   |
| <b>Net Profit/(Loss) for the period</b>            |       | <u><b>-296</b></u>  | <u><b>-282</b></u>  |

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



**BALANCE SHEET**  
**31<sup>st</sup> December, 2008**  
**(Expressed in '000, Euro)**

| ASSETS   | Notes | <u>31/12/08</u>     | <u>31/12/07</u>     |
|--|-------|---------------------|---------------------|
| <b>Non Current Assets</b>  |       |                     |                     |
| Property, plant and equipment  | 6     | 605                 | 800                 |
| Intangible assets  | 7     | 11                  | 50                  |
| Goodwill   | 8     | 0                   | 0                   |
| Interests in associates and joint ventures   |       | <u>0</u>            | <u>0</u>            |
| <b>Current Assets</b>  |       | <b>616</b>          | <b>850</b>          |
|  |       |                     |                     |
| Inventories  | 9     | 1,276               | 1,663               |
| Trade and other receivables  | 10    | 5,499               | 5,295               |
| Investments held for trading   |       | 0                   | 0                   |
| Deferred tax assets  |       | 0                   | 0                   |
| Cash and cash equivalents  | 11    | 3                   | 1                   |
| Prepayments/accrued income   | 20 a. | <u>87</u>           | <u>141</u>          |
|  |       | <b>6,866</b>        | <b>7,100</b>        |
| <b>Non current assets classified</b>   |       |                     | <u>0</u>            |
| <b>Total assets</b>  |       | <b><u>7,482</u></b> | <b><u>7,949</u></b> |
|  |       |                     |                     |
| <b>EQUITY AND LIABILITIES</b>  |       |                     |                     |
| <b>Capital and reserves</b>  |       |                     |                     |
| Share capital  | 12    | 517                 | 517                 |
| Capital reserves   | 13    | 2                   | 2                   |
| Revaluation reserves   | 14    | 0                   | 0                   |
| Hedging reserve  |       | 0                   | 0                   |
| Translation reserve  | 13    | 117                 | 117                 |
| Other reserves post closing adjustment   | 13    | 3                   | 3                   |
| Accumulated profit/loss  |       | <u>-577</u>         | <u>-282</u>         |
|  |       | <b>62</b>           | <b>357</b>          |
| Minority interest  |       | <u>0</u>            | <u>0</u>            |
| <b>Total equity</b>  |       | <b><u>62</u></b>    | <b><u>357</u></b>   |
|  |       |                     |                     |
| <b>Non current liabilities</b>   |       |                     |                     |
| Bank loans and overdrafts-due after one year   | 15    | 590                 | 1,084               |
| Retirement benefit obligation  | 16    | 458                 | 522                 |
| Deferred tax liabilities   | 21    | 27                  | 5                   |
| Obligations under finance leases-due after one year  | 17    | <u>0</u>            | <u>7</u>            |
|  |       | <b>1,074</b>        | <b>1,619</b>        |
|  |       |                     |                     |
| <b>Current liabilities</b>   |       |                     |                     |
| Trade and other payables   | 18    | 4,093               | 3,685               |
| Bank loans and overdrafts-due within one year  | 15    | 2,007               | 2,063               |
| Tax liabilities  |       | 42                  | -77                 |
| Obligations under finance leases - due within one year                                     | 17    | 7                   | 14                  |
| Provisions for restructuring   |       | 0                   | 170                 |
| Provisions   | 19    | 88                  | 89                  |
| Accrued expenses/Deferred income   | 20 b. | <u>108</u>          | <u>30</u>           |
|  |       | <b>6,345</b>        | <b>5,973</b>        |
| <b>Liabilities directly associated with non-current assets classified as held for sale</b> |       |                     |                     |
| <b>Total equity and liabilities</b>  |       | <b><u>7,481</u></b> | <b><u>7,949</u></b> |

