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This document comprises an AIM admission document drawn up in accordance with the AIM Rules. This document does not constitute a prospectus in the United Kingdom for the purposes of Section 85 of the FSMA, as the Ordinary Shares are not being offered to the public in the United Kingdom for the purposes of Section 102B of the FSMA. Accordingly, neither the London Stock Exchange nor the UK Listing Authority has examined or approved the contents of this document.

The Company and the Directors are the persons responsible for this document. The Company and the Directors of the Company (whose names and functions appear on page 7 of this document) accept responsibility for the information contained in this document. To the best of the knowledge of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and contains no omission likely to affect its import.

Application has been made for the whole of the ordinary share capital of Helesi Plc in issue and to be issued to be admitted to trading on the AIM market of London Stock Exchange Plc (“AIM”). Dealings in the Ordinary Shares are expected to commence on AIM on 23 November 2006. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. London Stock Exchange Plc has not itself examined or approved the contents of this document.

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# Helesi Plc

*(a company incorporated and registered in Cyprus under the Cyprus Companies Law Cap. 113 with registration number 177536)*

**Placing of 9,969,505 Ordinary Shares at a price of 116 pence per share to raise  
£11,564,626 (approximately €17.0 million, before expenses)**

**and**

**Admission to trading on AIM**

*Nominated Adviser and Broker*

**Panmure Gordon & Co**

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Share Capital Immediately Following the Placing

<i>Authorised</i>			<i>Issued and fully paid</i>	
<i>Number</i>	<i>Nominal value</i>		<i>Number</i>	<i>Nominal value</i>
40,000,000	€4,000,000	Ordinary Shares of €0.10 each	32,774,505	€3,277,451

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Your attention is drawn to Part IV of this document which sets out certain risk factors relating to any investment in the Ordinary Shares. All statements regarding the Company's business, financial position and prospects should be viewed in light of the risk factors set out in Part IV of this document.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and, therefore, persons into whose possession this document comes should inform themselves about, and observe any such restrictions. Specifically, with respect to the jurisdiction of Cyprus, the distribution of this document does not constitute an offer to the public, in accordance with the provisions of Article 3 of the Public Offerings and Prospectuses Law 114(I) of 2005. This document does not constitute an offer for sale or an invitation to subscribe for, or the solicitation of an offer to buy or subscribe for Ordinary Shares in any jurisdiction where such an offer or solicitation is unlawful and, subject to certain exceptions is not for distribution in or into the United States, Canada, Japan, Australia, Ireland or South Africa. The Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under the applicable securities laws of Canada, Japan, Australia or South Africa nor has this document been filed in Ireland and, subject to certain exceptions, may not be offered for sale or subscription, or sold or subscribed directly or indirectly, within the United States, Canada, Japan, Australia, Ireland or South Africa or to or by any national, resident or citizen of such countries.

This Document and the investment activity to which it relates and any other material related thereto may not be advertised, distributed, offered or otherwise made available to any person in the Hellenic Republic in such manner as it may constitute an offer to the public within the meaning of any applicable Greek law or regulation. The Hellenic Capital Market Commission has not authorised any offer to the public or otherwise of the interests to which this Document relates. This Documents and the interests to which it relates may not be advertised, distributed or in any way offered or sold in the Hellenic Republic except as permitted by Greek law under article 3 paragraph 2 of the Law 3401/2005.

Panmure Gordon, which is regulated by the Financial Services Authority, is acting exclusively as nominated adviser and broker, to Helesi Plc in connection with the arrangements set out in this document and is not acting for any other person and will not be responsible to any other person for providing the protections afforded to customers of Panmure Gordon or for advising any other person in connection with the arrangements set out in this document. In particular, Panmure Gordon as nominated adviser to the Company under the rules of AIM owes certain responsibilities solely to London Stock Exchange Plc, which are not owed to the Company or the Directors or to any other person in relation to the Admission.

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# Definitions

<b>“Act”</b>	Cyprus Companies Law CAP 113
<b>“Admission”</b>	the admission of the Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
<b>“AFNOR”</b>	a type of special hydraulic lifting system used in waste collection vehicles
<b>“AIM”</b>	the AIM market operated by the London Stock Exchange
<b>“AIM Rules”</b>	the rules for AIM companies and their nominated advisers published by the London Stock Exchange from time to time
<b>“Articles”</b>	the Articles of Association of the Company
<b>“Code” or “City Code”</b>	the UK City Code on Takeovers and Mergers
<b>“Combined Code”</b>	the Combined Code on corporate governance published in July 2003 by the Financial Reporting Council, as amended
<b>“Companies Act”</b>	the UK Companies Act 1985 as amended
<b>“Company” or “Helesi Plc”</b>	Helesi Plc
<b>“CREST”</b>	a system of paperless settlement of trades and holdings of uncertificated shares operated by CRESTCo
<b>“CRESTCo”</b>	CRESTCo Limited, the operator of CREST
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3775), as amended
<b>“Depositary”</b>	Capita IRG Trustees Limited acting in its capacity as depositary pursuant to the terms of the agreement for the provision of depositary services, entered into between the Company and Capita IRG Trustees Limited
<b>“Depositary Interests or DIs”</b>	the interests representing Ordinary Shares issued through the Depositary, further information on which is contained in the paragraph entitled CREST in Part II of this Document
<b>“DIN”</b>	a type of special hydraulic lifting system used in waste collection vehicles
<b>“Directors” or “Board”</b>	the directors of the Company as at the date of this document, whose names appear on page 7 of this document
<b>“EN 840” and “EN 840-6”</b>	standards of the European Committee for Standardisation that stipulates the health and safety requirements for mobile waste containers
<b>“Enlarged Issued Share Capital”</b>	the Ordinary Shares in issue immediately following Admission
<b>“EU”</b>	the European Union
<b>“EU Landfill Directive”</b>	Council Directive 99/31/EC on the landfill of waste
<b>“€”</b>	Euro

## Definitions

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<b>“German LGA”</b>	German voluntary certification body carrying out testing, inspection and certification of materials and products
<b>“Group Reorganisation”</b>	the transfer of the waste management segment of Perivallontiki AE to PYP ATEBE and the proposed transfer of PYP ATEBE from Perivallontiki AE to the Company, as described in Part II of this document
<b>“HDPE”</b>	High Density Polyethelene
<b>“Helesi” or “the Group”</b>	the Company and the Subsidiaries
<b>“Helesi AE”</b>	Hellenic Environmental Systems Industry AE, a company incorporated in Greece whose registered address is 19 Agiou Ioannou Street, Aegeo, GR-251 00, Greece
<b>“Helesi Italia”</b>	Helesi Italia s.r.l, a company incorporated in Italy whose registered address is Via Giovanni XXIII, N.106, 41012, Carpi, Modena, Italy
<b>“Helesi UK”</b>	Helesi UK Limited, a company incorporated in England whose registered address is Units 14-17 Iron Park Works, Bowling Back Lane, Bradford, BD4 8SX
<b>“Historical Financial Information”</b>	the Group’s financial statements for the years ending 31 December 2003, 31 December 2004 and 31 December 2005 and interim periods ended 30 June 2005 and 30 June 2006 as set out in Part V
<b>“ICIS Index”</b>	the ICIS-LOR Petrochemical Index
<b>“ISO 9001”</b>	International Standards Organisation standard in respect of the supply of products and services
<b>“ISO 14001”</b>	International Standards Organisation standard in respect of environmental management systems
<b>“Italian CSI”</b>	Italian Certification and Behavioural Analysis Centre for product certification and qualification
<b>“London Stock Exchange”</b>	London Stock Exchange Plc
<b>“Ochsner”</b>	a type of special hydraulic lifting system used in waste collection vehicles
<b>“Options”</b>	options to subscribe for Ordinary Shares
<b>“Ordinary Shares”</b>	ordinary shares in the capital of the Company (including depositary interests representing Ordinary Shares and issued through the Company’s UK Registrar) of a nominal value of €0.10
<b>“Panel”</b>	the UK Panel on Takeovers and Mergers
<b>“Panmure Gordon”</b>	Panmure Gordon & Co, the Company’s Nominated Adviser and Broker
<b>“Perivallontiki AE”</b>	Perivallontiki AE, a Greek company whose registered address is 19 Ag. Ioannou str., 25100 Aigio, Achaia, Greece
<b>“Placing”</b>	the proposed conditional placing by Panmure as agent for the Company of the Placing Shares at the Placing Price pursuant to the Placing Agreement

## Definitions

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<b>“Placing Agreement”</b>	the conditional agreement dated 2006 between the Company (1), the Directors (2) and Panmure Gordon & Co (3), relating to the Placing, further details of which are set out in paragraph 13.1 of Part VI of this document
<b>“Placing Price”</b>	the price of 116 pence per Placing Share
<b>“Placing Shares”</b>	the 9,969,505 Ordinary Shares the subject of the Placing
<b>“Polymeri Europa”</b>	Polymeri Europa S.p.A, Piazza Boldrini, 1-20097, S. Donato Milan, Italy, the main supplier of HDPE to the Group
<b>“Pro-forma combined financial statements”</b>	the Group’s financial statements for the years ending 31 December 2003, 31 December 2004 and 31 December 2005 and interim periods ended 30 June 2005 and 30 June 2006 had the anticipated acquisition of “PYP ATEBE” taken place throughout the period covered by these statements, as set out in Section B of Part V
<b>“PYP ATEBE”</b>	“Perivallontiki-Ypiresies Perivallontos ATEBE” or “Perivallontiki Environmental Services AE” a dormant Greek legal entity that has acquired the waste management segment of Perivallontiki AE
<b>“Share Exchange”</b>	the share exchange arrangement pursuant to which the Company acquired Helesi AE in exchange for the issue of shares in the Company, as described under the heading “Group Reorganisation” in Part II of this document
<b>“Shareholder”</b>	a holder of Ordinary Shares from time to time
<b>“Share Option Plan”</b>	the employee share option plan adopted by the Company, details of which are set out in paragraph 4 of Part VI of this Document
<b>“Subsidiaries”</b>	Helesi AE, Helesi UK, and Helesi Italia
<b>“Syscon Umweltsysteme GmbH”</b>	Syscon, a company incorporated in Germany whose registered address is Asdorfer Strasse 120-130, D-57258 Freudenberg, Germany
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“UK Listing Authority” or “UKLA”</b>	the Financial Services Authority, acting in its capacity as the competent authority for the purposes of Part VI of FSMA
<b>“UK Strategy 2000”</b>	the UK Government’s strategy for sustainable waste management
<b>“Waste Management Business Acquisition MOU”</b>	the binding Memorandum of Understanding between Perivallontiki AE and the Company for the transfer of the entire issued share capital of PYP ATEBE, conditional on Admission
<b>“Capita” or “Registrar”</b>	Capita Registrars, the Company’s registrar
<b>“Urbaser”</b>	Urbaser S.A, Albasanz 16, 1º Planta 28037, Madrid, Spain

### Exchange Rates

Throughout this document, other than Part V or where otherwise indicated, the following exchange rates have been used:

£1:€1.47

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## Timetable of Principal Events

Publication of this document	20 November 2006
Admission effective and dealings commence in the Ordinary Shares on AIM	23 November 2006
CREST accounts credited with Depositary Interests (where applicable)	23 November 2006
Definitive share certificates expected to be dispatched in respect of the Ordinary Shares (where applicable)	30 November 2006

## Placing Statistics

Placing Price	116p
Number of Ordinary Shares in issue at the date of this document	22,805,000
Number of new Ordinary Shares being placed on behalf of the Company	9,969,505
Number of Ordinary Shares in issue immediately following Admission	32,774,505
Estimated net cash proceeds receivable by the Company pursuant to the Placing <sup>1</sup>	£10.2 million (€15.0 million)
Approximate market capitalisation of the Company immediately following Admission	£38.0 million
Approximate percentage of enlarged issued share capital on Admission represented by the Placing Shares	30.4%
AIM EPIC code	HLS

<sup>1</sup> Stated after deducting the estimated total expenses of the Placing and other related costs and fees payable by the Company of approximately £1.4 million (€2.0 million).

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# Directors, Secretary and Advisers

## Directors

Roger Parsons	Non-Executive Chairman
Athanasios Andrianopoulos	Chief Executive
Christina Thanasoulia	Deputy Chief Executive
Elena Paraskeva	Non-Executive Director
Frithjof Stoud Platou	Non-Executive Director
Dimitris Karaiskos	Non-Executive Director

## Registered Address

Viomichaniki Zoni Tseriou,  
Tseri, P.C. 2480, Nicosia  
Cyprus

## Company Secretary

Lucas Papallis

## Nominated Adviser, Broker and Lead Manager

Panmure Gordon (Broking) Limited  
Moorgate Hall  
155 Moorgate  
London  
EC2M 6XB

## Solicitors to the Company as to English law

Memery Crystal LLP  
44 Southampton Buildings  
London  
WC2A 1AP

## Solicitors to the Company as to Greek Law

Law Office E. Stratigis & Partners  
4 Flessa Str.  
Athens 105 56  
Greece

## Solicitors to the Company as to Cypriot Law

Kinanis Pyrgou & Co  
Advocates & Legal Consultants  
29A Anna Komninis Street  
1520 Nicosia  
Cyprus

## Auditors and Reporting Accountants

BDO Hellenic Auditing Company  
11 Rallis Street  
Maroussi  
Athens 151 24  
Greece

## Solicitors to the Placing

Norton Rose  
Kempson House  
Camomile Street  
London  
EC3A 7AN

## Registrar

Kinanis Pyrgou & Co  
29A Anna Komninis Street  
1520 Nicosia  
Cyprus

## Registrars to Depositary Interest Arrangement

Capita IRG Trustees Limited  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

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## Part I — Key Information

Helesi Plc was incorporated in Cyprus on 31 May 2006 as a public limited liability company. Since incorporation, the Company has acquired 100 per cent. of the shares of Helesi AE, a Greek legal entity specialising in the design and manufacture of plastic products mainly for use in the waste management industry. Helesi AE in turn owns two other subsidiaries in the same sector, Helesi UK and Helesi Italia.

The Group designs and manufactures plastic waste containers, mainly for use in the waste management industry. The Group also produces other injection moulded plastic products such as pallet boxes and other material handling products. The Group has developed a strong market position in both the developed waste management markets of Western Europe as well as developing waste management markets in countries in South-Eastern Europe and several other non-European countries such as countries in the Middle East. The Group has production facilities located in Greece and in the UK, equipped with injection moulding machines based on the latest technology and utilising robotic production, automatic and semi-automatic assembly and packaging methods. The Group has a commercial presence in 48 countries through an extensive network of distributors and more than 70 per cent. of its sales by turnover are realised internationally.

The Directors believe that the Group's current market share in the plastic waste containers market is approximately 6 per cent. in the EU and 3 per cent. worldwide. The Group is a key player in the high growth markets of South-Eastern Europe, the Mediterranean and the Middle East.

### Products and Services

The Group's activities on Admission will comprise:

- the design and manufacture of a broad range of plastic waste containers including 2 and 4 wheeled bins, pre-sorting bins and the full range of EN 840 standard containers selling into the waste management market;
- the design and manufacture of material handling plastic products (pallet boxes and crates) for agricultural, domestic and industrial use, and other injection-moulding plastic products such as pre-sorting waste bins, fish crates, and stadium seats;
- the supply of special vehicles and equipment for the waste management industry; and
- the provision of waste management services (mainly waste collection, container washing, street sweeping and recyclable materials collection).

### Financial Record

The following summary historic financial information is extracted without material adjustment from the financial information contained in Part V of this document.

	Year ended 31 December			Six months ended 30 June	
	2003 €000	2004 €000	2005 €000	2005 €000	2006 €000
Sales	<u>12,345</u>	<u>19,829</u>	<u>25,343</u>	<u>11,284</u>	<u>13,397</u>
Gross contribution	5,565	8,228	10,074	4,189	5,448
Operating expenses	(3,910)	(6,085)	(6,938)	(3,148)	(3,993)
Other revenue	<u>715</u>	<u>1,264</u>	<u>893</u>	<u>415</u>	<u>551</u>
Operating profit	2,370	3,407	4,029	1,456	2,006
Cost of financing	<u>(541)</u>	<u>(716)</u>	<u>(825)</u>	<u>(430)</u>	<u>(503)</u>
Profit before tax	1,829	2,691	3,204	1,026	1,503
Taxation	<u>(308)</u>	<u>(338)</u>	<u>(542)</u>	<u>(291)</u>	<u>(254)</u>
Profit after tax	<u>1,521</u>	<u>2,353</u>	<u>2,662</u>	<u>735</u>	<u>1,249</u>

In the 3½ year period covered by the financial information set out in the preceding table (which is not inclusive of the waste management services that will be provided by the Group as a result of acquiring the Waste Management Segment of Perivallontiki AE), the Helesi Group has attained, through organic growth, an impressive array of performance targets: sales more than doubled while the profits before and after taxes increased by 75 per cent..

