

29 September 2008

## **Helesi PLC**

("Helesi", "the Group", or, "the Company")

### **Interim Results for the Six Months to 30 June 2008**

Helesi PLC (AIM: HLS), the Greece and UK based waste management products manufacturer and services supplier announces interim results for the six months to 30 June 2008.

#### **Highlights**

- Group revenues increased by 46% to €33.0 million (2007: €22.6 million)
- Profit after tax increased to €3.1 million (2007: €2.5 million)
- Earnings per share increased to €0.09 (2007: €0.08)
- Existing production sites at Komotini, Greece and Bradford in the UK operating at or near capacity
- €83 million capital investment program on schedule:
  - New capacity in Italy will start production in Q4 2008
  - Komotini expansion will be completed by the end of 2008 and will fully contribute in 2009
- Perivallontiki acquisition fully integrated to form an enlarged Vehicles and Accessories division
- Appointment of Sakis Andrianopolous as Interim Chairman following the sudden death of Roger Parsons, appointment to the Board of Apostolos Binomakis, Chief Financial Officer, and Yiannis Riskakis, head of Waste Management Services
- Environmental and waste management industries remain strongly resilient in Helesi's areas of operation despite the economic downturn

**Sakis Andrianopolous, Chief Executive and Interim Chairman of Helesi, commented;** "Our businesses, driven largely by regulation and government directive protect us in many regards, from the economic slow down surrounding us. The global focus on the environment and the knock-on effects this has for the waste management industry continues to dictate strong demand for both our products and services. We look to the remainder of the year with optimism and enthusiasm - already, we have revenue visibility of over 85% of the year's expected total."

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## **Review by the Interim Chairman and Chief Executive**

### **Introduction**

Firstly may I start by expressing my deep regret that we have had to recently announce the loss of our Chairman Roger Parsons. Roger passed away unexpectedly last month following a short illness.

Roger chaired Helesi with great skill through an exciting period in the Company's history. He developed a deep understanding of our people and our business and we all benefited from his considerable experience, thoughtfulness and leadership. His guidance, wisdom, values and experience will be greatly missed. In his absence I have taken on the role of Interim Chairman. Together with my Board colleagues, I will be focusing on appointing a successor to Roger in the knowledge that his expertise and contribution will be very hard to match. For these results, I have combined the Chairman's statement with my Chief Executive's Review.

The first half of 2008 has proven to be yet another successful period for Helesi. The Company has made good progress towards the realisation of its strategic goals. The principal themes throughout the period were a continuation of our organic growth in our manufacturing operations in Europe, the progress made on our 2006–2009 €83 million investment program, which I am happy to report is both on schedule and budget, and the further development of our Waste Management Services capabilities.

### **Financial Performance**

Helesi has had a strong six months, reporting solid growth which is continuing into the second half. Margins remained in line with our projections. Revenues for the six months to 30 June 2008 increased by 46% to €33 million (H1 2007: €22.6 million). This top line growth produced a net profit after tax of €3.07 million, an increase of 21% (H1 2007: € 2.54 million) while earnings per share increased to €0.09 (H1 2007: €0.08)\*. \*Percentage increase is subject to rounding criteria; EPS H1 2008: €0.094 (H1 2007: €0.077)

Revenue and profit growth are principally organic resulting from Helesi's traditional manufacturing businesses - but also include, for the first full period, results from the activities of Perivallontiki AE. During these challenging economic times, the environmental industry and particularly the waste industry has shown strong resilience which supports our optimistic outlook for the future.

Capital expenditure remained at high levels as our ambitious €83 million expansion program nears completion. The expansion program has been financed to a large extent from committed bank facilities and government and EU grants. Net borrowings stood at €55 million as at 30 June, which is expected to be the peak of Helesi's borrowings. Debt is expected to decrease due to (a) the expected contribution of the added capacity in 2009 and (b) the anticipation of some €20 million of (already awarded) grants to be received over the next 12 months, with a considerable amount expected in the second half of 2008.

In this period of record investment, Helesi has been fortunate to have the full support of its banking institutions, which has allowed the Company to continue with its expansion plans. In addition, Helesi currently enjoys comfortable headroom of approximately €10 million of committed facilities.