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



**STATEMENT OF CHANGES IN EQUITY**  
**31st December, 2008**

(Amounts Expressed in 000, Euro)

|                                  | Share capital | Capital reserves | Revaluation reserves | Accumulated Losses carried forward | Hedging reserves | Translation reserves | Total Equity |
|----------------------------------|---------------|------------------|----------------------|------------------------------------|------------------|----------------------|--------------|
| <b>Equity 31.12.07</b>           |               |                  |                      |                                    |                  |                      |              |
| Balance 01.01.2007               | 517           | 2                | 0                    | 0                                  | 0                | 117                  | 637          |
| Revaluation Reserve              |               |                  |                      |                                    |                  |                      | 0            |
| Profit for the year              |               |                  |                      | -282                               |                  |                      | -282         |
| Currency translation differences |               |                  |                      |                                    |                  |                      | 0            |
| Net loss on hedges               |               |                  |                      |                                    |                  |                      | 0            |
| Other reserves                   |               |                  |                      | 3                                  |                  |                      | 3            |
|                                  | 517           | 2                | 0                    | -279                               | 0                | 117                  | 357          |

|                                  |     |   |   |      |   |     |      |
|----------------------------------|-----|---|---|------|---|-----|------|
| <b>Equity 31.12.08</b>           |     |   |   |      |   |     |      |
| Balance 01.01.2008               | 517 | 2 | 0 | -279 | 0 | 117 | 357  |
| Revaluation Reserve              |     |   |   |      |   |     | 0    |
| Profit for the year              |     |   |   | -295 |   |     | -295 |
| Currency translation differences |     |   |   |      |   |     | 0    |
| Net loss on hedges               |     |   |   |      |   |     | 0    |
| Other reserves                   |     |   |   |      |   |     | 0    |
|                                  | 517 | 2 | 0 | -574 | 0 | 117 | 62   |



**CASH FLOW STATEMENT**  
**31<sup>st</sup> December, 2008**  
**(Amounts expressed in 000 Euro)**

| <u>Cash flows from operating activities</u>               | <u>31/12/08</u> | <u>31/12/07</u> |
|---|-----------------|-----------------|
| (Loss)/ Profit for the year                               | 132             | -94             |
| <b>Adjustments for:</b>                                   |                 |                 |
| Depreciation of tangible and intangible assets            | 288             | 478             |
| Foreign Exchange differences                              | 0               | 0               |
| Profit from Discontinued operations                       | 0               | 0               |
| Provisions  | -1              | 169             |
| <b>Cash flows from operating activities</b>               | <u>418</u>      | <u>553</u>      |
| <br>  |                 |                 |
| Decrease/(Increase) in inventories                        | 387             | 99              |
| (Increase) / Decrease in debtors                          | -56             | 299             |
| Decrease/(Increase)in other receivable                    | -204            | -49             |
| (Increase)/ Decrease in suppliers                         | -408            | -676            |
| (Decrease)/Increase in other payables                     | 0               | -78             |
| <b>Cash flows from operating activities</b>               | <u>-282</u>     | <u>-405</u>     |
| <br>  |                 |                 |
| Taxes paid  | 119             | -188            |
| <b>Total inflows (outflows) from operating activities</b> | <u>255</u>      | <u>-40</u>      |
| <br>  |                 |                 |
| <b><u>Cash flow from investing activities</u></b>         |                 |                 |
| Purchase of tangible / intangible assets                  | -54             | -236            |
| Decrease in other non current assets                      | 0               |                 |
| Revaluation reserve                                       | 0               |                 |
| <b>Net cash flow from investing activities</b>            | <u>-54</u>      | <u>-236</u>     |
| <br>  |                 |                 |
| <b><u>Cash flow from financing activities</u></b>         |                 |                 |
| Repayment of bank loans                                   | 0               | 321             |
| Repayments of obligation under finance leases             | -55             | 14              |
| Bank loans  | 0               | 0               |
| Decrease of share capital                                 | 0               | 3               |
| <b>Cash flow from financing activities</b>                | <u>-55</u>      | <u>338</u>      |
| <br>  |                 |                 |
| <b>Net increase in cash and cash equivalents</b>          | <u>146</u>      | <u>62</u>       |
| <br>  |                 |                 |
| <b>Cash and cash equivalents at beginning of year</b>     | <u>-2.125</u>   | <u>-2.125</u>   |
| <br>  |                 |                 |
| <b>Cash and cash equivalents at end of year</b>           | <u>-1.979</u>   | <u>-2.063</u>   |