## Part I — Key Information

### Current Trading and Prospects

Trading since the date of the latest annual audited accounts has been encouraging. New significant contracts already awarded to the Group or its distributors which are expected to contribute to the turnover of the current year include:

- (i) two year contract with Consip Italy — Public Information Services Agency as “preferred” supplier of waste bins (the Directors estimate the value of this contract to be approximately €2.1m);
- (ii) annual contract with Hellenic Recovery Recycling Corporation for recycling containers (the Directors estimate the value of this contract to be approximately €1.5m);
- (iii) contract for the supply of plastic stadium seats for Jaber Al Ahmed Kuwait International Stadium in Kuwait, UAE (the Directors estimate the value of this contract to be approximately €2.5m); and
- (iv) three year contract with the Eastern Shires Purchasing Organization of the UK for the supply of wheeled bins (the Directors estimate the value of this contract to be approximately €18.5m).

### Use of Proceeds

The proceeds from the placing of new shares will be used to fund the first stage of the investment program of the Group.

The approximate allocation of placing funds (net of approximately €2.0 million of expenses) to individual investment plans, is:

	Investments 2006-2009 m €	Use of Net Proceeds m €
Expansion of Komotini Production Facility	14.1	4.8
Wheels Production Unit in Komotini	3.2	2.5
New Production Facility in Pisticci, Italy	25.4	4.2
Acquisition of Waste Management Segment	3.5	3.5
Expansion of waste management activities into South East Europe	6.0	—
Establish assembly, distribution and sales centres in key markets (Germany, Spain, France, Sweden, India)	7.0	—
<b>Total</b>	<u>59.2</u>	<u>15.0</u>

The total proposed investments for the period 2006-2009 in Stage I amount to €59.2 million, of which €26.0 million will be funded with secured state grants (from Greek and the Italian State), €15 million will be funded with the net proceeds of the placing of the new shares, €2.5 million have already been funded by a shareholder equity contribution in first quarter 2006 and the remaining €15.7 million will be funded from internal cashflow and bank debt.

### Further Information

Your attention is drawn to the information included in Parts IV to VI of this document and in particular, you are advised to carefully consider the Risk Factors in Part IV of this document.

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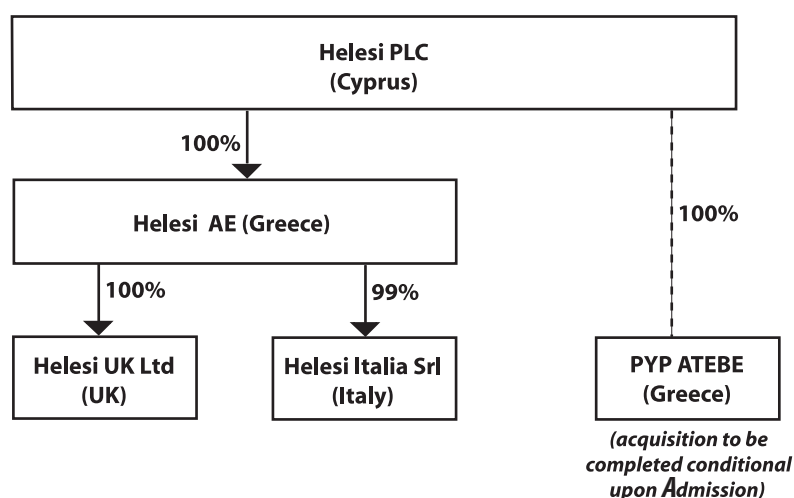
## Part II — Information on the Company

### Introduction

Helesi Plc was incorporated in Cyprus on 31 May 2006 as a public limited liability company. Since incorporation, the Company has acquired 100 per cent. of the shares of Helesi AE, a Greek legal entity specializing in the design and manufacture of plastic products mainly for use in the waste management industry. Helesi AE in turn owns two other subsidiaries in the same sector, Helesi UK and Helesi Italia.

The Company has entered into a binding agreement, conditional on Admission, to acquire 100 per cent. of the shares of PYP ATEBE, a Greek company specialising in waste management services. PYP ATEBE recently acquired the waste management business and assets of its parent company Perivallontiki AE. Further details of this acquisition are set out under the heading “Group Reorganisation” below.

The anticipated organisational structure of the Group following the acquisition of PYP ATEBE will be as follows:



The Group designs and manufactures plastic waste containers, mainly for use in the waste management industry. The Group also produces other injection moulded plastic products such as pallet boxes and other material handling products. The Group has developed a strong market position in both the developed waste management markets of Western Europe as well as developing waste management markets in countries in South-Eastern Europe and several other non-European countries such as countries in the Middle East. The Group has production facilities located in Greece and in the UK, equipped with injection moulding machines based on the latest technology and utilising robotic production, automatic and semi-automatic assembly and packaging methods. The Group has a commercial presence in 48 countries through an extensive network of distributors and more than 70 per cent. of its sales by turnover are realised internationally.

The Directors believe that the Group’s current market share in the plastic waste containers market is approximately 6 per cent. in the EU and 3 per cent. worldwide. The Group is a key player in the high growth markets of South-Eastern Europe, the Mediterranean and the Middle East.

The Directors’ current strategy for strengthening the Group’s existing position and entering new high growth markets is to:

- achieve organic growth through building market share and new product innovation;
- increase market share in growth markets by establishing local sales offices and assembly facilities, either independently or through joint ventures with existing distributors;
- increase export sales and international presence, especially in developing markets;
- continue to increase production capacity and reduce production costs through investment in the vertical integration of production and production automation; and
- expand activities in waste management services and the waste treatment sector, utilising established international relationships and the Group’s existing expertise.

## **Part II — Information on the Company**

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The Directors believe the key strengths of the Group include:

- a leading position and geographic proximity to high growth markets;
- a significant position in established European markets;
- an effective sales model based on long term relationships and partnerships with local distributors;
- proven technical ability and modern manufacturing facilities;
- cutting edge research into design of new products and production processes; and
- strong and committed operational management team.

### **History of the Group**

In the early 1990s, Athanasios Andrianopoulos (“Sakis”) the Company’s Chief Executive, identified a market opportunity in the emerging waste management industry and formed Perivallontiki AE, a Greek company offering waste management consulting services to local authorities. Perivallontiki AE quickly expanded its business to supply Greek municipal authorities with special vehicles, waste containers and other waste management equipment. In 2003, Perivallontiki AE entered the waste management services sector in Greece, offering waste container washing services, mechanical street sweeping and waste collection services.

After observing increasing customer demand and market trends driven by environmental and legislative changes for replacing metallic waste containers with plastic ones, Sakis formed a Greek company, “Hellenic Environmental Systems Industry AE” (“Helesi AE”) in 1997.

Helesi AE’s first production facility was built in Komotini, Northern Greece and began operations in July 2000. Since then more than €33.5 million has been invested in this facility, €11.7 million of which has been funded through government grants, in order to build moulds based on the latest technology to increase production capacity and automate the production process. Helesi AE is now equipped with one of the most modern plastic injection-moulding factories in the world specialising in plastic products mainly used in the waste management industry.

Recognising the importance of compliance to EN 840 standards, Helesi AE has committed significant resources to researching the design of products and moulds and is one of only nine companies worldwide that produce the full range of EN 840 standardised waste containers. EN 840 is the EU Directive that sets out the required standards for waste containers used within the EU.

Helesi AE began its exporting activity in 2000, establishing relationships with distributors mainly in Germany and, from 2001, Italy. In 2002 it began distributing in the UK, Irish and Spanish markets, and also started distributing its products in several countries in the Middle East and North Africa. From 2003, Helesi AE commenced selling into certain countries in South-Eastern Europe, such as Romania and Bulgaria, quickly acquiring a significant market presence.

In 2004, increased demand from the UK and Irish markets for two-wheeled bins led to the decision to form Helesi UK, a wholly owned subsidiary which owns the Group’s second production facility, located in Bradford.

In 2004, Perivallontiki AE and Urbaser, one of the largest waste management operators in Europe, formed a joint venture to provide waste management services during the Olympic Games of 2004 in Athens. A significant portion of these services was subcontracted to Helesi AE. One year later, Helesi AE was also awarded the contract for the supply of waste bins to the city of Turin and the 2006 Winter Olympics.

In May 2006, Helesi Italia Srl was incorporated as a limited liability subsidiary company in Italy, as part of the process to establish a third production facility.

In May 2006, the Company was incorporated in Cyprus to act as the group holding company. Since then, the Company has acquired and controls Helesi A.E. and its subsidiaries, Helesi UK and Helesi Italia, thus forming the Helesi Group. As stated above, conditional only on Admission, Helesi has contracted to acquire PYP ATEBE from Perivallontiki AE.

The Directors believe that today the Group is one of the most competitive producers of waste containers worldwide selling its products in more than 50 countries.

### **Group Reorganisation**

As part of the restructuring of the Group prior to Admission, on 23 October 2006, the Company acquired Helesi AE by way of contribution in kind in exchange of shares. The contribution in kind in exchange of

## **Part II — Information on the Company**

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shares was completed by way of signed instruments of such share contribution from the then shareholders of Helesi AE and a resolution of the Company to issue shares to those shareholders. As a result of such contribution in kind, prior to the Placing the shareholding structure of the Company in practice reflected the previous shareholding structure of Helesi AE, and Helesi AE became a wholly owned subsidiary of the Company.

As the Group had previously received grants from the Greek State, consents were required from certain governmental departments for the exchange of shares. Of those consents necessary for the exchange of shares, all those required from the Greek General Secretary of the Circumference and the Greek Ministry of Finance have been obtained. However, a final consent is required from the Greek Ministry of Development in respect of an investment grant of €4,775,850 awarded to Helesi AE on 2004. The Directors expect Helesi AE to receive this consent by the end of 2006 and, as at the date of this document, have no reason to believe it will not be received by this time. Under Greek Investment Law 2601/1998 pursuant to which Helesi received the grant, if the shareholders of a company (or their respective shareholdings) change from the date the Company became subject to the provisions of this law and for a period of five years from the commencement of production without the prior consent of the Greek Ministry of Development, that company may be asked to return the grant or that part of the grant already received or future installments of the grant may be withheld.

Helesi AE has already received €2,387,925 out of the total grant amount of €4,775,850 euros. Given the abovementioned pending consent of the Greek Ministry of Development although the Directors fully expect such consent to be forthcoming, Athanasios Andrianopoulos, Dimitris Karaiskos, Christina Thanasoulia, Emmanuil. Anifantakis and Ioannis Riskakis (who were the major shareholders of Helesi A.E. when it was awarded the grant) have given an indemnity to the Company dated 2 November 2006 that they will jointly and severally pay any and all of the above grant that Helesi AE may be asked to return, including any withheld installments, should the final consent required not be forthcoming.

On 25 September 2006, Perivallontiki AE entered into a notarial deed for the transfer of its waste management business to its wholly owned subsidiary, PYP ATEBE. Pursuant to the terms of the notarial deed, PYP ATEBE substituted Perivallontiki AE as the contracting party in various waste management contracts and the waste management business, contracts, assets and liabilities of Perivallontiki AE were transferred to PYP ATEBE. The transfer of the waste management segment was approved by the general assemblies of PYP ATEBE and Perivallontiki AE.

The Company has entered into the Waste Management Business Acquisition MOU, which is a binding memorandum of understanding pursuant to which Perivallontiki AE has agreed to transfer 100 per cent. of the shares in PYP ATEBE to the Company, conditional only on Admission.

The consideration under the Waste Management Business Acquisition MOU is €3.5 million and the binding memorandum of understanding contains warranties and indemnities in favour of the Company. The transfer of the shares in PYP ATEBE will be effected by a share transfer agreement to be signed shortly after Admission. The transfer of PYP ATEBE is a related party transaction as more fully described at paragraph 15 of Part VI.

### **Products and Services**

The Group's activities on Admission will comprise:

- the design and manufacture of a broad range of plastic waste containers including 2 and 4 wheeled bins, pre-sorting bins and the full range of EN 840 standard containers selling into the waste management market;
- the design and manufacture of material handling plastic products (pallet boxes and crates) for agricultural, domestic and industrial use, and other injection-moulding plastic products such as pre-sorting waste bins, fish crates, and stadium seats;
- the supply of special vehicles and equipment for the waste management industry; and
- the provision of waste management services (mainly waste collection, container washing, street sweeping and recyclable materials collection).

#### **1. Waste Containers**

The Group's main product line is urban plastic waste containers of all capacities (representing 89.3 per cent. of Group sales in 2005 by turnover) which are used for the collection, storage or transportation of urban waste by local authorities and private waste management operators.

## **Part II — Information on the Company**

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The waste containers that the Group manufactures, such as wheeled bins, pre-sorting boxes, bins and baskets, are specialist containers used for the collection of urban waste and have a number of features differentiating them from domestic storage boxes.

In the wheel-driven waste containers market, Helesi AE is one of nine companies globally that produce the full range of waste containers corresponding to the EN 840 standard, namely;

- two-wheeled containers with 60, 80, 120, 140, 190, 240 and 360 litre capacity; and
- four-wheeled containers with 660, 770, 1,000, 1,100 and 1,200 litre capacity.

These containers are produced in either standard or customised form, all exhibiting the following features:

- manufactured using the latest production techniques meeting stringent quality requirements and high quality raw materials (recyclable HDPE) processed through high pressure injection-moulding, guaranteeing long life expectancy, resistance against chemicals, frost, heat and UV radiation;
- all metal parts (eg forks, bearings, swivel plates, screws etc) are corrosion-resistant and manufactured from high quality galvanised steel;
- chip nests for electronic identification chips, which can be programmed individually and read during the lifting and tipping process, allowing individual identification and registration of diverse container data;
- universal design for all types of lifting devices such as DIN trunnions, Ochsner handles and DIN or AFNOR combs to ensure quick and secure lifting compatible with all common European lifting procedures;
- patented functions for safer use: in line with the requirements of standard EN 840-6, the Group has developed a patented unique opening mechanism for its 1,100 litre bin which provides increased safety without costly additional devices; and
- superior design allowing containers to be stacked more efficiently and to be manufactured using less raw material than competing producers.

The Group is one of the main suppliers of wheeled bins to the waste management industry in the UK, Ireland, Italy, Spain, Norway, Greece and South-Eastern European countries.

The Directors believe that the Group is highly regarded and recognised in the waste management industry worldwide as one of the leading manufacturers of wheel-driven waste containers. Waste containers accounted for 89.3 per cent. of revenues in 2005.

### **2. Material Handling Products**

Material handling products (mainly pallet-boxes) are used for food storage and transport. The Group produces pallet-boxes and other food storage containers such as fish and bread crates specifically for use in the food industry. There has been an increase in the use of pallet-boxes for food carriage due to increasingly stringent regulations enforced by the EU, national governments and various regulatory and quality certification bodies.

The Group currently produces four types of pallet-boxes. The Directors believe that the pallet-boxes market has significant growth prospects and intend to utilise funds raised through the Placing to invest in a new production facility for pallet-boxes in Italy. Material handling products accounted for 3.6 per cent. of consolidated revenues in 2005.

### **3. Other injection-moulded plastic products**

The Group produces a number of other injection-moulded plastic products including garden composters, pre-sorting bins used in private households, offices and industrial facilities for sorting and collecting organic waste, litter bins, special technical parts (e.g. special pipes for the installation of fibre optics across railway lines) and plastic stadium seats (e.g. stadium seats installed in the Beach Volley, Tennis and Equestrian courts built for the Athens Olympic Games 2004, seven stadiums in Sydney and Melbourne, Australia and several stadiums in the United States and Lisbon, Portugal). These products accounted for 0.04 per cent. of consolidated revenues in 2005.

### **4. Special vehicles and equipment for the waste management industry**

The Group takes advantage of its extended sales network and its established relationships within the waste management industry to sell third party products such as waste collection vehicles, other special vehicles

## **Part II — Information on the Company**

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(such as bin or street washing vehicles) and special equipment for the waste management industry (such as street sweepers, hook loaders, skip loaders or press containers). The Group sells this type of special equipment mainly to its distributors in Greece and Cyprus. This activity accounted for 6.6 per cent. of consolidated revenues in 2005.

### **5. Waste management services**

To date, the Directors consider that the Group has had a modest presence in the waste management services sector, occasionally providing container washing services, street sweeping, recyclable materials collection and consulting services on landfill design, recycling and other waste management issues to local authorities. Waste management services accounted for 0.5 per cent. of consolidated revenues of the Group in 2005.

The Directors intend to expand the Group's activities in this market, which they believe to be a growing market, aided by the Group's established relationships in the waste management industry and the agreed acquisition of PYP ATEBE, which will, following the acquisition, bring an established customer base, waste management contracts and industry experience to the Group. PYP ATEBE, a wholly owned subsidiary of Perivallontiki AE, has acquired the waste management segment of Perivallontiki AE by way of a spin off. Conditional on Admission, the Company has agreed to acquire 100 per cent. of the shares in PYP ATEBE for €3.5 million. The waste management segment (as a former business unit of Perivallontiki AE) provided waste management services during the Athens Olympic Games in 2004. Further information on the acquisition of the waste management segment is set out under the heading "Group Reorganisation" above and in paragraph 13 of Part VI.