The blended average rate for our borrowings during the period was approximately 6% and interest costs of €1.28 million were covered 4.8 times by EBITDA.

Finally, the seasonality of our business adversely affects Helesi's working capital requirements during the half year period. Management has concentrated on managing working capital more efficiently which has produced tangible results with operating cash flow improving to -€0.9 million (2007: -€2.1 million) and is expected to turn positive at the end of the year.

### **Board**

In addition to my interim role as Chairman, further changes were made to the Board, following a strategic review. Apostolos Binomakis, 33, has been appointed to the Board as Chief Financial Officer, and Yiannis Riskakis, 39, appointed as head of Waste Management Services (WMS), both of whom have joined the Board as executive directors. These appointments are subject to ratification by

the shareholders in the next general meeting. In addition, Dimitrios Karaiskos, the executive director in charge of the Plastic Products division, has recently stepped down from the Board, but continues to manage, with full commitment, the international development of the Plastics Products division.

## **Operations**

### Waste Management Products

*Waste Containers* continued to grow in line with projections, despite the limitations of current capacity. Helesi's manufacturing operations have continued to operate at or near capacity, reflecting strong demand from a broad range of customers. As shareholders may have seen, press reports indicate that there has been record demand this year for wheelie bins, causing shortages both in the UK and continental Europe. This has contributed to an increase in sales of our four and two wheeled waste bins, manufactured at our facilities in Komotini and Bradford, which have seen a volume growth of 22%. In addition, we remain confident that the level of political and public pressure (at EU and country level) to tackle the issue of waste management, will continue to increase opportunities for this business.

The price of HDPE (high density polyethylene), the Company's principal raw material, increased to an all time high in the period, following the trend in oil prices. However, this has not impacted margins materially, as the Company has been able to pass on most of the associated increased costs. We have also been able to mitigate the effects of the HDPE price increase on our financial results due to changes to our sales mix, with increasing contributions from higher margin products and activities.

*Waste Vehicles and Accessories*, acquired in November 2007, had a strong first half. Revenues from this seasonal division were approximately €8 million for the first six months of the year, in line with management projections.

### Waste Management Services

Services have continued to grow at a successful pace with another year of strong growth as Helesi continues to lead the markets in which it operates in collection services. In Cyprus, Helesi is working on the construction of a *Waste Transfer Station* - expected to complete by the first half of 2009. It is hoped that the operation of this 10 year concession will be initiated shortly thereafter, paving the way for Helesi's entrance into yet another waste management area and adding to the portfolio of services Helesi provides. Helesi currently owns 100% of this contract as it concluded the acquisition of the 30% minority stake in June of this year.

### Plastic Pallets and Pallet Boxes

Our relatively new range of plastic pallets and pallet boxes continues to be well received in our target markets. This line of products is produced utilising the same injection moulding infrastructure as the waste containers and is expected to contribute materially with the addition of the new Italian capacity. Currently, the strong demand for waste containers has diverted existing capacity away from pallets and pallet boxes.

### Integration of the Perivallontiki Acquisition

The period has also seen the successful integration of the Perivallontiki AE businesses, acquired last November. Revenues include that from the vehicles division of Perivallontiki ATEBE which distributes waste collection and related specialist vehicles and accessories to local authorities in Greece; AZ Perivallontiki - a Cyprus based distributor of vehicles and Helesi products (formerly a subsidiary of Perivallontiki); and Helesi Trans, a Cyprus based logistics company that operates a fleet of trucks primarily for the distribution needs of Helesi.

## **Investment Program**

Our €83 million investment program is nearing completion. The principal remaining projects are the expansion in Komotini, Greece and the new plant in Italy, due to be completed in Q1 2009 and Q4 2008 respectively. These two projects, accounting for the bulk of the investment program, will only begin to make a significant positive contribution to revenues and profits from 2009 onwards.

The new €25 million plant in southern Italy is almost complete. The plant is on schedule to start operations in the last quarter of this year and will manufacture pallet boxes and recycling containers

for the European market. At Komotini, the €35 million expansion program will double its existing capacity.

These facilities will allow Helesi to satisfy increased demand for our products, as we continue to grow and address new markets. The investment will provide the Company with the latest generation of manufacturing technology that will increase efficiency, lower costs and free up older equipment for use elsewhere.