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



1. **Corporate information**

Induplas S.p.A. is an Italian company 100% participated by A. G. Petzetakis S.A.

2. **Objective**

Induplas' main objective is the manufacturing and selling items which are produced from pvc and poliuretano mainly.

3. **Summary of significant accounting policies**

3.1. **Basis of presentation**

The financial statement has been prepared under the historical costs and presented in Euro. All amounts are rounded in thousands.

3.2. **Statement of compliance**

The present financial statement of Induplas S.p.A. for the period 01/01/2008-31/12/08 has been prepared in accordance with International Financial Reporting Standards (IFRS).

3.3. **Foreign currency translation**

Transactions in foreign currencies are reflected at the rate prevailing at the time the transactions are recorded. Realised and unrealised exchange gains and losses are transferred to profit and loss account.

3.4 **Property, plant and equipment.**

All tangible assets are stated at cost less accumulated depreciation. Induplas S.p.A. has no land or building. Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

| <u>Category of assets</u> | <u>% of amortisation</u> |
|---------------------------|--------------------------|
| Plant and machinery       | 12,50                    |
| Fixtures and equipment    | 12,00                    |
| Transportation means      | 20,00                    |

Despite Induplas has no buildings the reporting package shows a value related to the reclassification in the application of IFRS.

3.5. **Income tax / Taxation**

Income tax are calculated and booked according the period analysed and the fiscal law. Deferred taxes are considered and calculated according the application of IFRS.



**3.6. Interest in associated and joint ventures.**

Induplas S.p.A. owns 31% of Petzetakis USA Inc. for an amount of 27,89 Euro. Petzetakis Usa Inc. has sold all its assets in August 2005 so the amount of the investment has been devaluated.

**3.7. Goodwill**

Not applicable. There is no goodwill recognised.

**3.8. Inventories**

Inventories are evaluated at the lower between cost and net realisable value. The evaluation is based on FIFO. Slow moving items in finish products and raw material are covered by a specific inventory provision.

**3.9. Trade financial and other receivable**

Receivables are stated at their nominal value and reduced by appropriate allowances for estimated irrecoverable amounts. Bad debts are written off when identified. Despite we believe all the amounts due from companies of Petzetakis Group are difficult to recover we didn't perform any devaluation.

**3.10. Cash and cash equivalents**

Cash and cash equivalents in the balance sheet include cash in hand.

**3.11. Retirement benefits**

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

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

The estimated liability is recognised in the financial statements.

**3.12. Bank loans and overdraft.**

Bank loans and overdrafts are recorded at the nominal value.

**3.13. Trade payables**

The trade payables are stated at their nominal value.

**3.14. 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.



#### 4. Revenue

Analysis of company's revenue is as follows:

|                              | <u>31/12/08</u> | <u>31/12/07</u> |
|------------------------------|-----------------|-----------------|
| Sales of goods               | 12.634          | 12.748          |
| Sales of semi finished goods | 0               | 0               |
| Others (assets)              | 0               | 0               |
|                              | <u>12.634</u>   | <u>12.748</u>   |