### **Manufacturing Activities**

The Group has two manufacturing facilities, one in Komotini, Northern Greece and one in Bradford, UK. The manufacturing technique used in both facilities is injection-moulding. In the last five years approximately €35.8 million has been invested to increase production capacity in both facilities and improve manufacturing efficiency. The Directors believe that the Group's facilities and equipment are amongst the most modern in the industry worldwide, being between 1 and 5 years old.

The production facility in Komotini, Northern Greece is located on a 41,410 sq.m. site owned by the Group and began operations in July 2000. The facility produces the full range of products on eight injection-moulding machines and has an annual capacity of 1,000,000 containers of various types. In 2005 the unit consumed 6,900 tonnes of HDPE, operating at approximately 60 per cent. of its capacity, on a 24 hour daily three-shift schedule.

In this production facility there are four injection-moulding machines in operation for manufacturing waste container bodies and four others for manufacturing container parts and other injection-moulding products. Komotini facilities include warehousing, blending, propulsion and raw materials supply systems, injection-moulding systems, thermal printing, semi-automatic assembly of the container parts and packaging, by-products recycling and a quality control laboratory in accordance with EN standards. The facility includes an in-house maintenance department.

The production facility in Bradford is located on a leased site of 1,800 sq.m. and began operations in June 2004. Two-wheeled waste containers with a capacity of up to 240 litres are produced in this three-line production plant. The production facility at Bradford has an annual capacity of 500,000 two-wheeled containers. In 2005 the unit consumed 3,150 tonnes of HDPE per year, operating at approximately 70 per cent. of its capacity.

The Group manufactures all the components of its containers apart from the wheels and axles of the wheel-driven containers as well as various additional mechanisms and parts (brakes, springs, foot pedals, lock systems) which are bought from third party manufacturers.

The Group recently invested €6.4 million in the construction of a tyre-recycling unit within the Komotini production facility to produce raw material for waste containers wheels. The purpose of this investment is to begin the integration of the processes employed in the production of container parts and will be followed by the construction of a wheel manufacturing unit in the same plant and a collection centre for used tyres in Attica, Greece. These investments will be funded from the proceeds of the Placing. The Directors believe that these investments will help satisfy the Company's demand for container wheels and will reduce production costs.

## **Part II — Information on the Company**

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The Group currently intends to invest approximately €25.4 million to build a new production facility and distribution centre in Pisticci, Italy. The production facility will mainly produce material handling products (pallet boxes and pallets). The facility is planned to comprise three production lines for pallet-boxes, pallets and waste containers and is expected to be completed by the end of 2008. The Italian Ministry of Finance has agreed to provide grants for 67 per cent. (€17.0 million) of the approved budget.

### **Product Design**

The development of new containers and the improvement of existing container design are essential to Helesi's ability to maintain low production costs and respond to new customer requirements. The Group has an ongoing program of product development with both in-house quality control and testing facilities.

Product design within Helesi places particular emphasis on market research and customer feedback, in order to design new products or product enhancements and develop production processes that reinforce the competitive standing of the Group by assisting sales and reducing the production costs. Product design spans the whole production area from moulds and raw material research to the final product form. This has developed the Group's full product range which as a result now exhibits, the Directors believe, superior characteristics in areas such as safety, functionality, reduced weight, higher endurance and aesthetics.

Successful innovations of the Group include the development of waste container moulds that reduce raw material and transportation costs. Helesi's waste containers are designed in such a way that allows the loading of up to 30 per cent. more final product on transportation trucks and consumes less raw material, thus being lighter without compromising durability.

Furthermore, the product design department within the Group offers services including engineering, technical studies and technical assistance to third parties (mould designers, non-competing plastic producers, etc.)

The Directors believe that these innovations provide the Group with a significant competitive advantage when tendering for municipal supply contracts. This advantage is difficult to replicate by competitors because any proposed change to the design of a bin requires significant capital outlay in building new moulds. Injection-moulds for bins cost between €0.4 – €2.5m each (depending on the size of the bin) and injection-moulds per set of pallet-boxes cost between €2.5 – €4.0m each. Both have an operational life of approximately 25-30 years subject to proper maintenance and instruction. This is an example of the benefits that Helesi enjoys through being a relatively late entrant to the market.

### **Intellectual Property**

The Group has the following patents or applications for patents:

- a National (Greek) Innovation Patent for a “waste container with manually operated secondary lids” filed on 18 June 2001 and valid until 19 June 2008. This patent has also been registered in Australia and is valid until 17 June 2010;
- a PCT International Application for a “waste container with swinging arms pivotally connected to the lids thereof” published on 26 October 2005. The application was published by the International Bureau on 15 July 2004. The same application entered into the European Phase (EPO) was published on 25 October 2005;
- a National (Greek) Patent for a “waste container with a flat lid, a mechanism for stabilisation of the lid at opened position and a foot operated level initiating lid opening and closure operations” valid until 22 July 2023. This patent was registered in Cyprus on 7 April 2004 and in Italy on 14 July 2004; and
- a PCT International Application for a “waste container with foot operated lid and controlled device” published by the International Bureau on 20 October 2005.

The Group is the owner of the domain names [www.helesi.gr](http://www.helesi.gr), [www.helesi.com](http://www.helesi.com) and [www.helesi.eu](http://www.helesi.eu).

The Group is also the owner of the trademark “Helesi” in respect of machines, machine tools, vehicles and various materials. The registration of the trademark is valid until 29 May 2011.

The Group has all intellectual property rights necessary to operate the business of the Group.

### **Quality Standards**

All Helesi products are manufactured, tested and certified according the latest European standards.

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The Group has its own specialised department equipped with devices to test the quality of the raw materials, as well as the chemical and mechanical endurance of the products. The quality control process fully corresponds to EN-840 Tests and comprises drop tests, crash tests, tests for extreme temperature swings, tests for chemical and UV radiation impact and thickness and dimensions tests.

The production process is certified according to the ISO 9001 and ISO 14001 standards and the products are certified by the German LGA and the Italian CSI institutes for compliance with the EN-840 specifications as well as with safety and quality standards.

### **Raw Materials**

The primary raw material used in the production process is HDPE, which is suitable for injection machines. The specific technical characteristics of HDPE are selected so as to ensure the products' mechanical endurance.

The price of HDPE fluctuates and is difficult to predict. Although HDPE is an oil based product, the Directors believe that HDPE prices are determined both by supply and demand and are not merely determined by oil prices.

The Group seeks to ensure the smooth procurement of HDPE and avoid significant impact on production costs caused by HDPE price fluctuations through a procurement policy that combines annual supply agreements with Polymeri Europa at prices based on the ICIS Index with spot market purchases of HDPE when market conditions are favourable. The agreement with Polymeri Europa covers approximately 50 per cent. of the Group's average annual requirements. Generally, the Group has the ability to transfer a significant part of HDPE price increases to the customer as plastic containers are difficult to be replaced with metallic ones as they are more expensive (by over 50 per cent.) and also suffer a price increase when oil prices rise. Furthermore, long term contracts (more than 12 months) with customers usually provide for renegotiation or a price adjustment formula when there are significant changes in the ICIS Index price of HDPE.

### **Distribution and Marketing**

The Group sells its products in more than fifty countries worldwide through a distribution network. Before entering a new market the Group performs research on the characteristics of the market, the size of the potential demand and growth prospects.

Since its formation, the Group has placed significant importance on identifying appropriate distributors in each country of operation and building long term relationships with them. Partnering with local sales distributors has helped the Group penetrate new markets in a flexible and cost effective way, as local operators have a better understanding of a market's specific needs and prevailing trends. At the same time the Group actively supports its distributors by working closely with them to develop products and design solutions that cater for each market's needs. The Group also supports its distributors in participating in public tenders by determining the tender pricing policy along with the distributor (but can participate directly in a tender when the contract to be awarded is of a significant size).

This operating model for distribution and marketing the Group's products worldwide has proven very successful, allowing the Group to build strong market positions while maintaining a lean sales team and low overhead costs.

When a market reaches a critical size that the Directors believe is sustainable, the Group's strategy will be to establish local sales offices or assembly facilities, either independently or through joint ventures with existing distributors.

Syscon GmbH in Germany, Straight Plc and PM On Board Limited in the UK, Manvik Plant & Hire Ltd in the UK and Ireland and Bear Tech Srl/Perival Italia Srl in Italy are among the most significant sales distributors used by the Group. Sales through these distributors accounted for 54.2 per cent. of total Group consolidated revenues in 2005.

### **Key Strengths**

The Directors of the Company have identified the following key strengths which they believe have enabled the Group to build a strong position in its markets of operation:

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- leading position in and geographical proximity to high growth markets of South-Eastern Europe, the Middle East and the Mediterranean, where penetration of mechanical waste collection systems is still low;
- significant position in established high worth EU countries such as Germany, UK, Ireland, Italy and Spain;
- effective sales model based on long term relationships and partnerships with local distributors, who also have valuable local authority contacts;
- lean sales force allowing flexibility in adapting to changing market needs;
- proven technical ability and modern manufacturing facilities, equipped with the latest technology in injection-moulding machines;
- track record of cutting edge research into design of new products and production processes that allow the Company to maintain high quality of products and decrease raw material and transportation costs;
- strategic geographical positioning of production facilities allowing for more efficient logistics in key target markets, such as the transport cost saving created by producing products for the UK market at the facility in Bradford; and
- proven management with strong operational knowledge and specialisation in the chemical and waste management industry.

### **Growth Strategy**

The Directors' strategy in order to strengthen the Group's existing market position and enter new markets is to:

- achieve organic growth through building market share and product innovation;
- increase market share in high worth markets by establishing local sales offices and assembly facilities, either independently or through joint ventures with existing distributors;
- increase export sales and international presence, especially in new growing markets;
- continue to increase production capacity and to reduce production costs through investment in vertical integration of production and automation; and
- expand activities in waste management services and the waste treatment sector, utilising established international relationships and the Group's existing expertise.

In order to achieve these goals, the Company has an extensive two-stage investment program covering the period 2006-2009 and totalling approximately €77.2 million, of which €59.2 million is identified for stage one of the investment program, and the remaining €18 million for stage two.

The first stage of the investment program (€59.2 million) includes investments aiming to expand the Group's production capacity in Europe, its sales and distribution network and the Group's activities in the waste management business. Proceeds from the Placing will be used to fund this stage as well as state grants, shareholder equity contributions already received, internal cashflow and bank debt. Further details are set out below.

The second stage of the investment program (€18.0 million) includes expansion of the Group's activities into waste treatment and further geographical expansion of the waste containers business in the high growth markets of India, Asian countries such as Singapore, Malaysia, Taiwan, China and Hong Kong and certain countries in the Middle East.

### **Stage I – Investment Program**

#### ***1. Expansion of Komotini Production Facility***

The Company will invest a total of approximately €15.3 million to expand the existing production facility in Komotini, Northern Greece by:

- purchasing new moulds for waste containers and material handling products; and

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- adding new injection machines and state-of-the-art automation equipment for the automatic exchange and storage of moulds and the automatic assembly and handling of products. Such improvements will allow maintenance on the moulds to be more easily carried out without interrupting production.

An amount of approximately €1.2 million has already been invested in this program in 2005 and the Directors expect the investment to be completed by 2008. The Group has secured €7.4 million in form of state grants for this investment and has already received, in 2005, €2.1 million of this.

The investment is expected to enhance sales through the expansion of the product portfolio into new types of waste containers, increase overall production capacity and reduce production costs through the further automation of the production processes.

The Directors believe that it is important to increase production capacity and capabilities of the Komotini facility in order to take advantage of its strategic geographical position in Northern Greece to satisfy expected increased demand from Central and South-eastern Europe and the Middle East.

### ***2. Construction of new wheels production unit in Komotini, Greece***

The Group plans to invest a total amount of approximately €9.6 million to build a tyre recycling and wheel manufacturing unit for waste containers in Komotini, as well as a collection centre for old tyres in Attica, Greece. The tyre-recycling part of the production unit is currently in operation.

€6.4 million has already been invested in 2005 for the recycling unit, which is now in operation and it is intended that another €3.2 million for this investment will be invested in 2006. The Group has secured €4.7 million for this investment in form of state grants, and has already received, in 2005, €1.0 million of these grants.

The investment will vertically integrate the production process of waste containers in the Komotini facility and will cover the Company's annual requirement for waste container wheels. The Directors believe that, as a result, production costs will decrease significantly.

### ***3. New Production Facility in Italy***

The Group currently intends to invest approximately €25.4 million to build a new production facility and distribution centre in Pisticci, Italy mainly producing material handling products (such as pallet boxes and pallets).

The production facility will comprise three production lines for pallet-boxes, pallets and waste containers and is expected to be completed by the end of 2008.

The Group has secured €17.0 million in the form of grants for this investment from the Italian State.

The Directors believe that the new production facility in Italy should significantly increase sales of material handling products. Italy is the largest market for pallet-boxes in Europe and the Directors expect this market to exhibit high growth rates as a consequence of increasingly stringent EU regulations on the use of pallet boxes and plastic pallets in packaging of agricultural and industrial goods.

Furthermore, the Directors expect that the Group's presence in Italy as a producer, combined with the expansion of a regional distribution network, will assist its sales in the developed waste markets of Central and South-Western Europe.

### ***4. Acquisition of Waste Management Business***

The Company has agreed, conditional on Admission, to acquire PYP ATEBE, a wholly owned subsidiary of Perivallontiki AE which is active in the waste management services sector, for a total consideration of €3.5 million. The waste management segment being acquired, as a former business unit of Perivallontiki AE, had provided waste management services during the 2004 Olympic Games and is expected to bring to the Group an established customer base, waste management contracts and know-how.

### ***5. Expand the Group's activities into Waste Management Services***

Following the acquisition of the waste management business, the Group intends to invest approximately a further €6.0 million during 2006-2008 to expand its activities in the waste management services sector, namely municipal waste collection, processing, recycling, street cleansing and disposal.

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To date the Group has only had a modest presence in the waste management services sector, occasionally providing container washing services, street sweeping and recyclable materials collection or consulting services on landfill design and other waste management issues to local authorities.

The Directors intend to expand the Group's activities in this market by leveraging the Company's established relationships with local authorities, especially in the territories of South-East Europe and the Mediterranean (such as Romania, Serbia, Bulgaria and Greece) where the Group enjoys a significant market share in the waste management sector through its various distributors.

The Group intends to invest approximately €6.0 million to establish appropriate facilities and acquire special vehicles and equipment for providing waste management services in these countries.

### ***6. Assembly, Distribution and Sales centres in important markets***

The Group intends to invest approximately €5.0 million during 2007 and 2008 to establish assembly, distribution and sales centres in the developed markets of Europe that exhibit significant demand. It is intended that these centres will be established either independently or through a joint venture with the Company's distributors in those markets.

The Group intends to establish an assembly and distribution centre in Germany in order to expand its market share in Central, East and North-European countries. A significant percentage of the Company's current sales in these countries is made through its distributor in Germany, Syscon GmbH. The Directors believe that a new assembly and distribution centre in Germany would optimise logistics and reduce transportation costs (a significant element of the cost structure) thus enhancing sales and improving profit margins.

The Group also intends to establish distribution and sales offices in France and Spain and a sales office in Sweden to strengthen its presence in these high-worth markets and reduce transportation costs within each country. It is intended that the proposed office in France will also include an assembly facility.

### ***7. Assembly, Distribution and Sales centres in India***

The Group intends to invest approximately €2.0 million during 2007-2008 to establish an assembly and distribution centre in India, a market which the Directors believe will exhibit high growth rates in the future.

The Directors believe that the installed base of waste bins per capita in India is extremely low today and the majority of Indian cities are yet to embark on a city-wide implementation of door-to-door collection of waste. The Indian Government and international organizations offer financial incentives for urban and industrial waste projects and the Directors believe that they will continue to do so.

The establishment of an assembly and distribution facility in India will be the first step of the Group's plan to gain a competitive position in this market. The Group plans to proceed at a later date with the construction of a production facility as detailed below.

## **Stage II – Investment Program**

### ***8. New Production Facility in India***

The Group currently plans to invest approximately €8.0 million during 2008 and 2009 to build a new production facility for waste bins in India, to take advantage of the geographical proximity to the high growth markets of India, other Asian countries such as Singapore, Malaysia, Taiwan, China and Hong Kong and the Middle East namely the UAE, Kuwait and Israel.

### ***9. Expand Group's activities into Waste Treatment***

The Group currently plans to invest approximately €10.0 million in 2009 to expand the Group's activity in the waste treatment sector.

The Group currently plans to seek to build and operate up to two urban waste treatment and disposal plants in the Balkan region through a proposed joint venture with Urbaser. The Company intends to enter into a collaboration agreement with Urbaser to proceed with investments in waste treatment plants in the Balkans when opportunities arise on a case by case basis.