### **Strategy**

Our continuing focus has been on the investment program to significantly expand our manufacturing capability and our geographic reach in waste management products as well as targeting the core territory of south east Europe for expansion of our waste management and waste treatment services, seeking to take advantage of the growth in this well developed market.

Whilst we continue to focus on organic growth, we will also be assessing opportunities for selective acquisitions to complement our business divisions.

### **Outlook**

Helesi has made a strong start to the year despite the uncertain overall economic background and outlook. The global focus on the environment and the knock-on effects this has for the waste management industry continues to result in strong demand for both our products and services. We remain encouraged by the high level of interest both for our traditional products and for our new products and services, and look forward to the remainder of the year with optimism and enthusiasm. Already, we have revenue visibility of over 85% of the year's expected total with 2008 seeing the first full year's contribution from the Perivallontiki acquisition.

We are confident that we will see growth within the Services division for the foreseeable future with increasing activity on the waste management front in our target markets of Greece and Cyprus, and tenders expected to contribute from next year. Similarly, we are optimistic about the prospects for the Vehicles and Accessories division, having reviewed the current pipeline of tenders. Within Waste Management, any easing of oil and oil derivatives prices will result in margin growth.

While pressing ahead with the completion of our investment program, we continue to seek to broaden our global presence with sales to new territories and, look forward to delivering further positive results to shareholders at the full year and beyond.

### **Sakis Andrianopoulos**

*Chief Executive and Interim Chairman*

26 September 2008

## Statement of Comprehensive Income

	Note	<i>The Group</i>		
		First half of 2008 €000	First half of 2007 €000	Year 2007 €000
Sales revenue		32,989	22,577	50,033
Other revenue		459	236	660
		<u>33,448</u>	<u>22,813</u>	<u>50,693</u>
Changes in inventories of finished goods		12	452	228
Cost of materials used		(17,853)	(13,236)	(27,709)
Personnel-related costs		(2,586)	(2,058)	(4,537)
Directors' emoluments		(167)	(130)	(346)
Depreciation charges		(1,115)	(775)	(1,652)
Other operating expenses		(6,698)	(3,444)	(7,968)
		<u>5,041</u>	<u>3,622</u>	<u>8,709</u>
Profit, before finance charges		5,041	3,622	8,709
Cost of financing, net		(1,276)	(587)	(1,695)
		<u>3,765</u>	<u>3,035</u>	<u>7,014</u>
Profit from ordinary activities		3,765	3,035	7,014
Income taxes	5	(697)	(496)	(789)
		<u>3,068</u>	<u>2,539</u>	<u>6,225</u>
Net profit, after taxes		3,068	2,539	6,225
		<u>0.09</u>	<u>0.08</u>	<u>0.19</u>
Basic earnings per share (in Euro)		0.09	0.08	0.19
		<u>0.09</u>	<u>0.08</u>	<u>0.19</u>
Diluted earnings per share (in Euro)		0.09	0.08	0.19