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

|                    | <u>31/12/08</u> | <u>31/12/07</u> |
|--------------------|-----------------|-----------------|
| Domestic sales     | 6.791           | 7.728           |
| Export sales       | 4.266           | 3.565           |
| Intercompany sales | 1.577           | 1.454           |
|                    | <u>12.634</u>   | <u>12.748</u>   |

|                 | <u>31/12/08</u> | <u>31/12/07</u> |
|-----------------|-----------------|-----------------|
| Details         |                 |                 |
| GREECE          | 234             | 82              |
| REST OF EUROPE  | 12.092          | 12.367          |
| SOUTH AFRICA    | 0               | 0               |
| OTHER COUNTRIES | 308             | 299             |
|                 | <u>12.634</u>   | <u>12.748</u>   |

The following table provides to split our business in the new categories

|                   | <u>31/12/08</u> |    |            |       |        |
|-------------------|-----------------|----|------------|-------|--------|
|                   | PVC             | PE | Hoses/SPVC | Other | Total  |
| Revenue           | 6.973           | 14 | 0          | 5.647 | 12.634 |
| Operating Profit  | 73              | 0  | 0          | 59    | 132    |
| Profit before Tax | -100            | 0  | 0          | -81   | -181   |
| Net profit        | -163            | 0  | 0          | -132  | -296   |
| Depreciation      | 160             | 0  | 0          | 130   | 290    |
| Total assets      | 3.396           | 7  | 0          | 2.751 | 6.154  |
| Total liabilities | 4.095           | 8  | 0          | 3.316 | 7.419  |



## 5. Operating expenses

### Cost of sales

|                                 | <u>31/12/08</u> | <u>31/12/07</u> |
|---------------------------------|-----------------|-----------------|
| Wages                           | 1.458           | 1.499           |
| Depreciation                    | 203             | 369             |
| General expenses                | 148             | 144             |
| Rent Leasing                    | 187             | 180             |
| Utilities                       | 332             | 295             |
| Material costs and other direct | 7.118           | 6.896           |
| Sales variable costs            | 1.313           | 1.260           |
| Marketing/promotion costs       | 0               | 0               |
|                                 | <u>10.759</u>   | <u>10.644</u>   |

### Administrative expenses

|                           | <u>31/12/08</u> | <u>31/12/07</u> |
|---------------------------|-----------------|-----------------|
| Wages                     | 287             | 274             |
| Utilities                 | 0               | 0               |
| Depreciation              | 51              | 52              |
| General expenses          | 254             | 351             |
| Rent Leasing              | 4               | 3               |
| Marketing/promotion costs | 0               | 0               |
|                           | <u>596</u>      | <u>680</u>      |



**Distribution costs****Sales costs**

|   | <u>31/12/08</u> | <u>31/12/07</u> |
|---|-----------------|-----------------|
| Wages   | 413             | 338             |
| Utilities                                     | 0               | 0               |
| Depreciation                                  | 6               | 7               |
| General expenses                              | 149             | 110             |
| Rent Leasing                                  | 4               | 3               |
| Marketing/promotion costs/provision bad debit | 0               | 0               |
|   | <u>571</u>      | <u>459</u>      |

**Warehouse expenses**

|                           | <u>31/12/08</u> | <u>31/12/07</u> |
|---------------------------|-----------------|-----------------|
| Wages                     | 183             | 202             |
| Utilities                 | 0               | 0               |
| Depreciation              | 6               | 23              |
| General expenses          | 4               | 0               |
| Rent Leasing              | 151             | 147             |
| Marketing/promotion costs | 0               | 0               |
|                           | <u>344</u>      | <u>371</u>      |
| Total                     | <u>915</u>      | <u>831</u>      |



**Other operating expenses**

**Integrated logistics expenses**

|                          | <u>31/12/08</u> | <u>31/12/07</u> |
|--------------------------|-----------------|-----------------|
| Wages                    | 51              | 82              |
| Utilities                | 0               | 0               |
| Depreciation             | 17              | 22              |
| General expenses         | 12              | 15              |
| Rent Leasing             | 4               | 3               |
| Marketing/promotion cost | 0               | 0               |
|                          | <hr/>           | <hr/>           |
|                          | 84              | 122             |