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Urbaser, the largest environmental operator in Spain and one of the leading international firms in the waste management area, has 56 built and 43 operated waste treatment and disposal plants in Spain and is expected to bring significant expertise in the joint venture.

The Directors believe that the Group's record and continuing investment program puts the Group in a strong position for continued expansion in existing and new markets.

### Use of Proceeds

The proceeds from the placing of new shares will be used to fund the first stage of the investment program of the Group.

The approximate allocation of placing funds (net of approximately €2.0 million of expenses) to individual investment plans, is:

	<b>Investments 2006-2009 m €</b>	<b>Use of Net Proceeds m €</b>
Expansion of Komotini Production Facility	14.1	4.8
Wheels Production Unit in Komotini	3.2	2.5
New Production Facility in Pisticci, Italy	25.4	4.2
Acquisition of Waste Management Segment	3.5	3.5
Expansion of waste management activities into South East Europe	6.0	—
Establish assembly, distribution and sales centres in key markets (Germany, Spain, France, Sweden, India)	<u>7.0</u>	<u>—</u>
<b>Total</b>	<b><u>59.2</u></b>	<b><u>15.0</u></b>

The total proposed investments for the period 2006-2009 in Stage I amount to €59.2 million, of which €26.0 million will be funded with secured Greek and Italian state grants, €15.0 million will be funded with the net proceeds of the placing of the new shares, €2.5 million have already been funded by a shareholder equity contribution in first quarter 2006 and the remaining €15.7 million will be funded from internal cashflow and bank debt.

### Competitors

#### 1. Waste Containers

The Directors are of the opinion that the number of plastic waste container producers worldwide is limited because of the heavy investment required from potential new entrants to the market in highly specialised equipment such as moulds and other special technology involved in the sector. The Directors believe there are only eight other companies worldwide that produce the full range of EN 840 standardised containers and these are considered by the Company's Directors as the main competitors in this market (namely Sulo Group, Otto Group, Plastic Omnium, Icoplastic Limited, SSI Schaefer, Contenur, Kliko and Werner & Weber GmbH).

#### 2. Material Handling Products (Pallet Boxes)

Internationally, the Directors believe that pallet-boxes are produced by a small number of companies using large injection machines similar to those used in the production of the plastic waste containers. Pallet-boxes are difficult to economically transport across large distances because of their size. The Directors believe that the Company's competition in material handling products mainly comes from five companies located in Europe namely Schoeller Arca Systems, Allibert Buckhorn, Capp Plast, Palbox and Icoplastic Limited. They estimate that there are approximately ten other companies around the world active in this sector, five of which are located in the United States.

### Directors and Senior Management

Brief biographical details of each of the Directors and Senior Management are set out below:

#### Roger Parsons, Non-Executive Chairman (64)

From 1988 to 1999, Mr. Parsons was Chief Executive of Rea Brothers Group Plc., a publicly quoted UK banking and financial services company. He retired from full time employment at the end of 1999 when Rea

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Brothers was sold to Close Brothers Company Plc. Prior to Rea Brothers, he had spent 25 years in international banking, first with Citibank and subsequently with Grindlays Bank Plc, where he was a Managing Director. He has acted as a director for both public and private companies in the UK, United States and Greece and in 2004 retired from the board of American Standard Companies, Inc. (an S & P 500 company) where he had been a non-executive director for ten years. He is currently Chairman of Gulf Keystone Petroleum Ltd., which is quoted on AIM, and a director of Hoegh Capital Partners Advisors Limited, an investment advisory company.

### **Athanasios Andrianopoulos (“Sakis”), Chief Executive (45)**

Sakis is a founding shareholder of Helesi AE. He holds a degree in Chemical Engineering from the National Technical University of Athens.

Before founding Helesi, Sakis spent ten years in waste management consulting for Public Authorities and Municipalities, five of which he also served as a researcher of the National Technical University of Athens specialising in waste management and treatment methods. He also spent two years as head of the R&D department of Achaika Plastika, a plastics manufacturer in Greece and in 1990 he founded Perivallontiki AE, a Greek company with activities in waste management services, engineering and sales of special vehicles and equipment for the waste management industry.

Sakis will be responsible for the strategic direction of the Group including identifying and developing new products and market opportunities.

### **Christina Thanasoulia, Deputy Chief Executive (38)**

Christina is a founding shareholder of Helesi AE. She holds a BSc degree from the Athens University of Economics and Business. Before founding Helesi, Christina worked as a finance executive in Achaika Plastika for three years. She was also a founding shareholder of Perivallontiki AE.

### **Elena Paraskeva, Non-Executive (41)**

Elena is a Cypriot resident and joined the Group in 2003. She holds a degree in Law (with honours) from the Law School of the Athens Kapodistrian University. Before joining the Group, Elena gained ten years' experience as a free-lance lawyer in Cyprus, specialising in public tender contracts. Since 2003, Elena has assisted the Group in respect of its waste management contracts with municipal authorities. Elena has entered into a consultancy agreement with the Company under which she will provide administrative and human resources services.

### **Frithjof Stoud Platou, Non-Executive (69)**

Frithjof has spent most of his professional career working in corporate and project finance for the shipping and offshore oil & gas service industries. Since 1984 he has managed his own financial consulting and advisory company, Stoud & Co Limited. He has been (and continues to be), involved in raising investment and loan capital for maritime companies and has advised maritime companies and banks in refinancing issues. Mr Platou's finance expertise has been acquired from many years of experience as head of shipping and offshore departments of DnB Nor's predecessors Den norske Creditbank and Nordic Bank, as well as with American Express Bank where he was global head of the shipping and offshore sectors. He is currently a non executive director of Excel Maritime Carriers, Inc. and was previously a non-executive board director and substantial shareholder of Aminex Plc, an oil company listed on the London and Dublin stock exchanges.

### **Dimitris Karaiskos, Non-Executive (46)**

Dimitris has been a member of the Board of Directors of Helesi AE since 1999. Dimitris holds a degree in Civil Engineering from the National Technical University of Athens. Before joining the Group, Dimitris worked for ten years as Chief Engineer in large public and private infrastructure projects in Evropaiki Techniki, a construction company listed on the Athens Stock Exchange.

## **Senior Management**

### **Apostolos Binomakis, Chief Financial Officer of Helesi (31)**

Apostolos became the Finance Director of Helesi in August 2006. He previously worked as a corporate finance executive in Accentis Corporate Finance AE in Athens. Prior to working for Accentis he worked

## **Part II — Information on the Company**

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within the Aspis Group where he gained experience as Financial Controller of their Commercial Value Life subsidiary, a major Greek life insurer. He has also worked for one year in the USA as a Financial Analyst for Towers Perrin. Apostolos has completed an MBA at INSEAD, a BSc in Economics from Wharton Business School, a BAS in Systems Engineering from the University of Pennsylvania and is a Level III candidate for the CFA certification.

### **Dimitris Krikis, Production Manager of the Group and Director of Helesi UK (33)**

Dimitris joined the Group to support the production activity in the facilities of Helesi UK. Dimitris received his degree in Chemical Engineering from the University of Patras, Greece.

Before joining the Group, Dimitris acquired six years of experience in production, R&D and quality control departments in plastics and food companies. He first worked for Delta Dairy Products, one of the largest food companies in Greece listed in the Athens Stock Exchange, where he was responsible for quality control issues, and then for five years in Extra Plast, a Greek chemical company, where he held the positions of Procurement Manager, R&D Manager and Production Manager.

### **George Spanoudakis, Waste Containers Sales Manager (31)**

George joined the Group in 2003 and has been responsible for its export activities. George holds a BSc in Economics for Business from Westminster University, UK and an MSc in Finance and Investments from Brunel University, UK. Before joining the Group, George worked for two years in the sales department of M&M Group and for one year in the marketing and sales department of Spanco Mazda Corporation Hellas.

### **Stavros Zouglas, Material Handling Products Sales Manager (44)**

Stavros is a founding shareholder of Helesi AE and an active participant in the product development and the production processes design of the Group. Stavros holds a degree in Chemical Engineering from the National Technical University of Athens. Before joining the Group, Stavros worked for seven years as the Production Manager of Achaika Plastika and since 2000 he has been the Production Manager and Head of R&D department of the Group's production facilities in Komotini.

### **Ioannis Riskakis, Operations Manager (37)**

Ioannis holds a degree in Chemical Engineering from the National Technical University of Athens and a MSc in Chemical Engineering from Columbia University, NY. He has worked for the Group since 1995. Ioannis worked for six years as head of the procurement department of the Group and since 2001 he has been responsible for the business development of waste management mechanical equipment sector, overseeing all the procedures for the Group's participation in tenders for waste management mechanical equipment contracts.

### **Fevronia Patrianakou (“Feni”), Waste Management Services Manager (44)**

Feni joined the Group in 1999 and has been responsible for the business development of the Waste Management Services sector. Feni holds a degree in Civil Engineering from the National Technical University of Athens and before joining the Group Feni worked for twelve years as a Civil Engineer responsible for overseeing numerous private and public projects. From 1991 to 1992, Feni also held the position of Prefect of the Cyclades Islands Prefecture in Greece.

### **The Placing**

Panmure Gordon has agreed, as agent for the Company, to use its reasonable endeavours to procure subscribers for 9,969,505 new Ordinary Shares to be issued by the Company at the Placing Price. To the extent that it fails to procure subscribers for the new Ordinary Shares, Panmure Gordon has agreed to subscribe itself, as principal, at the Placing Price for such shares, on the terms and subject to the conditions set out in the Placing Agreement.

On Admission, the Company will have 32,774,505 Ordinary Shares in issue and a market capitalisation of approximately £38.0 million at the Placing Price. The 9,969,505 new Ordinary Shares will represent 30.4 per cent. of the Enlarged Issued Share Capital. The Placing is conditional on, inter alia, Admission.

Further details on the Placing Agreement are contained in paragraph 13.1 of Part VI of this document.

## Part II — Information on the Company

### Lock-in Arrangements

The Directors and certain employees of the Group, who, prior to Admission hold, in aggregate, an interest in approximately 84.7 per cent. of the issued share capital of the Company and, following Admission, will have, in aggregate, an interest in approximately 58.9 per cent. of the Enlarged Issued Share Capital, have given undertakings that they will not sell, charge, grant any interest over or otherwise dispose or agree to dispose of any Ordinary Shares held by them (subject to certain exemptions) during a 12 month period commencing on Admission. For a further period of 12 months from the first anniversary of Admission, the disposal of Ordinary Shares shall be subject to certain orderly market arrangements. The Directors' holdings are set out in paragraph 8.1 of Part VI of this document.

In addition, certain other shareholders, who, prior to Admission hold, in aggregate, an interest in approximately 11.6 per cent. of the issued share capital of the Company and, following Admission will have, in aggregate, an interest in approximately 8.1 per cent. of the Enlarged Issued Share Capital, have given undertakings that they will not sell, charge, grant any interest over or otherwise dispose or agree to dispose of any Ordinary Shares held by them (subject to certain exemptions) during a 12 month period commencing on Admission.

### Corporate Governance

The Directors recognise the importance of sound corporate governance commensurate with the size of the Company and the interests of the Shareholders. So far as is practicable for a company of its size, the Company and the Directors will take steps to comply with the Combined Code as appropriate. There is no nominations committee, however, the full Board considers the appointment of new directors.

### Audit Committee

On Admission, the audit committee will comprise Roger Parsons and Frithjof Platou and will be chaired by Frithjof Platou. The committee will meet at least two times per year. The audit committee will be responsible for ensuring that the financial performance, position and prospects of the Company are properly monitored and reported on, meeting the auditors and reviewing their reports relating to the accounts and internal controls.

### Remuneration Committee

On Admission, the remuneration committee will comprise Roger Parsons and Frithjof Platou and will be chaired by Roger Parsons. The committee will meet at least two times per year. The remuneration committee will review the performance of the executive directors and set their remuneration, determine the payment of bonuses to executive directors and consider the future allocation of share options to directors and employees. It will also lead the process for Board appointments and make recommendations to the Board.

### Financial Record

The following summary historic financial information is extracted without material adjustment from the financial information contained in Part V of this document.

	Year ended 31 December			Six months ended 30 June	
	2003 €000	2004 €000	2005 €000	2005 €000	2006 €000
Sales	12,345	19,829	25,343	11,284	13,397
Gross contribution	5,565	8,228	10,074	4,189	5,448
Operating expenses	(3,910)	(6,085)	(6,938)	(3,148)	(3,993)
Other revenue	715	1,264	893	415	551
Operating profit	2,370	3,407	4,029	1,456	2,006
Cost of financing	(541)	(716)	(825)	(430)	(503)
Profit before tax	1,829	2,691	3,204	1,026	1,503
Taxation	(308)	(338)	(542)	(291)	(254)
<b>Profit after tax</b>	<b>1,521</b>	<b>2,353</b>	<b>2,662</b>	<b>735</b>	<b>1,249</b>

In the 3½ year period covered by the financial information set out in the preceding table (which is not inclusive of the waste management services that will be provided by the Group as a result of acquiring the

## **Part II — Information on the Company**

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Waste Management Segment of Perivallontiki AE), the Helesi Group has attained, through organic growth, an impressive array of performance targets: sales more than doubled while the profits before and after taxes increased by 75 per cent.

The level of the activity of the Group is higher in the second half, compared to the first half, of each calendar year. Given that a significant part of the indirect costs and expenses of the business, including depreciation charges, are accounted for on a time basis, this differentiation in the level of the activity of the business between the first and the second half of the year could have a significant impact on the profits before taxes reported in each period. Furthermore, the tax charge generated may vary substantially from one half period to the other depending on the effective rate of taxation, which, itself, is a function of the amount of profits that can be taken to untaxed reserves.

The principal factors that have favourably influenced the economic performance of the Group are the consistent quality of the products that are produced and marketed. The state-of-the-art technology utilised in production combined with the establishment of a second production unit in the United Kingdom and the expansion of the distribution network of the Group have made a significant contribution in attaining a higher market penetration, compared to the past.

The automation of the material handling process and the proximity of the production facilities to customers located in North-Western Europe (resulting in lower transportation costs) have neutralised the impact of the lower gross profit margins associated with 2-wheel bins (that are mainly produced and marketed by the UK production plant).

The taxable profits of the Helesi Group in this 3½ year period have arisen in Greece. The effective rate at which these profits have been subjected to taxation is lower than the applicable nominal tax rate, as a result of taking advantage of provisions in Greek tax legislation that permit the indefinite deferral of the incidence of taxation on otherwise taxable profits, as a form of an investment incentive, as long as such profits are reinvested in the business.

### **Current Trading and Prospects**

Trading since the date of the latest annual audited accounts has been encouraging. New significant contracts already awarded to the Group or its distributors which are expected to contribute to the turnover of the current year include:

- (i) two year contract with Consip Italy — Public Information Services Agency as “preferred” supplier of waste bins (the Directors estimate the value of this contract to be approximately €2.1m);
- (ii) annual contract with Hellenic Recovery Recycling Corporation for recycling containers (the Directors estimate the value of this contract to be approximately €1.5m);
- (iii) contract for the supply of plastic stadium seats for Jaber Al Ahmed Kuwait International Stadium in Kuwait, (the Directors estimate the value of this contract to be approximately €2.5m); and
- (iv) three year contract with the Eastern Shires Purchasing Organization of the UK for the supply of wheeled bins (the Directors estimate the value of this contract to be approximately €18.5m).

### **Staff Compensation Policy**

The Directors believe that the Company’s success is highly dependent on the quality and loyalty of its employees and Directors and other persons providing significant services to the Company. To assist in the recruitment, retention and motivation of high quality employees, as necessary, the Company must have an effective remuneration strategy. The Directors consider that an important part of the Company’s remuneration strategy is the ability to award equity incentives and, in particular, share options. The Directors also feel that it is important to address the requirements of such employees, directors and others according to the different legal and tax requirements of the region in which they work.

Accordingly the Company has adopted the Share Option Plan. The terms of the options require an exercise price not less than market value at the date of the grant and the satisfaction of such performance or other exercise conditions as the Remuneration Committee consider appropriate.

Further details of the Share Option Plan together with details of the options granted on or prior Admission are set out in paragraph 4 of Part VI.

## Part II — Information on the Company

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### Dividend Policy

The Company policy is to pay dividends. However, the declaration or payment by the Company of any future dividends on the Ordinary Shares and the amount will depend on the results of the Company's operations, its financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed to be relevant at the time.

### Taxation

#### *Tax Residency in Cyprus*

In accordance with Cyprus income tax laws, a company is tax resident in Cyprus if its management and control is exercised in Cyprus. There is no definition in the Cyprus income tax laws as to what constitutes management and control. It is understood that the definition per the OECD model convention in relation to a place of effective management is the one followed by the Cyprus tax authorities.