## Statement of Financial Position

		<i>The Group</i>		
	<b>Note</b>	<b>30 June 2008 €000</b>	30 June 2007 €000	31 December 2007 €000
Tangible fixed assets	6	<b>82,852</b>	34,280	56,488
Intangible fixed assets		<b>665</b>	246	429
Goodwill		<b>12,558</b>	1,545	12,254
Investments in subsidiaries		-	-	-
Loan advanced to <i>Helesi AE</i>		-	-	-
Other long-term assets		<b>51</b>	41	51
		<hr/>	<hr/>	<hr/>
		<i>Long-term assets</i>	96,126	36,112
			<hr/>	<hr/>
Inventories		<b>13,329</b>	9,009	11,310
Receivables		<b>35,493</b>	21,918	29,107
Cash and cash equivalents		<b>2,094</b>	4,974	10,396
		<hr/>	<hr/>	<hr/>
		<i>Current assets</i>	50,916	35,901
			<hr/>	<hr/>
		<i>Total assets</i>	147,042	72,013
			<hr/>	<hr/>
Payables		<b>(43,234)</b>	(13,290)	(33,041)
Income taxes payable		<b>(261)</b>	(434)	(231)
Short-term borrowings	7	<b>(41,483)</b>	(10,081)	(30,900)
		<hr/>	<hr/>	<hr/>
		<i>Current liabilities</i>	(84,978)	(23,805)
			<hr/>	<hr/>
Long-term interest bearing loans	7	<b>(16,038)</b>	(8,224)	(12,457)
Employee retirement benefits		<b>(83)</b>	(24)	(58)
Deferred tax liabilities		<b>(1,779)</b>	(1,112)	(1,364)
		<hr/>	<hr/>	<hr/>
		<i>Long-term liabilities</i>	(17,900)	(9,360)
			<hr/>	<hr/>
		<i>Net assets</i>	44,164	38,848
			<hr/>	<hr/>
Share capital		<b>3,278</b>	3,278	3,278
Share premium		<b>29,950</b>	29,950	29,950
Capital reserves		<b>6,202</b>	1,261	6,202
Currency translation adjustments		<b>(801)</b>	30	(307)
Retained earnings		<b>5,535</b>	4,329	2,861
		<hr/>	<hr/>	<hr/>
		<i>Shareholders' equity</i>	44,164	38,848
			<hr/>	<hr/>

## Statement of Changes in Shareholders' Equity

	<i>The Group</i>					
	Share capital €000	Share premium €000	Capital reserves €000	Currency translation adjustments €000	Retained earnings €000	Total €000
<b>Balances, as at 31 December 2006</b>	3,278	29,950	0	27	3,035	36,290
Profit for the first half of 2007, after tax	-	-	-	-	2,539	2,539
Transfer to reserves	-	-	1,245	-	(1,245)	0
Equity accounted transactions	-	-	16	-	-	16
Currency translation adjustments	-	-	-	3	-	3
<b>Balances, as at 30 June 2007</b>	3,278	29,950	1,261	30	4,329	38,848
Profit for the second half of 2007, after tax	-	-	0	-	3,686	3,686
Transfer to capital reserves	-	-	4,957	-	(4,957)	0
Equity accounted transactions	-	-	(16)	-	-	(16)
Dividends paid	-	-	-	-	(197)	(197)
Currency translation adjustments	-	-	-	(337)	-	(337)
<b>Balances, as at 31 December 2007</b>	3,278	29,950	6,202	(307)	2,861	41,984
Profit for the first half of 2008, after tax	-	-	-	-	3,068	3,068
Transfer to reserves	-	-	920	-	(920)	0
Equity accounted transactions	-	-	-	-	(394)	(394)
Currency translation adjustments	-	-	-	(494)	-	(494)
<b>Balances, as at 30 June 2008</b>	3,278	29,950	7,122	(801)	4,615	44,164

## Statement of Cash Flows

	<b>The Group</b>		
	First half of <b>2008</b> €000	First half of 2007 €000	Year 2007 €000
<b>Cash flows related to operating activities</b>			
Profit, before taxes	3,765	3,035	7,014
<i>Adjustments in respect of non-cash transactions:</i>			
Depreciation of fixed assets	1,138	808	1,722
Interest expense, net	1,441	587	1,956
Employee benefits	26	16	7
Other adjustments	(110)	(7)	(227)
	<b>6,260</b>	4,439	10,472
Increase in inventories	(1,485)	(2,838)	(2,863)
Increase in receivables	(3,901)	(2,270)	(5,341)
Increase (decrease) in payables	5	(795)	4,259
	<b>879</b>	(1,464)	6,527
Interest received (paid)	(1,464)	(559)	(1,895)
Income taxes paid	(283)	(65)	(257)
	<b>(868)</b>	(2,088)	4,375
<i>Net operating cash inflows (outflows)</i>			
<b>Cash flows related to investing activities</b>			
Acquisition of tangible fixed assets	(20,148)	(9,681)	(28,204)
Disposal of tangible fixed assets	22	-	409
Investment grants received	-	3,471	10,619
Acquisition of intangible fixed assets	(380)	(179)	(1,215)
Acquisition of shares in subsidiary	(600)	-	-
	<b>(21,106)</b>	(6,389)	(18,391)
<i>Net investment cash outflows</i>			
<b>Cash flows related to financing activities</b>			
Loan repaid by (grant to) <i>Helesi AE</i>	-	-	-
Dividends paid	(393)	-	(197)
Loans contracted (repaid)	14,135	5,840	17,059
Finance lease payments	(65)	(60)	(121)
	<b>13,677</b>	5,780	16,741
<i>Net financing cash inflows</i>			
Increase of cash balances	(8,297)	(2,697)	2,725
Cash balances, at the beginning of the period	10,396	7,674	7,674
Effect of currency translation adjustments	(5)	(3)	(3)
	<b>2,094</b>	4,974	10,396
<b>Cash balances, at the end of the period</b>			