**Research and development expenses**

|                           | <u>31/12/08</u> | <u>31/12/07</u> |
|---------------------------|-----------------|-----------------|
| Wages                     | 128             | 149             |
| Utilities                 | 0               | 0               |
| Depreciation              | 6               | 7               |
| General expenses          | 20              | 29              |
| Rent Leasing              | 4               | 3               |
| Marketing/promotion costs | 0               | 0               |
|                           | <hr/>           | <hr/>           |
|                           | 158             | 189             |
|                           | <hr/>           | <hr/>           |
| Total                     | 241             | 311             |



Notes to the financial statements  
31<sup>st</sup> December 2008

605(A-B)

6. Property, plant and equipment

|                        | Land and buildings | Fixtures and Equipment | Transportation Means | Assets under Construction | Total    |
|------------------------|--------------------|------------------------|----------------------|---------------------------|----------|
| Cost of valuation      | 163                | 5.101                  | 148                  | 0                         | 5.412    |
| At 1 January, 2008     |                    |                        |                      |                           | 0        |
| Translation difference |                    |                        |                      |                           | 52       |
| Additions              | 0                  | 51                     | 1                    |                           | 0        |
| Disposals              |                    |                        |                      |                           | 0        |
| Revaluation increase   |                    |                        |                      |                           | 0        |
| At 31st December, 2008 | 163                | 5.152                  | 149                  | 0                         | 5.464(A) |

Accumulated depreciation and impairment

|                        |     |       |     |   |          |
|------------------------|-----|-------|-----|---|----------|
| At 1 January, 2008     | 144 | 4.329 | 139 | 0 | 4.612    |
| Translation difference |     |       |     |   | 0        |
| Charge for the year    | 19  | 224   | 4   |   | 247      |
| Disposals              |     |       |     |   | 0        |
| At 31st December, 2008 | 163 | 4553  | 143 | 0 | 4.859(B) |



Notes to the financial statements  
31<sup>st</sup> December 2008

**7. Intangible assets**

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|                                   | <b>Patents,<br/>Trademarks</b> | <b>Other</b> | <b>Total</b> |
|-----------------------------------|--------------------------------|--------------|--------------|
| <b>Cost</b>                       |                                |              |              |
| <i>At 1 January, 2008</i>         | 207                            | 481          | 688          |
| Translation difference            |                                |              | 0            |
| Additions                         | 0                              | 2            | 2            |
| <i>At the 31st December, 2008</i> | <b>207</b>                     | <b>483</b>   | <b>690</b>   |
| <b>Accumulated amortisation</b>   |                                |              |              |
| <i>At 1 January, 2008</i>         | 198                            | 440          | 638          |
| Translation difference            |                                |              | 0            |
| Charge for the year               | 3                              | 38           | 41           |
| Impairment                        |                                |              | 0            |
| <i>At the 31st December, 2008</i> | <b>201</b>                     | <b>478</b>   | <b>679</b>   |

**8. Goodwill**

There is no goodwill.

**9. Inventories**

|                                 | <u>31/12/08</u> | <u>31/12/07</u> |
|---------------------------------|-----------------|-----------------|
| Raw materials                   | 552             | 604             |
| Work in progress                | 0               | 0               |
| Finished and semifinished goods | 672             | 993             |
| Merchandise                     | 0               | 0               |
| Spare parts                     | 0               | 0               |
| Packaging                       | 52              | 66              |
| Advances to suppliers           | 0               | 0               |
|                                 | <b>1.276</b>    | <b>1.663</b>    |



## 10. Trade and other receivables

|                                     | <u>31/12/08</u> | <u>31/12/07</u> |
|-------------------------------------|-----------------|-----------------|
| Trade receivables                   | 4.997           | 4.600           |
| Less: Provisions for doubtful debts | -113            | -133            |
| Receivables from group companies    | 393             | 536             |
| Other receivables                   | 223             | 292             |
|                                     | <u>5.499</u>    | <u>5.295</u>    |