As per the relevant definition:

“The place of effective management is the place where key management and commercial decisions that are necessary for the conduct of the entity's business are in substance made. The place of effective management will ordinarily be the place where the most senior person or group of persons (for example a board of directors) makes its decisions, the place where the actions to be taken by the entity as a whole are determined; however, no definitive rule can be given and all relevant facts and circumstances must be examined to determine the place of effective management. An entity may have more than one place of management, but it can have only one place of effective management at any one time.”

Therefore, as a minimum, the Board of Directors should meet and take decisions in Cyprus if management and control is to be considered to be exercised from Cyprus.

#### *Cyprus tax rates*

Effective from 1 January 2003, Cyprus tax resident companies are subject to corporation tax on their taxable profits at the rate of 10 per cent. However dividend and interest income are subject to special tax treatment (described below) and profits realized from the disposal of securities are exempt from taxation.

Cyprus tax resident companies are eligible for treaty benefits under the Cyprus Double Tax Treaty network.

#### *Profit from disposal of securities*

“Securities” are defined as meaning shares, bonds, debentures, founders' shares, promissory notes and securities of companies or other legal persons and options thereon.

Gains realized on the sale of securities are exempt from taxation in Cyprus, irrespective of holding period or holding amount.

#### *Dividend income*

Dividend income received by a Cyprus resident company is taxed as follows:

- Dividends received from a Cyprus resident company are exempt from taxation.
- Dividends received from abroad are generally exempt from taxation in Cyprus if they are received from a foreign entity in which the Cyprus entity owns more than 1 per cent. of its share capital. The exemption does not apply where the foreign entity receives more than 50 per cent. of its income from investment activities, and the foreign tax burden of the company paying the dividend is substantially lower than that of the Cyprus resident company. “Substantially lower” has been interpreted as meaning less than 5 per cent.

Where dividends are not exempt, they are subject to Cyprus tax (special contribution to defence) at the rate of 15 per cent. In such cases credit is granted for any withholding taxes deducted at source, irrespective of whether a double tax treaty exists with the country of the entity from which the dividend is received.

#### *Interest income*

The taxation of interest income depends on whether it is derived in the ordinary course of business or it is closely related with that business. In such cases, the interest income earned is included in the calculation of taxable income under corporation tax and taxed at 10 per cent.

## Part II — Information on the Company

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The following types of interest are considered to be closely related to the business and are subject to corporation tax

- (a) Interest earned by businesses on their trade debtors where they sell their products on extended payment terms
- (b) interest on current account balances at banks
- (c) interest earned by companies which act as a vehicle through which a group finances the operations of companies within it. No formal definition of “group” has been provided but it is generally considered that a group comprises any relationship where the companies are ultimately controlled by one entity.

Interest income received by the Cypriot company from financing its subsidiaries will be deemed by the Cyprus authorities to be closely related to the Cyprus company’s business and will therefore be subject to an effective rate of taxation of 10 per cent. (after the deduction of business expenses including any interest expense).

Where the interest is considered to arise outside the ordinary course of business then it is subject to special contribution for defence at the rate of 10 per cent. on the gross interest receivable and furthermore half that amount is treated as income for corporation tax purposes. Thus the effective tax burden on such interest is 15 per cent.

A credit is provided against the defence tax payable for any taxes withheld at source irrespective of whether a double treaty exists or not.

### *Cyprus withholding taxes*

Dividends paid to non-Cyprus residents are not subject to withholding taxes.

Dividends paid to Cyprus tax resident individuals are subject to withholding tax (defence contribution) of 15 per cent. Dividends paid to Cyprus resident companies are not subject to withholding taxes.

The Cyprus tax legislation includes deemed distribution provisions. These do not apply to profits attributable to non-Cyprus resident shareholders.

Profits attributable to Cyprus tax resident shareholders (companies or individuals) are subject to deemed distribution provisions. These provide that a company, which does not distribute 70 per cent. of its after tax profits within 2 years of the end of the relevant tax year will be deemed to have distributed 70 per cent. of its profits as dividend. A defence contribution of 15 per cent. will be payable at the end of the two years on such dividends to the extent that it is attributable to shareholders (companies or individuals) who are Cyprus tax residents. The amount of deemed dividend distribution is reduced by the actual dividend paid out of the relevant profits during that 2 year period.

### *Capital Duty*

Capital duty is payable in respect to the authorized and issued share capital of a Cypriot company upon its incorporation and upon subsequent changes thereon. The capital duty rates for subsequent changes of the authorized and issued share capital are as follows:

- 0.6 per cent. on the nominal value of additional authorized share capital
- CY£10 flat duty on every issue, whether the shares are issued at their nominal value or at a premium.

### *Stamp Duty*

Stamp duty arises in Cyprus on “documents” (i.e. contracts/agreements) that relate to:

- i. Assets located in Cyprus
- ii. Transactions or things that will take place in Cyprus

The Cyprus stamp duty rates for contracts are calculated on the value of each contract as follows:

- 0.15 per cent. for the first CY£100.000
- 0.2 per cent. thereafter

### *VAT*

As from 1 February 2002, the Cypriot VAT legislation applies to all Cyprus registered companies. The legislation was subsequently amended to its current form on May 1 2004, the date of Cyprus’ accession to the EU.

## Part II — Information on the Company

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Pure holding companies, whose only income is from interest and dividends, are not considered to be 'business persons' for VAT purposes. As a result they are outside the scope of the Cyprus VAT legislation. However, if they are engaged in any other activities then they fall within the scope of the Cyprus VAT legislation.

The granting of loans and provisions of guarantees by a Cypriot holding company are exempt activities, hence no VAT must be charged on any interest income.

Management services are deemed to be supplied at the place where the provider is located. As such VAT should be charged on such services provided by a Cyprus company to other group companies. Services such as consultancy, accounting, advertising and promotion are deemed to be supplied at the place where the receiver of the service is located and accordingly there is no obligation to charge VAT where a Cyprus company provides such services to companies located outside Cyprus.

Where a holding company engages in trading activities the VAT implications on its sales (supplies) are summarised as follows:

- The supply of goods to customers in Cyprus will be subject to VAT at the rate of 15 per cent.
- Supplies of goods outside Cyprus where the goods are not physically transported to or from Cyprus are outside the scope of VAT in Cyprus.
- The supply of goods outside the EU falls outside the scope of VAT in Cyprus.
- A Cyprus company whose supplies would have been chargeable had they been made in Cyprus is entitled to register for VAT and to claim a refund of VAT suffered on expenses incurred in Cyprus.

**Persons who are in any doubt as to their tax position, or who are subject to tax in jurisdictions other than described above are strongly advised to consult your own professional advisers.**

### CREST

CREST is a computerised paperless settlements system, which allows securities to be transferred via electronic means, without the need for a written instrument of transfer.

The Company's shares cannot be held or traded in the CREST system. To enable investors to settle their dealings in securities through CREST, the Depositary has been appointed to hold the relevant foreign securities and issue dematerialised depositary interests representing the underlying securities. The Company has appointed Capita IRG Trustees Limited to act as the Depositary. The Depositary will hold the shares for the Depositary Interest holders and this relationship is documented in a deed poll executed by the Depositary. This deed poll provides that the Depositary will pass on all rights and entitlements it receives, including the right to attend and vote at general meetings of the Company, to the relevant holder of Depositary Interests. The Depositary may not charge Depositary Interest holders for its services without first consulting the Depositary Interest holders.

The deed poll contains certain indemnities by a holder of Depositary Interests in favour of the Depositary and certain limitations of liability in favour of the Depositary.

The Depositary Interests will be independent securities under English law and will be held on a register maintained by the Depositary. The Depositary Interests will have the same security code as the underlying shares which they represent and will not require nor will they have a separate admission to AIM.

Investors wishing to settle their dealings in securities through CREST can have their shares issued to the Depositary, which will then issue Depositary Interests to those investors, representing the underlying shares. The investors will not hold a share certificate evidencing the underlying shares. Each Depositary Interest will be treated as one share for the purposes of, for example, determining eligibility for dividend payments. Any payments received by the Depositary, as holder of the shares, will, pursuant to the deed poll, be passed on to each Depositary Interest holder noted on the Depositary Interest register as the beneficial owner of the relevant shares.

Participation in CREST is voluntary and investors who wish to hold share certificates may do so. They will not, however, then be able to settle their dealings in shares through CREST and will have their holding recorded on the Company's share register in the United Kingdom.

Application has been made by the Depositary for the Depositary Interests, which represent the underlying shares, to be admitted to CREST on Admission.

## **Part II — Information on the Company**

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### **Further Information**

Your attention is drawn to the information included in Parts IV to VI of this document and in particular, you are advised to carefully consider the Risk Factors in Part IV of this document.

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## Part III — Market Information

### Plastic Waste Containers Market

In the Directors' opinion, the global plastic waste containers market can be separated into two main markets, the US market and the rest of the world. The rest of the world uses a different mechanical waste collection system from the United States. The two systems are non-compatible.

The Directors believe that the global market is highly concentrated, with only a small number of private companies dominating the market. Limited independent data is available on market size. The Directors estimate a potential size for the global market of approximately 22.5 million waste-bins sold per year, split between 20 million two-wheeled containers and 2.5 million four-wheeled containers. Out of the 22.5 million global sales per year, approximately 5.7 million waste-bins are sold in the US. Based on the number of waste bins and an average wholesale price of €18 for two-wheeled and €120 for four-wheeled containers, the total market worth is estimated by the Directors to be approximately €660 million.

The Directors believe that the world plastic waste containers market currently exhibits a growth rate of approximately 10 per cent. per year, driven by the prevalence of plastic waste containers over metallic ones and recycling trends in developed countries. The global market for plastic waste containers is expected to achieve higher growth rates in the future, as recycling targets are becoming stricter in developed countries and also because the number of waste bins per capita in developing countries is currently significantly lower than in developed ones. The Directors believe that the penetration of mechanical waste collection systems is almost non-existent in developing countries and that government and international organizations offer significant financial incentives for investment in commercial and urban waste disposal projects for this purpose.

European environmental legislation in respect of landfill targets is expected by the Directors to increase the focus on waste management and demand for waste bins. The EU has implemented plans to reduce the amount of municipal waste going to landfill and to increase levels of recycling. The EU Landfill Directive requires member states to reduce the amount of municipal waste going to landfill to 75 per cent. of 1995 levels by 2010 at the latest.

In the UK, on average households recycled approximately 18 per cent. of their waste in 2003/04, one of the lowest rates in Europe. The target for the UK government is to increase this to 25 per cent. by 2005/06, 30 per cent. by 2010 and at least 33 per cent. by 2015. Failure to meet UK government targets is expected to cost to each Local Authority £150 per tonne of municipal waste disposed of by way of landfill in excess of that Local Authority's allowance.

The Waste & Resources Action Programme, the governmental body which runs the UK government's national Recycle Now campaign, believes that every household could recycle up to 60 per cent. of its waste in the future. This target is almost reached in some developed European countries such as Germany (which in 2004 recycled 58 per cent. of its waste), Netherlands (which in 2004 recycled 65 per cent. of its waste) and Denmark (which in 2004 recycled 41 per cent. of its waste). Furthermore, the UK Strategy 2000 sets local authorities performance targets for recovery and recycling of biodegradable waste.

### Material Handling Products Market

The Directors estimate the global material handling products market (pallet-boxes and pallets) to be approximately 15 million units of pallet boxes and pallets per year, or a total market worth of approximately €1 billion, based on an average price of €65 per unit. The Directors estimate that the European market accounts for approximately one quarter of the global market for pallet-boxes. The Directors believe that this market is supplied mainly by five major producers using large injection machines similar to those used in the production of plastic waste containers. The Directors estimate that the Italian market is the largest in Europe, with an annual consumption of approximately 900,000 pallet boxes per year.

Because of the high costs associated with the transportation of pallet-boxes, the Directors are of the opinion that the proximity of production facilities to the respective markets constitutes an important competitive advantage for the producer.

The pallet-boxes market is currently exhibiting high growth rates as a consequence of their increased use in storage, packaging and transportation of agricultural and industrial goods in accordance with EU regulations. The Directors believe that the European pallet-boxes market currently exhibits a growth rate of approximately 12 per cent. per year.

## **Part III — Market Information**

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### **Waste Management Market**

The growth of the global market for waste management is sustained by the municipal waste output of the world's wealthiest nations, although it is also being fuelled by developing countries adopting many of the characteristics of developed countries in respect of the creation of waste. In 2004, the total global amount of municipal waste generated was almost 1.84 billion tonnes, 7 per cent. more than in 2003. For the majority of countries, waste generation continues to grow and even in developed countries, where comprehensive strategies have been developed, the amount of waste generated rises with Gross Domestic Product.

Traditionally, local authorities have been responsible for municipal waste collection and disposal although there is an increasing trend towards outsourcing of waste management services by local authorities, especially in densely-populated cities. The Directors believe that, as a result of increasingly comprehensive EU legislation regarding the collection, treatment, recycling and disposal of waste, the number of low-cost options is reducing. Consequently, the rising cost of waste management is creating a growth market.

Trends in global waste management depend on each major country and their state of development. In the EU, there is a wide range of legislation and programmes that are designed to dispose of waste in a more environmentally acceptable manner. Eastern European countries, especially those that are preparing to join the EU, are also seeking to comply with the goals of EU policy.

The waste management services industry is driven by the increasing use of mechanical waste collection systems and by legislative directives for environmental issues. The recycling trend in developed countries and the increasingly stringent regulations for waste management will, the Directors believe, significantly affect the companies that operate in this market. Many less developed countries worldwide have few mechanical waste collection systems, which the Directors believe should lead to market opportunities for the operators of such systems.

Helesi (through the acquisition of the waste management segment of Perivallontiki AE as described under the heading "Group Reorganisation" in Part II of this document) is currently focussing on the domestic Greek market, with a view to expanding to the Balkans in the future. It is difficult to assess future market growth rates as municipalities in Greece (which represent the main potential customers for the sector) carry out these activities with own resources. The Directors believe that the waste management services market in Greece and the Balkan countries will show significant growth in the future as municipalities start to outsource their waste management requirements.

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## **Part IV — Risk Factors**

**An investment in the Ordinary Shares of the Company involves a high degree of risk. Accordingly prospective investors should carefully consider the specific risk factors set out below in addition to the other information contained in this document before investing in the Company's Ordinary Shares. The Board considers the following risks and other factors to be the most significant for potential investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority.**

**If any of the following risks actually occur, the Group's business, financial condition, capital resources, results or future operations could be materially adversely affected. In such a case, the price of the Ordinary Shares could decline and investors may lose all or part of their investment.**

**Additional risks and uncertainties not currently known to the Board may also have an adverse effect on the Group's business and the information set out below does not purport to be an exhaustive summary of the risks affecting the Group.**

**An investment in the Ordinary Shares described in this document is speculative. Potential investors are accordingly advised to consult a person authorised for the purposes of FSMA who specialises in advising on investments of this kind before making any investment decisions. A prospective investor should consider carefully whether an investment in the Company is suitable in the light of his or her personal circumstances and the financial resources available to him or her.**

### **Company**

#### **Management of growth**

The ability of the Group to implement its strategy requires effective planning and management control systems. The Group's growth plans may place a significant strain on the Group's management and operational, financial and personnel resources. Therefore, the Group's future growth and prospects will depend on its ability to manage this growth.

#### **Dependence on key executives and personnel**

The Group's future success is substantially dependent on the continued services and performance of its executive Directors and senior management and its ability to continue to attract and retain highly skilled and qualified personnel. The Directors cannot give assurances that members of the senior management team and the executive Directors will continue to remain with the Group. The loss of the services of the Directors, members of senior management and other key employees could damage the Group's business.

#### **IT System**

Although the Group has key controls in place, due to its history as a privately managed company its IT systems are in need of improvement. The Directors intend to continually review and improve the Group's IT system.

#### **Customer Base**

As the Group carries out its sales through a network of distributors, it is not always aware of who is the ultimate customer purchasing its products. This lack of visibility as to the Group's ultimate customers may prove detrimental to its interests in monitoring new customers and market developments. The fact that in most cases the delivery of goods sold via distributors is effected by direct delivery to the ultimate customer mitigates such risk. A substantial part of the revenues of the business are generated by relatively few, large contracts which may lead to revenues and earnings being uneven and concentrated at certain times of the year. This may lead to volatile earnings.

#### **Raw materials**

Helesi's primary raw material is HDPE, a petroleum based product whose cost constitutes a significant part of the sale price of the products sold. There is high volatility in HDPE prices. No futures contracts are entered into for HDPE. A sharp increase in the price of HDPE may increase the production costs of the Group and so reduce its profit.

## **Part IV — Risk Factors**

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### **Waste Management Segment**

Until 2005, only a small part of the Group's revenues were generated from waste management services. The success of the proposed integration of the Perivallontiki AE waste management segment will depend to an extent on the Group's ability to integrate the accounting and management systems of the sector.