## Notes

### 1. Accounting Policies

These interim financial statements have been compiled and are presented in accordance with IAS 34 *Interim Financial Reporting*. The accounting policies used in the preparation of the interim financial statements are consistent with those used in the compilation of the audited financial statements for the year ended 31 December 2007 and the six months ended 30 June 2007.

Costs that occur evenly during the financial year are anticipated or deferred in the interim financial statements, only if it would be appropriate to anticipate or defer such costs at the end of the financial year. Income tax expense is recognised based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

### 2. New Activities

As a result of the acquisition of the Vehicles Division of *Perovallontiki AE*, in 2007, the *Helesi Group* acquired a 70% interest in a joint venture that was established in Cyprus for undertaking the construction and operation of two wastage disposal plants in south-eastern Cyprus. In early 2008, the *Helesi Group* purchased the 30% minority interest in this venture for €700 thousand. Accounting wise, the two distinct stages of this project (construction and operation) have been recognised and fair values have been assigned to each stage. The first stage (construction) is in progress and it has been estimated that, as at 30 June 2008, this stage was 75% complete. The revenues and costs relating to the construction phase of this project that have been recognised in these interim financial statements correspond to the percentage of completion of the project referred to above.

### 3. Related Party Transactions

Included in accounts receivable, as at June 30, 2008, is an amount of €202 thousand (30 June 2007: €5,843 thousand; 31 December 2007: €4,186 thousand) due from related parties (companies under common management) while in accounts payable is an amount of €4,917 thousand due to related parties (30 June 2007: €506 thousand; 31 December 2007: €7 thousand).

Revenues from related parties, in the six-month periods to 30 June 2008 and 2007, amounted to €2,612 thousand and €6,405 thousand, respectively, while the costs generated by related parties, in the same periods, amounted to €1,315 thousand and €1,627 thousand, respectively. The majority of these transactions and related balances result from the sales activities of these related entities, which serve as distributors of the products of the Group, in certain geographic areas, notably that of Greece.

### 4. Segmental Analysis

As from 2007, the Helesi PLC Group recognises two business segments: the environmental products segment and the environmental services segment. The financial results and the financial position of these two business segments are set out below.

	First half of 2008		
	Environmental products	Environmental services	Helesi PLC Group
	€000	€000	€000
Third-party sales	27,779	5,210	32,989
Other third-party revenues	459	-	459
Total revenues	28,238	5,210	33,448
Cost of materials and accessories used	(17,841)	-	(17,841)
Personnel-related	(1,920)	(833)	(2,753)

costs			
Depreciation charges	(811)	(304)	(1,115)
Third-party costs and expenses	(4,012)	(2,686)	(6,698)
Intersegment expenses	300	(300)	-
	<hr/>	<hr/>	<hr/>
Segmental profit, before finance charges	3,954	1,087	5,041
	<hr/>	<hr/>	<hr/>

**First half of 2007**

	<b>Environmental products</b>	<b>Environmental services</b>	<b>Helesi PLC Group</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>
Third-party sales	20,962	1,615	22,577
Other third-party revenues	225	11	236
	<hr/>	<hr/>	<hr/>
Total revenues	21,187	1,626	22,813
Cost of materials and accessories used	(12,784)	-	(12,784)
Personnel-related costs	(1,605)	(583)	(2,188)
Depreciation charges	(679)	(96)	(775)
Third-party costs and expenses	(3,062)	(382)	(3,444)
Intersegment expenses	100	(100)	-
	<hr/>	<hr/>	<hr/>
Segmental profit, before finance charges	3,157	465	3,622
	<hr/>	<hr/>	<hr/>