## 11. Cash and cash equivalents

|                     | <u>31/12/08</u> | <u>31/12/07</u> |
|---------------------|-----------------|-----------------|
| Cash in hand        | 3               | 1               |
| Balances with bank  | 0               | 0               |
| Deposits with banks | 0               | 0               |
|                     | <u>3</u>        | <u>1</u>        |

## 12. Share capital

|   | <u>31/12/08</u> | <u>31/12/07</u> |
|---|-----------------|-----------------|
| Authorised, issued and fully paid:<br>51.700 ordinary shares of € 10 each | <u>517</u>      | <u>517</u>      |

## 13 Capital reserves

|                         | <u>31/12/08</u> | <u>31/12/07</u> |
|-------------------------|-----------------|-----------------|
| Statutory reserve       | 2               | 2               |
| Special reserves        | 0               | 0               |
| Tax free reserves,      | 0               | 0               |
| Share premium           | 0               | 0               |
| Translation reserves    | 117             | 117             |
| Other reserves          | 3               | 3               |
| Accumulated profit/loss | -296            | -385            |
|                         | <u>-174</u>     | <u>-263</u>     |

The translation reserve is formed of all IFRS adjustments booked. In particular the increase of the 2007 is due of the profit result of the last year adjustments.



#### 14. Revaluation reserve

There are no revaluation reserves

#### 15. Bank loans and overdrafts

|  | <u>31/12/08</u> | <u>31/12/07</u> |
|--|-----------------|-----------------|
| Bank loans and overdrafts - due after one year | 590             | 1.084           |
| Bank loans and overdrafts - within one year    | 2.007           | 2.063           |
|  | <u>2.597</u>    | <u>3.147</u>    |

#### 16. Retirement benefit obligation (Staff leaving indemnities)

|   |      |
|---|------|
| Allowance of the end of period (01/01/2003)       | 578  |
| Allowance used                                    | -127 |
| Allowance made                                    | 147  |
| Allowance at the beginning of year (01/01/2004)   | 598  |
| Allowance paid                                    | -145 |
| Allowance made                                    | 129  |
| Allowance of the beginning of year (01/01/05)     | 582  |
| Allowance used                                    | -105 |
| Allowance made                                    | 113  |
| Allowance at the end of year (31/12/05)           | 590  |
| Allowance at the beginning of the year (01/01/06) | 590  |
| Allowance paid                                    | -81  |
| Allowance made                                    | 74   |
| Allowance at the end of the period (31/12/06)     | 583  |
| Allowance at the beginning of the year (01/01/07) | 583  |
| Allowance paid                                    | -72  |
| Allowance made (note 1)                           | 11   |
| Allowance at the end of the period (31/12/07)     | 522  |
| Allowance at the beginning of the year (01/01/08) | 522  |
| Allowance paid                                    | -83  |
| Allowance made (note 1)                           | 19   |
| Allowance at the end of the period (31/12/08)     | 458  |

As per Italian Law nr 252/05 and nr 296/06 comma 749 since 01/01/07 all employees of have to convey their retirement benefit obligation on a Public Social Security fund.