### **Foreign Exchange**

The Group has no formal hedging arrangements for exchange rate fluctuations and so may be subject to increased costs should there be drastic changes in the values of the currencies in which it trades. However, since the transactions entered into by the Group are mostly denominated in euros and, to a lesser extent, in pounds sterling, the foreign exchange risk to which the Group is exposed is not believed to be material.

### **Future fundraisings**

Whilst the Directors have no current plans for raising additional capital immediately after Admission and are satisfied that the working capital available to the Group will, from Admission, be sufficient for its present requirements it is possible that the Company will need to raise extra capital in the future to develop fully the Group's business or to take advantage of acquisition opportunities. The Group's capital requirements depend on numerous factors, including its ability to maintain and expand its customer base and potential acquisitions. It is difficult for the Directors to predict accurately the timing and amount of the Group's capital requirements for such extraordinary items. If the plans or assumptions set out in the Company's business plan change or prove to be inaccurate, or if the Company makes any material acquisitions, the Company may require further financing. Any additional equity financing may be dilutive to Shareholders, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion.

### **Competitive industry**

The plastic products industry is highly competitive. Helesi competes with other participants in the production of plastic waste disposal products and in the waste management sector. Competitors include companies which have greater financial resources, staff and facilities than Helesi. Helesi's ability to make profits in future will depend on its ability to continue to develop and sell existing products. Competitive factors in the distribution of waste disposal products include price, methods of production and reliability of delivery and availability of products. The continued success of the Group is dependant on its ability to maintain its market position against its competitors.

### **Regulatory**

#### **Country Risk**

The Company is based in Cyprus, which introduces both sovereign and Cypriot domestic economic risk issues to investors owning the Ordinary Shares. The political situation of the island of Cyprus is a problem that remains to be resolved. The existence of this problem and/or a possible solution thereto may have an effect on the business of the Company. The accession of the Republic of Cyprus to the EU and the commencement of discussions with Turkey as to its entry into the EU mitigates such risk. Furthermore, the production facilities of the Group are located outside Cyprus, namely in Greece and the UK.

#### **Enforcement of Judgments**

As the Company is a Cyprus registered company, the rights of Shareholders will be governed by Cyprus law and the Company's Memorandum and Articles of Association. The rights of Shareholders under Cyprus law may differ from the rights of shareholders of companies incorporated in other jurisdictions. The Directors are not residents of the UK and most of the Group's assets are located outside of the UK. Therefore, it may not be possible for investors to effect service of process upon such person or to enforce judgements against them.

#### **City Code on Takeovers and Mergers**

The Company is incorporated in Cyprus and is managed and controlled outside the UK. For those reasons the City Code does not apply to the Company. It is emphasised that, although the Ordinary Shares will trade

## **Part IV — Risk Factors**

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on AIM, the Company will not be subject to takeover regulation in the UK. The Company's Articles contain certain takeover provisions, although these will not provide the full protection afforded by the City Code. These provisions, like others contained in the Articles, are enforceable by the Company against shareholders.

### **Legislative Changes**

Changes in government regulations and policies in Cyprus or elsewhere may adversely affect the financial or other performance of the Group.

### **Taxation change**

There may be changes in future government fiscal policy in relation to the Group's business, including taxation levels. Any such changes may have a material effect on the Group's business.

### **Environmental Compliance**

The Group is subject to environmental laws and regulations in connection with all of its operations and will be required to maintain compliance with these. Failure to maintain compliance would be a breach of regulations, the penalty for which could be onerous for both the Group and the Directors. The Group will require approval from the relevant competent authority(ies) before it can undertake operations where authorisation or permitting is required by regulations. Failure to obtain such approvals or permits may prevent the Group from undertaking its desired activities. The Group is unable to predict the effect of any future, as yet unknown, environmental legislation and regulation including whether any such laws or regulations would materially increase the Group's cost of doing business or affect its operations in any area.

### **Cyprus Resident Company**

It is anticipated that the Company will be resident in Cyprus for taxation purposes. Acquiring Cyprus tax residency status is dependent on the place at which the Company will be "managed and controlled", i.e. the place at which effective management will be exercised. Given the intention of the Chief Executive Officer and the Deputy Chief Executive Officer of the Group to permanently relocate to Cyprus soon after Admission, the risk of the Greek tax authorities claiming that the Group is effectively managed and controlled from Greece is not believed to be significant but, nonetheless, it exists.

### **Risks relating to AIM**

#### **Securities traded on AIM**

The Ordinary Shares will be traded on AIM rather than the Official List. An investment in shares traded on AIM carries a higher risk than those listed on the Official List. The market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic conditions, overall market or sector sentiment, legislative changes in the Company's sector, and other events and factors outside of the Company's control. Stock markets have from time to time experienced severe price and volume fluctuations, a recurrence of which could adversely affect the market price for the Ordinary Shares. Prospective investors should be aware that the value of the Ordinary Shares could go down as well as up, and investors may therefore not recover their original investment especially as the market in the Ordinary Shares may have limited liquidity. Admission to AIM should not be taken as implying that there will be a liquid market for the Ordinary Shares.

#### **Share price effect of sales of Ordinary Shares**

The market price of Ordinary Shares could decline significantly as a result of any sales of Ordinary Shares by certain Shareholders following the expiry of the relevant lock-in periods, details of which are set out in Parts II and VI of this document, or the expectation or belief that sales of such shares may occur.

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# Part V — Financial Information

## i: A — Accountants' Report on the Helesi AE Group

**Financial Information,  
as of and for the years ended 31 December 2003, 2004 and 2005**



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The Directors  
Helesi Plc & Helesi AE  
Tseri Industrial Zone  
Tseri 2480, Nicosia &  
19 Ayiou Ioannou  
251 00 Aegeo

20 November 2006

The Directors  
Panmure Gordon & Co  
Moorgate Hall  
155 Moorgate  
London  
EC2M 6XB

Dear Sirs

### **Helesi AE and its subsidiary Helesi UK Ltd (together, “the Helesi AE Group”)**

We report on the financial information set out in Section B of Part V:i. This financial information has been prepared for inclusion in the Admission Document, dated November 2006, of *Helesi Plc* (“the Company”) (the “Admission Document”), on the basis of the accounting policies set out in note 2 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules consenting to its inclusion in the Admission Document.

### **Responsibilities**

As described in Section B of Part V:i, the directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with the International Financial Reporting Standards (IFRS) that have been adopted by the European Union.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

### **Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity’s circumstances, consistently applied and adequately disclosed.

## **Part V — Financial Information**

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We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

### **Opinion**

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the *Helesi AE Group* as at 31 December 2003, 2004 and 2005 and of its consolidated profits, cash flows, and changes in equity for the years then ended, in accordance with the basis of preparation set out in note 1 to the financial information and has been prepared in accordance with the International Financial Reporting Standards, as described in note 1 to the financial information.

### **Declaration**

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

**Yours faithfully,**

**BDO Hellenic Auditing Company AE**  
**Certified and Registered Auditors**

## Part V — Financial Information

### i: B — Financial information on the Helesi AE Group, as of and for the years ended 31 December 2003, 2004 and 2005

#### Directors' responsibility

The Directors of the Company are responsible for the financial information.

#### Consolidated statements of earnings

	Notes	31 December 2003 €000	31 December 2004 €000	31 December 2005 €000
Sales revenue	3	12,345	19,829	25,343
Other revenue	4	715	1,264	893
		13,060	21,093	26,236
Changes in inventories of finished goods		(136)	791	(507)
Cost of materials used		(6,644)	(12,392)	(14,762)
Personnel-related costs	5	(842)	(1,506)	(1,966)
Directors emoluments	26	—	(50)	(50)
Depreciation charges	6	(514)	(716)	(848)
Other operating expenses		(2,554)	(3,813)	(4,074)
Profit, before finance charges		2,370	3,407	4,029
Cost of financing	7	(541)	(716)	(825)
Profit from ordinary activities		1,829	2,691	3,204
Income taxes	8	(308)	(338)	(542)
Net profit (after taxes)		1,521	2,353	2,662
Earnings per share (in Euro)	24	10.49	14.80	16.74

## Part V — Financial Information

### Consolidated balance sheets

	Notes	31 December 2003 €000	31 December 2004 €000	31 December 2005 €000
Tangible fixed assets	11	15,335	18,762	22,604
Intangible fixed assets	12	—	70	109
Other long-term assets	13	29	30	30
Long-term assets		<u>15,364</u>	<u>18,862</u>	<u>22,743</u>
Inventories	14	3,259	4,148	3,671
Receivables	15	8,249	9,258	9,399
Cash and cash equivalents	16	332	165	5,884
Current assets		<u>11,840</u>	<u>13,571</u>	<u>18,954</u>
<b>Total assets</b>		<u>27,204</u>	<u>32,433</u>	<u>41,697</u>
Payables	19	(4,694)	(7,618)	(11,526)
Income taxes payable		(160)	(184)	(190)
Short-term interest bearing borrowings	17	(7,853)	(9,342)	(8,156)
Current liabilities		<u>(12,707)</u>	<u>(17,144)</u>	<u>(19,872)</u>
Long-term interest bearing loans	17	(4,472)	(3,047)	(6,767)
Employee retirement benefits	20	(9)	(10)	(18)
Deferred tax liabilities	25	(145)	(179)	(444)
Long-term liabilities		<u>(4,626)</u>	<u>(3,236)</u>	<u>(7,229)</u>
<b>Net assets</b>		<u>9,871</u>	<u>12,053</u>	<u>14,596</u>
Share capital	22	4,684	4,684	4,684
Share premium	22	2,473	2,473	2,473
Statutory reserve	23	106	164	232
Other capital reserves	23	118	118	118
Revaluation gain reserve	23	262	262	262
Untaxed reserves	23	1,960	3,202	4,652
Currency translation adjustments	23	—	12	76
Retained earnings		<u>268</u>	<u>1,138</u>	<u>2,099</u>
<b>Shareholders' equity</b>		<u>9,871</u>	<u>12,053</u>	<u>14,596</u>

## Part V — Financial Information

### Consolidated statements of changes in shareholders' equity

€000

	Share capital	Share premium	Statutory reserve	Other capital reserves	Revaluation gain reserve	Untaxed reserves	Currency translation adjustments	Retained earnings	Total
<b>Balances, as at 31 December 2002</b>	3,829	763	58	118	262	842	—	78	5,950
Issuance of new shares	855	1,710	—	—	—	—	—	—	2,565
Profit for the year 2003, after tax	—	—	—	—	—	—	—	1,521	1,521
Transfer to reserves	—	—	48	—	—	1,118	—	(1,166)	—
Dividends paid	—	—	—	—	—	—	—	(165)	(165)
<b>Balances, as at 31 December 2003</b>	4,684	2,473	106	118	262	1,960	—	268	9,871
Profit for the year 2004, after tax	—	—	—	—	—	—	—	2,353	2,353
Transfer to reserves	—	—	58	—	—	1,242	—	(1,300)	—
Dividends paid	—	—	—	—	—	—	—	(183)	(183)
Currency translation adjustments	—	—	—	—	—	—	12	—	12
<b>Balances, as at 31 December 2004</b>	4,684	2,473	164	118	262	3,202	12	1,138	12,053
Issuance of new shares	825	1,649	—	—	—	—	—	—	2,474
New shares issued, not yet paid	(825)	(1,649)	—	—	—	—	—	—	(2,474)
Profit for the year 2005, after tax	—	—	—	—	—	—	—	2,662	2,662
Transfer of reserves	—	—	68	—	—	1,450	—	(1,518)	—
Dividends paid	—	—	—	—	—	—	—	(183)	(183)
Currency translation adjustments	—	—	—	—	—	—	64	—	64
<b>Balances, as at 31 December 2005</b>	4,684	2,473	232	118	262	4,652	76	2,099	14,596

## Part V — Financial Information

### Consolidated statement of cash flows

	31 December 2003 €000	31 December 2004 €000	31 December 2005 €000
<b>Cash flows related to operating activities</b>			
Profit, before taxes	1,829	2,691	3,204
Adjustments in respect of non-cash transactions:			
Depreciation of fixed assets	514	716	848
Interest expense	541	716	825
Employee retirement benefits	(2)	1	8
Other adjustments	50	65	35
	<u>2,932</u>	<u>4,189</u>	<u>4,920</u>
Decrease (increase) in inventories	(753)	(911)	494
Decrease (increase) in receivables	(3,404)	(719)	(2,666)
Increase (decrease) in payables	1,014	2,601	1,082
	<u>(211)</u>	<u>5,160</u>	<u>3,830</u>
Interest paid	(541)	(716)	(825)
Income taxes paid	(209)	(280)	(369)
Net operating cash inflows (outflows)	<u>(961)</u>	<u>4,164</u>	<u>2,636</u>
<b>Cash flows related to investing activities</b>			
Acquisition of tangible fixed assets	(7,181)	(4,138)	(4,939)
Investment grants received	745	—	5,709
Acquisition of intangible fixed assets	—	(70)	(39)
Acquisition of a participation interest in a joint venture	—	(1)	—
Net investment cash inflows (outflows)	<u>(6,436)</u>	<u>(4,209)</u>	<u>731</u>
<b>Cash flows related to financing activities</b>			
Issuance of new shares	2,565	—	—
Dividends paid	(165)	(183)	(183)
Loans contracted	5,186	149	2,628
Finance lease payments	(32)	(85)	(94)
Net financing cash inflows (outflows)	<u>7,554</u>	<u>(119)</u>	<u>2,351</u>
Increase (decrease) of cash balances	157	(164)	5,718
Cash balances, at the beginning of the period	175	332	165
Effect of currency translation adjustments	—	(3)	1
<b>Cash balances, at the end of the period</b>	<u>332</u>	<u>165</u>	<u>5,884</u>

## Part V — Financial Information

### Notes to the consolidated financial information

#### 1 Basis of preparation

*Helesi AE* is an anonymos eteria (corporation) registered in Greece. The full, formal name of the *Helesi AE* is Hellenic Industrial Environmental Systems AE (Helliniki Viomichania Perivallontikon — Systimaton Anonymi Emporiki — Viomichaniki Eteria). *Helesi AE* was established in 1997, its registered office is located at 19 Ayiou Ioannou Street, Aegeo, GR-251 00, Greece and it is primarily engaged in the production and trading of injection-moulded refuse containers.

The consolidated financial information of *Helesi AE* includes *Helesi AE* and *Helesi UK Ltd*, a wholly owned subsidiary established and operating in the United Kingdom. The *Helesi AE Group* maintains two production plants at Komotini, Northern Greece and Bradford, Northern England.

Intragroup balances and intragroup transactions as well as *Helesi AE Group* profits that have arisen on intragroup transactions and have not been realised (at *Helesi AE Group* level) as yet, are eliminated on consolidation.

The assets and the liabilities of foreign operations are converted into Euros at the rates of exchange prevailing on the balance sheet date, while the revenues and costs of foreign operations are converted into Euros at rates which tend to approximate the rates prevailing on the dates the transactions are entered into. The currency translation gains or losses that arise from the restatement of assets and liabilities of foreign operations are taken directly to equity and are reported as “currency translation adjustments”.

The financial information has been compiled on the basis of the International Financial Reporting Standards (IFRS) that have been adopted by the European Union. The financial information has been compiled on the basis of historical cost and is stated in € thousand.

This financial information has been approved for publication by the Boards of *Helesi Plc* and *Helesi AE*, at their joint meeting on 17 November 2006.

#### Helesi AE Group structure

The *Helesi AE Group* comprises the following entities:

Entity	Registered office	Participation
<i>Helesi AE</i> *	19 Ayiou Ioannou Street, Aegeo, GR-251 00, Greece	Holding entity
<i>Helesi UK Ltd</i> *	Units 14-17, Iron Park Works, Bowling Back Lane, Bradford, BD4 8SX, UK	100%

\* Entity with industrial production

*Helesi UK Ltd* was established in the United Kingdom on 4 February 2004, as a wholly owned subsidiary of *Helesi AE*.

*Helesi AE* also participates with a 10 per cent. interest in a Greek joint venture, the other parties to the joint venture being *Urbaser Hellas AE*, an entity incorporated in Aegeo (with a 50 per cent. interest) and *Perivallontiki AE* (with a 40 per cent. interest). The object of this venture, known as *Urbaser AE — Perivallontiki AE— Helesi AE Joint Venture* is the waste management of a municipality on the outskirts of Athens.

#### 2 Accounting policies

##### Fixed assets

Fixed assets are reported in the financial information at acquisition cost, after deduction of (a) the government grants received that partially cover their acquisition cost, (b) accumulated depreciation and, if applicable, (c) any permanent impairment. Exceptionally, land was revalued, as at 31 December 2002, and the value thus assigned to this asset has been treated as its deemed cost ever since. The net, after current and deferred taxes, gain recognised on revaluation, amounting to €262,058 was taken directly to shareholders' equity.

The costs incurred for the replacement of substantial component parts of fixed assets are capitalised. The remaining costs that are incurred subsequent to the installation of fixed assets are capitalised only

## Part V — Financial Information

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if they enhance the future economic benefits that will be derived through the use of the affected assets. All other costs and expenses that are incurred for the maintenance, repair etc. of fixed assets are charged to operations at the time they are incurred.