The Group

**30 June 2008**

<b>Environmental products</b>	<b>Environmental services</b>	<b>Helesi PLC Group</b>
<b>€000</b>	<b>€000</b>	<b>€000</b>

Total Assets	<b>134,126</b>	<b>12,916</b>	<b>147,042</b>
Total Liabilities to third parties	<b>(108,407)</b>	<b>5,529</b>	<b>(102,878)</b>
Net Assets	<b>25,719</b>	<b>18,445</b>	<b>44,164</b>

The Group **30 June 2007**

	<b>Environmental products €000</b>	<b>Environmental services €000</b>	<b>Helesi PLC Group €000</b>
Total Assets	<b>68,840</b>	<b>3,173</b>	<b>72,013</b>
Total Liabilities to third parties	<b>(32,528)</b>	<b>(637)</b>	<b>(33,165)</b>
Net Assets	<b>36,312</b>	<b>2,536</b>	<b>38,848</b>

The Helesi PLC Group operates two production units – one in Greece and one in the United Kingdom, under the corporate umbrellas of Helesi AE and Helesi UK Ltd, respectively. The financial results and the financial position of these two operations are set out below. It is noteworthy that the amounts reported under “Greece” are inclusive of the following revenues and costs that relate to the construction of two waste disposal plants in Cyprus by Helesi AE:

	<b>Total €000</b>	<b>% of completion</b>	<b>Recognised €000</b>
Estimated construction revenues*	10,400	75%	7,800
Estimated construction costs	<b>(7,678)</b>	75%	<b>(5,759)</b>
Estimated construction profit	2,722	75%	2,042

*(\*) at fair values*

	First half of 2008			Helesi PLC Group €000
	Greece €000	UK €000	Elimination of intersegment transactions €000	
Third-party sales	29,743	3,246	-	32,989
Intersegment sales	1,987	623	(2,610)	0
Total sales	31,730	3,869	(2,610)	32,989
Other third-party revenues	459	-	-	459
Total revenues	32,189	3,869	(2,610)	33,448
Cost of materials and accessories used	(15,420)	(2,681)	-	(18,101)
Cost of intersegment use of materials	(1,789)	(561)	2,610	(260)
Third-party costs and expenses	(9,735)	(831)	-	(10,566)
Segmental profit, before finance charges	5,245	(204)	0	5,041

	30 June 2008			Helesi PLC Group €000
	Greece €000	UK €000	Elimination of intersegment balances €000	
Intersegment investments	46	-	(46)	0
Intersegment receivables/payables	6,255	(6,255)	-	0
Unrealised intersegment profits	-	50	(50)	0
Total other assets	140,710	6,332	-	147,042
Total liabilities to third parties	(102,123)	(755)	-	(102,878)
Net assets	44,888	(628)	(96)	44,164

The third-party sales and the value of the related trade receivables outstanding at year-end, on the basis of the location at which the customers operate (inclusive of the balances that are doubtful of collection and have been provided for), is analysed as follows:

	Greece €000	United Kingdom €000	Other European Union states €000	Other (non-EU) states €000	Helesi PLC Group €000
<b>First half of 2008</b>					
Value of sales	11,065	2,221	18,166	1,537	32,989
Trade receivables, at period end	17,583	1,259	15,932	757	35,351

## 5. Income Taxes

	<b>The Group</b>		
	<b>First half of 2008</b>	First half of 2007	Year 2007
	<b>€000</b>	€000	€000
Profit, before taxes, per the statement of earnings	<b>3,765</b>	3,035	7,014
Tax rate	<b>21.4%</b>	23.8%	24%
Income taxes, at the nominal tax rate	<b>(792)</b>	(722)	(1,703)
Taxes on permanent differences between accounting and taxable profits	<b>(135)</b>	(41)	(72)
Tax relief associated with profits the taxation of which is indefinitely deferred	<b>230</b>	267	986
Total tax charge	<b>(697)</b>	(496)	(789)
Current tax charge	<b>(312)</b>	(181)	(222)
Deferred tax charge	<b>(385)</b>	(315)	(567)
Total tax charge	<b>(697)</b>	(496)	(789)