## 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:

|   | Teleleasing | Sanpaolo Leasint |
|---|-------------|------------------|
| Payable within 2006   |             | 27               |
| Payable 2007-2011   | 0           | 35               |
| Payable 2012-2014   |             |                  |
| Total   | <u>0</u>    | <u>62</u>        |
| Present value of finance lease paid the 31/12/08                | 0           | -55              |
| Short term finance lease obligation one year from 31/12/08      | 0           | 7                |
| Long term finance lease obligation after one year from 31/12/08 | 0           | 0                |

## 18. Trade and other payables

|                                | <u>31/12/08</u> | <u>31/12/07</u> |
|--------------------------------|-----------------|-----------------|
| Trade payables                 | 3.839           | 3.130           |
| Insurance and pension funds    | 0               | 0               |
| Current tax liabilities        | 0               | 0               |
| Liabilities to group companies | 122             | 133             |
| Advances from clients          | 0               | 0               |
| Other payables                 | 133             | 423             |
|                                | <u>4.093</u>    | <u>3.685</u>    |

## 19. Provisions for other liabilities and charges

|                                      | <u>31/12/08</u> | <u>31/12/07</u> |
|--------------------------------------|-----------------|-----------------|
| At 1 January                         | 89              | 90              |
| Additional provision during the year | 4               | 17              |
| Utilised during the year             | 0               | -18             |
|                                      | <u>93</u>       | <u>89</u>       |



## 20. Accrued expenses/Deferred income

|                                    | <u>31/12/08</u> | <u>31/12/07</u> |
|------------------------------------|-----------------|-----------------|
| 20 a. Prepayments/accrued expenses | 108             | 30              |
| 20 b. Deferred income              | 87              | 141             |

## 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 | 0               | 0               |
| Accelerated wear and tear for tax purposes    | -44             | -15             |
| Anticipated taxes on restructuring provision  | 0               | -52             |
| Finance lease                                 | 0               | 0               |
| Prepayments                                   | 0               | 0               |
| Provision for doubtful debts                  | 8               | 8               |
| Salary related provision                      | 63              | 64              |
| Provision for settlement discount             | 0               | 0               |
| Provision for credit notes                    | 0               | 0               |
| Tax loss                                      | 0               | 0               |
| Revaluation of plant and machinery            | 0               | 0               |
| Other   | 0               | 0               |
|   | <u>27</u>       | <u>5</u>        |

## 22. Liabilities of the 31/12/08

|           | <u>&lt; 6 mos</u> | <u>6-12 mos</u> | <u>1-5 years</u> | <u>&gt; 5 years</u> | <u>Total</u> |
|-----------|-------------------|-----------------|------------------|---------------------|--------------|
| Bank debt |                   | 2.007           | 590              |                     | 2.597        |
| Suppliers | 3.839             |                 |                  |                     | 3.839        |

## 23. Receivable of the 31/12/08

|                         | <u>&lt; 6 mos</u> | <u>6-12 mos</u> | <u>1-5 years</u> | <u>&gt; 5 years</u> | <u>Total</u> |
|-------------------------|-------------------|-----------------|------------------|---------------------|--------------|
| For the overdue amounts | 4.997             |                 |                  |                     | 4.997        |

Notes to the financial statements  
31<sup>ST</sup> December, 2008



**24. Commitments, contingencies and other risks**

All contingencies have been provided. Induplas S.p.A. has still overdue receivable trade and financial from Petzetakis Group Companies. The degree of recoverability of the above receivable is unknown.

**25. Related party disclosures**

For Intercompany transactions we address the attached ICOY file.

As per the Board of Director Meeting , it has been decided to renounce the due amount of € 235.000 for the year 2008 for the amount due as follows:

|                       |   |          |
|-----------------------|---|----------|
| Georgios Petzetakis   | € | 0        |
| Luciana Oldrini       | € | 0        |
| Petrolekas Panagiotis | € | 3.000,00 |

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

Nothing to be mentioned.

*Foreign currency risk*

Induplas S.p.A. has no significant transactional currency exposures, except the total amount due from Eurohose Ltd in sterling.

*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.

At the end of 2005 a financial receivable of 381.450,88, Induplas provided in the past to Petzetakis USA Inc., has been totally devaluated

At the some date Induplas booked an amount of 125.878,79 as anticipated tax assets related to IRES tax for the above devaluation.

At the end of the 2007 Induplas booked the closure of the anticipated tax assets of 125.878,79.