Depreciation is computed and charged to operations on the basis of the straight-line method, over the estimated useful life of the fixed assets. Land is not depreciated. The estimated useful life of each category of assets, is as follows:

Buildings, installations and infrastructural works	20-40	years
Landscaping	5	years
Industrial machinery and equipment	15-20	years
Other installations and equipment	4-8	years
Furniture and other equipment	4-8	years
Vehicles	4-8	years

The intangible fixed assets acquired by the *Helesi AE Group* are reported at their acquisition cost reduced by accumulated amortisation and, if applicable, by any permanent impairment of their value. The costs associated with internally generated goodwill are charged to operations in the period in which they are incurred.

The amortisation of intangible fixed assets is charged to operations on the basis of the straight-line method, over their estimated useful life. The estimated useful life of these assets is as follows:

Computer software	8	years
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### Participation in joint ventures

The cost of participating in the operating capital of joint ventures is accounted for as an investment in associated entities while the *Helesi AE Group's* share of the profits or losses realised by such joint ventures are taken to operations (reported in the statement of earnings) in the period in which they are realised.

### Inventories

Inventories are reported at the lower of their purchase or production cost and their corresponding net realisable value. Net realisable value is the estimated re-sale value of the inventories, reduced by the cost of disposal. The cost of inventories is quantified on the basis of the weighted average method and is inclusive of the costs associated with their acquisition or production (in the case of internally produced goods) and the costs incurred in bringing them to their present location and condition.

The specialised spare parts of machinery and equipment that are purchased at the stage of the acquisition of the machinery and equipment they relate to, are considered to be an integral part of and are depreciated along with the assets they are destined to support, while the replacements of such spare parts are expensed at the time of their purchase. In contrast, maintenance materials and general-use spare parts are included in inventories and are expensed as and when they are used.

### Trade and other receivables

Receivables are reported net of the amounts that are deemed to be doubtful of collection.

### Cash and cash equivalents

Cash is inclusive of cash equivalents, such as current account balances and short-term deposits. Bank overdrafts repayable on demand that form part of the cash management system of the *Helesi AE Group*, are reported, in the statement of cash flows, as forming part of cash balances.

### Transactions in foreign currencies

The transactions that are denominated in foreign currencies are stated in the functional currency of each entity forming part of the *Helesi AE Group*, on the basis of the exchange rates ruling on the date of the transaction. On the balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are re-stated in the reporting currency on the basis of the exchange rates ruling on this date. The gains and losses arising on restatement are taken to operations.

## Part V — Financial Information

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In contrast, the currency translation adjustments that arise in the consolidation process, on the conversion of the financial statements of subsidiaries that are compiled in currencies other than the Group's reporting currency, are reflected directly in shareholders' equity.

### **Dividends**

Dividends payable are reported as a liability at the time that they are declared as payable by the shareholders in general meeting.

### **Employee retirement benefits**

The obligations of the *Helesi AE Group* towards its employees for the payment of certain benefits at the stage of retirement that are dependent on the length of service, are quantified and reported by reference to the accrued, as at the date of the balance sheet, benefit that is anticipated to be paid to each employee in the future, discounted to its present value, having regard to the anticipated time of payment. The discount rate used is equal to the yield, as at the balance sheet date, of Greek Government bonds.

### **Provisions**

Provisions are set up when the *Helesi AE Group* has a legal or constructive obligation, in relation to a past event, and it is deemed likely that the settlement of the obligation will absorb resources embodying economic benefits.

### **Financial instruments**

The basic financial instruments used by the *Helesi AE Group* are cash, bank deposits, short-term receivables and payables and certain other forms of financing. Given the short-term nature of these instruments, *Helesi AE Group* management believes that their fair value is essentially identical to the value at which they are reported in the accounting records of the *Helesi AE Group*. Furthermore, *Helesi AE Group* management believes that the interest rates paid in relation to the contracted loans are equivalent to the current fair market rates and, consequently, there are no grounds for adjusting the value at which these obligations are reported. The *Helesi AE Group* does not use any financial derivatives.

### **Revenues**

#### *Sale of goods and services*

The revenue derived from the sale of goods is recognised (reported in the statement of earnings) at the stage when the basic risks and benefits associated with the ownership of the goods, are transferred to the buyer. The revenue derived from the rendering of services is recognised (reported in the statement of earnings) on the basis of the stage of completion of the project, at the date of the balance sheet. Revenue is not recognised, if there is substantial uncertainty as to the likelihood of collecting the consideration agreed upon or the possible return of the goods.

#### *Government grants*

Government grants are accounted for when there is reasonable certainty that they will be collected and the *Helesi AE Group* is in a position to conform to the terms and conditions imposed for their collection. The grants that are intended to partly finance the acquisition of fixed assets are deducted from the cost of the acquisition of the related assets. The grants, which aim at compensating the business for expenses incurred, are reported as income of the period in which the subsidised expenses are charged.

### **Expenses**

#### *Operating leases*

The payments effected under operating leases are charged to operations in line with the usage of the leased asset.

#### *Finance leases*

Finance leases are treated as financing arrangements, resulting in the leased assets being reported as assets of the *Helesi AE Group* (and depreciated accordingly) with a corresponding liability being reported towards the lessor or the lessors. The cost of financing is taken to operations as an expense, as it accrues.

## Part V — Financial Information

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### *Cost of financing*

The net cost of financing comprises interest paid or accrued on contracted loans as well as on finance leases, calculated on the basis of the real interest rate, less interest income generated by the short-term investment of surplus cash funds.

### **Income taxes**

The income tax charge in the period comprises the current tax charge and the deferred tax element, that is the tax (or the tax relief), which is associated with revenues (or costs) that are reported, for accounting purposes, in the current period but will generate a tax burden or relief in future accounting periods. Income tax charges are shown in the statement of earnings, except for the tax, which relates to transactions taken directly to equity. In the latter case, the tax is, likewise, taken directly to equity.

The current tax charge is quantified by reference to the taxable income of the period, on the basis of the nominal rates of tax applicable as at the balance sheet date, plus any additional taxes likely to be imposed on the examination of the tax returns filed. In the case that different tax rates apply to distributed and retained earnings, the quantification of the current tax is based on the rates applicable to each category and by reference to the corresponding amounts. This inevitably results in the differentiation of the effective tax rate over time, depending on the policy followed by the *Helesi AE Group* with respect to the distribution or the non-distribution of profits.

The deferred tax charge is quantified by the application of the relevant tax rates on the differences between the accounting and tax base of assets and liabilities, to the extent that such differences comprise timing differences that are anticipated to reverse in the future.

A deferred tax asset is recognised, only to the extent that is likely that taxable profits will be generated in the future, sufficient to absorb the tax relief obtained through the recognition of the deferred tax asset. A deferred tax asset is appropriately reduced to the extent that it becomes uncertain whether the anticipated future tax relief will, in fact, be secured.

### **Segmental analysis**

A “segment” is defined as a separate and distinct group of business activities with common characteristics as to the nature of the activities and the business risk associated with such activities (business segment). A corresponding distinction is made on the basis of the business environment within which the activities are undertaken (geographic segment). Up to 31 December 2005, the *Helesi AE Group* had only one business activity segment, namely that of the production and sale of injection-moulded refuse containers (bins). However, the *Helesi AE 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 summarised in note 9 to the financial information. On the basis of business risks and, in general, the economic environment of each country in which *Helesi AE Group* customers are based, an analysis is provided in note 9 of (a) the value of sales and (b) the value of the trade receivables outstanding at each year end.

For the purposes of this analysis, a distinction is made between the following geographic segments:

- Greece
- United Kingdom
- Other European Union states
- Other (non-EU) states

## Part V — Financial Information

### 3 Sales revenue

	31 December 2003 €000	31 December 2004 €000	31 December 2005 €000
Sales of manufactured goods	10,800	15,860	23,558
Sales of traded goods	711	1,941	1,295
Sales of materials and accessories	285	683	370
Fees for services rendered	549	1,345	120
	<u>12,345</u>	<u>19,829</u>	<u>25,343</u>

### 4 Other revenue

	31 December 2003 €000	31 December 2004 €000	31 December 2005 €000
Recharging of transportation costs	486	379	217
Environmental study fees	—	620	—
Renting of tools and equipment	—	81	83
Government grants	149	9	477
Other revenues	80	175	116
	<u>715</u>	<u>1,264</u>	<u>893</u>

The environmental study fees generated in 2004 relate to the Olympic Games.

### 5 Persons employed by the Helesi AE Group and related costs

	31 December 2003 Number	31 December 2004 Number	31 December 2005 Number
Number of persons employed (at year end)	<u>77</u>	<u>107</u>	<u>124</u>
	31 December 2003 €000	31 December 2004 €000	31 December 2005 €000
Salaries and wages	(656)	(1,173)	(1,555)
Social insurance costs	(182)	(317)	(391)
Other personnel costs	(1)	(12)	(11)
Employment termination benefits	(3)	(4)	(9)
	<u>(842)</u>	<u>(1,506)</u>	<u>(1,966)</u>
Cost per employee (in Euro)	<u>10,938</u>	<u>14,076</u>	<u>15,857</u>

### 6 Analysis of depreciation charges

	31 December 2003 €000	31 December 2004 €000	31 December 2005 €000
Buildings and building installations	(104)	(115)	(117)
Plant and machinery	(349)	(510)	(615)
Vehicles	(46)	(72)	(97)
Furniture and other equipment	(15)	(19)	(19)
	<u>(514)</u>	<u>(716)</u>	<u>(848)</u>

## Part V — Financial Information

### 7 Cost of financing

	31 December 2003 €000	31 December 2004 €000	31 December 2005 €000
Interest charges on bank loans	(506)	(668)	(757)
Finance lease charges	—	(33)	(26)
Cost of letters of credit, letters of guarantee and similar instruments	(42)	(18)	(43)
	(548)	(719)	(826)
Interest income	7	3	1
	<u>(541)</u>	<u>(716)</u>	<u>(825)</u>

### 8 Income taxes

	31 December 2003 €000	31 December 2004 €000	31 December 2005 €000
Profit, before taxes, per the statement of earnings	1,829	2,691	3,204
Tax rate	35%	36%	32%
Income taxes, at the nominal tax rate	(640)	(971)	(1,011)
Additional taxes of prior years	(91)	(73)	(80)
Tax relief associated with profits the taxation of which is indefinitely deferred	391	435	464
Taxes on expenses that are not deductible for tax purposes	—	(43)	(19)
Tax effect of valuation adjustments	—	181	—
Tax burden relating to intragroup profits	—	(5)	—
Tax relief associated with loan cost	—	—	34
Tax relief due to the change of the tax rate	32	138	70
Total tax charge	<u>(308)</u>	<u>(338)</u>	<u>(542)</u>
Current tax charge	(228)	(305)	(277)
Deferred tax charge	(80)	(33)	(265)
Total tax charge	<u>(308)</u>	<u>(338)</u>	<u>(542)</u>

The fact that, in certain cases, revenues and expenses are recognised for accounting purposes in a different period than the period in which these income items are taxed or expense items provide tax relief, requires the recognition of deferred tax assets and liabilities.

The nominal tax rate applicable to the *Helesi AE Group* and Helesi AE varies from period to period, reflecting changes, over time, in the nominal tax rates in-force in the countries in which the *Helesi AE Group* operates, but also because of differences in the national nominal tax rates, which render the *Helesi AE Group* weighted average tax rate a function of the geographic dispersion of taxable profits (or the losses that provide tax relief) within the *Helesi AE Group*.

The tax relief that is associated with profits that are not taxed or are taxed at reduced rates primarily emanates from the profits derived from the Greek activities of the *Helesi AE Group*. In Greece, the taxation of certain forms of income may be deferred indefinitely, provided that the said income is transferred to reserves and its distribution is, likewise, deferred.

The tax returns of the entities forming part of the *Helesi AE Group*, for the years noted below, have not been examined by the tax authorities as yet. As a consequence, it is possible that additional taxes may be assessed at the time of such an examination. This financial information reflects a provision in respect of this contingent liability, based on management's best estimate of the amount that is likely to be assessed.

## Part V — Financial Information

Entity	Tax returns not examined as yet by the tax authorities
Helesi AE	2005
Helesi UK Ltd	2004 and 2005

### 9 Segmental analysis

The *Helesi AE 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. Helesi UK Ltd became operational in 2004 and therefore the financial information in 2003 all relates to Helesi AE.

	Greece €000	UK €000	2004 Elimination of intersegment transactions €000	Helesi AE Group €000
Third-party sales	19,084	745	—	19,829
Intersegment sales	1,538	761	(2,299)	—
Total sales	<u>20,622</u>	<u>1,506</u>	<u>(2,299)</u>	<u>19,829</u>
Other third-party revenues	1,264	—	—	1,264
Other intersegment revenues	227	—	(227)	—
Other revenues	<u>1,491</u>	<u>—</u>	<u>(227)</u>	<u>1,264</u>
Total revenues	22,113	1,506	(2,526)	21,093
Cost of materials and accessories used	(11,067)	(534)	—	(11,601)
Cost of intersegment use of materials	(1,384)	(635)	2,019	—
Personnel-related costs	(1,462)	(44)	—	(1,506)
Directors' emoluments	(50)	—	—	(50)
Depreciation charges	(702)	(14)	—	(716)
Other operating expenses	(3,548)	(265)	—	(3,813)
Intersegment expenses	<u>—</u>	<u>(227)</u>	<u>227</u>	<u>—</u>
Segmental profit (loss), before finance charges	3,900	(213)	(280)	3,407
Cost of financing	<u>(716)</u>	<u>—</u>	<u>—</u>	<u>(716)</u>
Segmental profit (loss), before taxes	3,184	(213)	(280)	2,691
Elimination of intersegmental profits	<u>(154)</u>	<u>(76)</u>	<u>230</u>	<u>—</u>
Profit (loss), before taxes	3,030	(289)	(50)	2,691
Income taxes	<u>(423)</u>	<u>72</u>	<u>13</u>	<u>(338)</u>
Net profit (loss), after taxes	<u><u>2,607</u></u>	<u><u>(217)</u></u>	<u><u>(37)</u></u>	<u><u>2,353</u></u>

## Part V — Financial Information

	Greece €000	UK €000	2005 Elimination of intersegment transactions €000	Helesi AE Group €000
Third-party sales	19,393	5,950	—	25,343
Intersegment sales	<u>2,948</u>	<u>307</u>	<u>(3,255)</u>	<u>—</u>
Total sales	<u>22,341</u>	<u>6,257</u>	<u>(3,255)</u>	<u>25,343</u>
Other third-party revenues	893	—	—	893
Other intersegment revenues	<u>185</u>	<u>—</u>	<u>(185)</u>	<u>—</u>
Other revenues	<u>1,078</u>	<u>—</u>	<u>(185)</u>	<u>893</u>
Total revenues	23,419	6,257	(3,440)	26,236
Cost of materials and accessories used	(10,637)	(4,632)	—	(15,269)
Cost of intersegment use of materials	(2,653)	(276)	2,929	—
Personnel-related costs	(1,728)	(238)	—	(1,966)
Directors' emoluments	(50)	—	—	(50)
Depreciation charges	(779)	(69)	—	(848)
Other operating expenses	(3,451)	(623)	—	(4,074)
Intersegment expenses	<u>—</u>	<u>(185)</u>	<u>185</u>	<u>—</u>
Segmental profit, before finance charges	4,121	234	(326)	4,029
Cost of financing	<u>(824)</u>	<u>(1)</u>	<u>—</u>	<u>(825)</u>
Segmental profit, before taxes	3,297	233	(326)	3,204
Elimination of intersegmental profits	<u>(295)</u>	<u>(31)</u>	<u>326</u>	<u>—</u>
Profit, before taxes	3,002	202	—	3,204
Income taxes	<u>(489)</u>	<u>(53)</u>	<u>—</u>	<u>(542)</u>
Net profit, after taxes	<u><u>2,513</u></u>	<u><u>149</u></u>	<u><u>—</u></u>	<u><u>2,662</u></u>

## Part V — Financial Information

	31 December 2004			Helesi AE Group €000
	Greece €000	UK €000	Elimination of intersegment balances €000	
Intersegment investments	46	—	(46)	—
Intersegment receivables/payables	1,109	(1,109)	—	—
Unrealised intersegment profits	—	50	(50)	—
Total other assets	31,219	1,214	—	32,433
Total liabilities to third parties	(20,079)	(313)	12	(20,380)
Net assets (liabilities)	<u>12,295</u>	<u>(158)</u>	<u>(84)</u>	<u>12,053</u>

	31 December 2005			Helesi AE Group €000
	Greece €000	UK €000	Elimination of intersegment balances €000	
Intersegment investments	46	—	(46)	—
Intersegment receivables/payables	3,475	(3,475)	—	—
Unrealised intersegment profits	—	50	(50)	—
Total other assets	36,660	5,037	—	41,697
Total liabilities to third parties	(25,556)	(1,557)	12	(27,101)
Net assets	<u>14,625</u>	<u>55</u>	<u>(84)</u>	<u>14,596</u>

The third-party sales and the value of the related trade receivables outstanding at each 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 AE Group €000
<b>2003</b>					
Value of sales	<u>3,514</u>	<u>1,629</u>	<u>4,671</u>	<u>2,531</u>	<u>12,345</u>
Trade receivables, at year end	<u>2,205</u>	<u>380</u>	<u>2,699</u>	<u>427</u>	<u>5,711</u>
<b>2004</b>					
Value of sales	<u>7,594</u>	<u>3,150</u>	<u>6,120</u>	<u>2,965</u>	<u>19,829</u>
Trade receivables, at year end	<u>986</u>	<u>1,159</u>	<u>3,506</u>	<u>957</u>	<u>6,608</u>
<b>2005</b>					
Value of sales	<u>6,656</u>	<u>6,445</u>	<u>8,616</u>	<u>3,626</u>	<u>25,343</u>
Trade receivables, at year end	<u>3,010</u>	<u>1,393</u>	<u>3,410</u>	<u>838</u>	<u>8,651</u>

### 10 Interest in a joint venture

In the course of 2004, Helesi AE established a joint venture with Perivallontiki AE and Urbaser Hellas AE, for the purposes of providing waste management services to a municipality adjacent to the city of Athens. The aggregate “capital” contributed by the three participants to the venture amounted to €10,000 and their respective participation interests are 10 per cent., 40 per cent. and 50 per cent.. The joint venture has its own assets and liabilities, which, however, are not material in the context of these financial statements. The profits and the losses realised by the joint venture are allocated to the participants, on the basis of their participation interest, who remain, however, jointly and severally liable for the liabilities of the joint venture. The amount of net profit that was allocated to Helesi AE in 2005 amounted to €1,000 (2004: € nil).