## 6. Tangible Fixed Assets

<i>The Group</i>	Land	Buildings and building installations	Plant and machinery	Vehicles	Furniture and other equipment	Assets under constr. or installation	Total
	€000	€000	€000	€000	€000	€000	€000
<b>At cost or valuation</b>							
As at 31 December 2006	2,908	6,591	17,516	2,581	234	4,852	34,682
Effect of currency translation	-	-	(31)	-	-	-	(31)
Additions 2007	132	2,276	6,342	203	200	18,470	27,623
Capitalised interest charge	-	-	-	-	-	153	153
Disposals 2007	(53)	-	(7)	(173)	-	(13)	(246)
As at 31 December 2007	2,987	8,867	23,820	2,611	434	23,462	62,181
Effect of currency translation	-	-	(266)	(1)	(1)	-	(268)
Newly consolidated entities	74	9	57	1,948	53	-	2,141
Additions in first half 2008	-	142	1,422	493	308	24,859	27,224
Investments grants	-	(25)	-	-	(73)	(854)	(952)
Disposals in first half 2008	(147)	(8)	-	(2)	-	-	(157)
As at 30 June 2008	<b>2,914</b>	<b>8,985</b>	<b>25,033</b>	<b>5,049</b>	<b>721</b>	<b>47,467</b>	<b>90,169</b>
<b>Accumulated depreciation</b>							
As at 31 December 2006	0	(630)	(2,577)	(725)	(102)	0	(4,034)
Depreciation charge 2007	-	(215)	(1,162)	(346)	(59)	-	(1,782)
Recapitalised depreciation	-	-	72	-	-	-	72
Disposals 2007	-	-	-	51	-	-	51
As at 31 December 2007	0	(845)	(3,667)	(1,020)	(161)	0	(5,693)
Newly consolidated entities	-	-	(21)	(452)	(40)	-	(513)
Depreciation charge 2008	-	(158)	(1,056)	(348)	(72)	-	(1,634)
Grant-related relief 2008	-	50	390	62	21	-	523
As at 30 June 2008	<b>0</b>	<b>(953)</b>	<b>(4,354)</b>	<b>(1,758)</b>	<b>(252)</b>	<b>0</b>	<b>(7,317)</b>
<b>Net book values</b>							
As at 30 June 2008	<b>2,914</b>	<b>8,032</b>	<b>20,679</b>	<b>3,291</b>	<b>469</b>	<b>47,467</b>	<b>82,852</b>
As at 30 June 2007	2,908	6,113	14,886	1,698	180	8,466	34,251
As at 31 December 2007	2,987	8,022	20,153	1,591	273	23,462	56,488

## 7. Borrowings

The bank loans and other bank financing facilities (including the debenture loan) contracted by the Helesi PLC Group are analysed as follows:

	Short-term liabilities €000	Long-term liabilities €000	Scheduled repayment (to year)	Applicable interest rate
Debenture loan	1,536	9,982	2012	Euribor +1.6%
Long term bank loans	-	6,056	2009	Euribor +1.5% to 1.65%
Short term bank loans	39,547	-	2008-2009	Euribor +1.1% to 1.65%
	<u>41,483</u>	<u>16,038</u>		
Finance lease obligations	32	-		
	<u>41,515</u>	<u>16,038</u>		

## 8. Capital Commitments

The two major investment projects that were in progress, as at 30 June 2008, were the upgrading/expansion of the Komotini production facilities and the erection of the Italian production plant.

Investment project	Total capital expenditure €000	Approved grants €000	Net investment €000	Total amount already incurred €000	Outstanding commitment as at 30 June 2008* €000	Grants already collected €000
Upgrading of production facilities at Komotini	38,021	(20,876)	17,145	37,569	452	(7,655)
Erection of Italian plant	25,365	(16,990)	8,375	24,369	996	(5,663)
	<u>63,386</u>	<u>(37,866)</u>	<u>25,520</u>	<u>61,938</u>	<u>1,448</u>	<u>(13,318)</u>

\*of which €15.3 million is likely to be incurred in the second half of 2007 , €28.7 million in 2008 and €3.1 million in 2009. The timing of the collection of grants varies depending on the type of the grant and the terms under which it has been approved. The collection of the grants may precede or follow the expending of the funds.