## Part V — Financial Information

### 11 Tangible fixed assets

	Land €000	Buildings and building installations €000	Plant and machinery €000	Vehicles €000	Furniture and other equipment €000	Assets under construction or installation €000	Total €000
<b>At cost of valuation</b>							
As at 31 December 2002	960	2,162	3,137	355	57	4,151	10,822
Additions 2003	—	790	4,456	305	10	(35)	5,526
As at 31 December 2003	960	2,952	7,593	660	67	4,116	16,348
Additions 2004	—	185	3,031	82	22	823	4,143
As at 31 December 2004	960	3,137	10,624	742	89	4,939	20,491
Additions 2005	124	225	1,104	133	16	3,206	4,808
Disposals 2005	—	—	—	(118)	—	—	(118)
As at 31 December 2005	1,084	3,362	11,728	757	105	8,145	25,181
<b>Accumulated depreciation</b>							
As at 31 December 2002	—	(114)	(324)	(39)	(22)	—	(499)
Depreciation charge 2003	—	(104)	(349)	(46)	(15)	—	(514)
As at 31 December 2003	—	(218)	(673)	(85)	(37)	—	(1,013)
Depreciation charge 2004	—	(115)	(510)	(72)	(19)	—	(716)
As at 31 December 2004	—	(333)	(1,183)	(157)	(56)	—	(1,729)
Depreciation charge 2005	—	(117)	(615)	(97)	(19)	—	(848)
As at 31 December 2005	—	(450)	(1,798)	(254)	(75)	—	(2,577)
<b>Net book values</b>							
As at 31 December 2005	1,084	2,912	9,930	503	30	8,145	22,604
As at 31 December 2004	960	2,804	9,441	585	33	4,939	18,762
As at 31 December 2003	960	2,734	6,920	575	30	4,116	15,335

The assets under construction or installation are inclusive of advance payments effected in favour of suppliers of fixed assets. These assets, as at 31 December 2005, are analysed, by major project, as follows:

	Partially constructed €000	Advance payments €000	Grants already received* €000	Amount reported €000	Anticipated completion date
Extension of Komotini factory building	3,341	272	(1,702)	1,911	Mar.-Oct. 2006
New plant and machinery	4,675	1,806	(1,198)	5,283	Mar. 2006-Apr. 2007
Miscellaneous other assets	926	188	(163)	951	Mar.-Oct. 2006
	8,942	2,266	(3,063)	8,145	

\* The grant advances collected relate to investments in fixed assets that may have been partly initiated, as at 31 December 2005.

## Part V — Financial Information

The cost of the acquisition of tangible fixed assets is reported net of the grants received for partly financing their purchase. The full purchase cost of these assets and the related grants that have been utilised to partially finance their acquisition is reflected in the following table:

	Full purchase cost €000	Investment grants received €000	Reported acquisition costs €000
<b>2003</b>			
Land	960	—	960
Buildings and building installations	4,838	(1,886)	2,952
Plant and machinery	13,562	(5,969)	7,593
Vehicles	739	(79)	660
Furniture and other equipment	77	(10)	67
Assets under construction	4,351	(235)	4,116
	<u>24,527</u>	<u>(8,179)</u>	<u>16,348</u>
<b>2004</b>			
Land	960	—	960
Buildings and building installations	5,023	(1,886)	3,137
Plant and machinery	17,154	(6,530)	10,624
Vehicles	879	(137)	742
Furniture and other equipment	99	(10)	89
Assets under construction	4,939	—	4,939
	<u>29,054</u>	<u>(8,563)</u>	<u>20,491</u>
<b>2005</b>			
Land	1,084	—	1,084
Buildings and building installations	5,337	(1,975)	3,362
Plant and machinery	18,286	(6,558)	11,728
Vehicles	894	(137)	757
Furniture and other equipment	115	(10)	105
Assets under construction	11,208	(3,063)	8,145
	<u>36,924</u>	<u>(11,743)</u>	<u>25,181</u>

In accordance with the relevant provisions of the International Financial Reporting Standards, finance leases are reported in the financial information as a form of borrowing and the related leased assets are included in tangible fixed assets and accordingly depreciated.

As at 31 December 2003, 2004 and 2005, there were mortgages and other charges on the property of the *Helesi AE Group*, as a form of security for the financing facilities placed at the disposal of the *Helesi AE Group* and for guarantees given in favour of the *Helesi AE Group*, which amounted, in aggregate, to €9 million, €9 million, and €11 million, respectively. In the course of 2006, certain mortgages and charges, amounting, in aggregate, to €5 million, were removed while new mortgages and charges, amounting to €14 million, were levied. As at 31 December 2003, 2004 and 2005, the liabilities of the *Helesi AE Group* that were secured by the aforementioned mortgages and charges, amounted to €5 million, €5 million, and €3 million, respectively.

### 12 Intangible fixed assets

The intangible fixed assets of the *Helesi AE Group* entirely comprise software that, in the course of 2004 and 2005, was under installation and it was first utilised in the early part of 2006.

### 13 Other long-term assets

Other long-term assets primarily comprise guarantee deposits given in relation to operating leases.

## Part V — Financial Information

### 14 Inventories

	31 December 2003 €000	31 December 2004 €000	31 December 2005 €000
Manufactured goods	875	1,553	1,268
Raw and packaging materials	2,226	2,225	2,063
Consumables	29	128	319
Traded goods	129	242	21
	<u>3,259</u>	<u>4,148</u>	<u>3,671</u>

### 15 Receivables

	31 December 2003 €000	31 December 2004 €000	31 December 2005 €000
Trade receivables	5,711	6,608	8,651
Expense-related grants receivable and prepaid expenses	135	59	365
Receivables doubtful of collection	(330)	(395)	(412)
	5,516	6,272	8,604
Advances to suppliers	121	114	73
State receivables (including grants)	2,612	2,632	288
Blocked deposit accounts	—	—	206
Other receivables	—	240	228
	<u>8,249</u>	<u>9,258</u>	<u>9,399</u>

### 16 Cash and cash equivalents

Cash and cash equivalents comprise notes held by the *Helesi AE Group* as well as bank deposits available on demand.

### 17 Loans

The loans contracted by the *Helesi AE Group* have been advanced by Greek banks and are denominated in Euros. The amounts that are repayable within one year of the balance sheet date are reported as short-term obligations while the amounts that are repayable at a subsequent stage, are reported as long-term obligations. The loans of the *Helesi AE Group* are analysed as follows:

	31 December 2003 €000	31 December 2004 €000	31 December 2005 €000
<b>Short-term borrowings</b>			
Bank loans	(6,086)	(7,496)	(6,912)
Short-term portion of long-term loans	(1,671)	(1,739)	(1,127)
Finance lease obligations	(96)	(107)	(117)
	<u>(7,853)</u>	<u>(9,342)</u>	<u>(8,156)</u>
<b>Long-term borrowings</b>			
Debenture loan	—	—	(5,552)
Bank loans	(4,050)	(2,720)	(992)
Finance lease obligations	(422)	(327)	(223)
	<u>(4,472)</u>	<u>(3,047)</u>	<u>(6,767)</u>

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Depending on the date of expiry, long-term borrowings are analysed as follows:

	31 December 2003 €000	31 December 2004 €000	31 December 2005 €000
Long-term borrowing repayable in:			
1 to 2 years	(1,862)	(1,867)	(1,669)
2 to 5 years	(2,610)	(1,180)	(3,598)
Over 5 years	—	—	(1,500)
	<u>(4,472)</u>	<u>(3,047)</u>	<u>(6,767)</u>

The bank loans and other bank financing facilities (including the debenture loan referred to below) contracted are analysed as follows:

	Short-term liabilities €000	Long term liabilities €000	Scheduled repayment (to year)	Applicable interest rate
Debenture loan	(160)	(5,552)	2012	Euribor+2%
Other long term loans	(768)	(962)	2007-2008	Euribor+2% - +2.75%
Fixed interest long term loan	(59)	(30)	2007	6.4%
Short term loans	(6,438)	—	2006	Euribor+2% - +2.75%
Fixed interest short term loan	(614)	—	2006	6%
	<u>(8,039)</u>	<u>(6,544)</u>		

A debenture loan of €7 million was contracted in December 2005. The first part of the loan was received and loan debentures of a nominal value of €5,850,000 were issued on 30 December 2005. These funds were partly utilised for refinancing pre-existing loan facilities and partly for financing the further development of the *Helesi AE Group* sales network and the purchase of production optimisation equipment. The second part of the loan debentures, having a nominal value of €1,150,000, was issued in June 2006. The funds thus generated have been utilised for financing the purchase of land.

The debenture loan agreement entered into imposes restrictions on the sale of fixed assets and on the subjection of such assets to further mortgages and/or charges. Restrictions are, likewise, imposed with respect to a possible corporate restructuring (mergers, acquisitions, disposals of segments etc.). Under the same agreement, the following financial covenants must be respected: (a) indebtedness to banks over EBITDA must be less than 4.5, (b) EBITDA over finance costs must be greater than 4.0 and (c) indebtedness to banks over net assets must be less than 1.3.

The debenture loan is secured by a mortgage/charge, amounting to €10 million, which, at 31 December 2005, was in the process of being levied over the land, buildings and the machinery of Helesi AE, as well as by personal guarantees given by two directors and major shareholders of the Company.

The bank loans advanced are secured by mortgages and charges on the property of the *Helesi AE Group* and Helesi AE, which are quantified in the note on tangible fixed assets.

The present value of finance lease obligations and the lease charges payable under the related leasing contracts in force, as at 31 December 2003, 2004 and 2005, were as follows:

	31 December 2003 €000	31 December 2004 €000	31 December 2005 €000
Payable in:			
Not later than 1 year	(128)	(134)	(139)
1 to 5 years	(481)	(361)	(234)
	(609)	(495)	(373)
Future lease charges	91	61	33
Present value of obligations under finance lease contracts	<u>(518)</u>	<u>(434)</u>	<u>(340)</u>

## Part V — Financial Information

### 18 *Financing instruments*

#### Exchange risks

The consideration for most of the sales effected by the *Helesi AE Group* and, by extension, the receivables of the *Helesi AE Group* are denominated in Euros. A notable exception is the sales and the receivables of Helesi UK Ltd, which are denominated in Pound Sterling. The cost of raw materials and the operating costs of the *Helesi AE Group* are, likewise, denominated in Euros, except for the operating costs and the payables of Helesi UK Ltd, which are denominated in Pound Sterling. The loans contracted by the *Helesi AE Group* are also denominated in Euros. As a consequence, the exchange risk, which the *Helesi AE Group* is exposed to, is not believed to be material.

#### Credit risks

The *Helesi AE Group* has a clearly defined policy, which is followed consistently. The exposure to credit risks is monitored and assessed on a regular basis, thus ensuring that the credit given does not exceed the authorised credit limits of each customer. As at 31 December 2003, 2004 and 2005, receivables, amounting to €2,188,000, €2,198,000 and €2,630,000, respectively, were secured by letters of credit, letters of guarantee, state guarantees and distributor guarantees.

The maximum exposure of the *Helesi AE Group* to credit risk, assuming that all customers will fail to honour their obligations, is the amount reported under receivables, less the aforementioned amounts of the guarantees secured.

#### Interest rate risks

Most of the interest-bearing receivables and payables of the *Helesi AE Group* are linked to floating interest rates that are adjusted in line with interest-rate market fluctuations. The *Helesi AE Group* does not use financial derivatives.

### 19 *Payables*

	31 December 2003 €000	31 December 2004 €000	31 December 2005 €000
Trade creditors	(4,016)	(7,179)	(11,093)
Accrued expenses	(3)	(63)	(43)
Social security contributions payable	(51)	(83)	(107)
Taxes (other than income tax) payable	(48)	(185)	(211)
Customer advances	(51)	(50)	(13)
Dividends payable	(8)	—	—
Other payables	(517)	(58)	(59)
	<u>(4,694)</u>	<u>(7,618)</u>	<u>(11,526)</u>

The other payables reported, as at 31 December 2003, are inclusive of a provision for export-related expenses, amounting to €120,000, and advances for the sale of fixed assets, which were refunded in 2004, as a result of the sale having been cancelled.

### 20 *Employee benefits*

The obligation of the *Helesi AE Group* towards its employees to provide them with certain future benefits depending on their length of service is quantified and reported on the basis of the accrued entitlement, as at the date of the balance sheet, that is anticipated to be paid, discounted to its present value by reference to the anticipated time of payment. The discount rate used is 3.7 per cent. per annum, which is broadly equal to the yield of Greek Government bonds.

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The movement of the account of employee benefits, in the years 2003, 2004 and 2005 was as follows:

	€000
Provision as at 31 December 2002	(11)
Charge for the year	(3)
Amounts actually disbursed	<u>5</u>
Provision as at 31 December 2003	(9)
Charge for the year	(4)
Amounts actually disbursed	<u>3</u>
Provision as at 31 December 2004	(10)
Charge for the year	(9)
Amounts actually disbursed	<u>1</u>
Provision as at 31 December 2005	<u>(18)</u>

### 21 Government grants

Government grants primarily relate to Helesi AE and to investments in fixed tangible assets, effected in the period from 2000 to 2005, which were subsidised to the extent of between 42 per cent. and 60 per cent.. The reported value of the acquired fixed tangible assets has been reduced by the grants received for the purposes of partially financing their acquisition cost. Depending on the provisions of the law, under which the grants were advanced, certain restrictions apply as to the transfer of the ownership of the subsidised assets and to changes of the legal status of the entity to which the grants were advanced. The inspections carried out by the supervisory authorities, at various points in time, have not disclosed cases of non-compliance with these restrictions.

The amount of government grants received, in the years 2003, 2004 and 2005, for the purposes of financing the purchase of fixed assets, is reported under the note covering fixed tangible assets. The resultant reduction of the depreciation charges that would have, otherwise, burdened the operations of the Helesi AE Group is quantified in the following table:

	€000
Effective reduction of the value of tangible fixed assets, as at 31 December 2002	(7,658)
Effective reduction of the depreciation charges, in 2003	<u>380</u>
Effective reduction of the value of tangible fixed assets, as at 31 December 2003	(7,278)
New grants secured	(384)
Effective reduction of the depreciation charges, in 2004	<u>414</u>
Effective reduction of the value of tangible fixed assets, as at 31 December 2004	(7,248)
New grants secured	(3,180)
Effective reduction of the depreciation charges, in 2005	<u>428</u>
Effective reduction of the value of tangible fixed assets, as at 31 December 2005	<u>(10,000)</u>

### 22 Share capital and share premium

As at 31 December 2003, 2004 and 2005, the share capital of Helesi AE amounted to €4,683,728 and was divided into 159,040 fully paid, common registered shares of a nominal value of €29.45 each.

On 19 November 2005, the shareholders of Helesi AE resolved, in general meeting, to increase the share capital of Helesi AE by the issuance of 28,000 new shares, ranking pari passu with the pre-existing shares. The new shares were issued at a price of €88.35 per share, incorporating a premium of €58.90 per share. The increase of the capital of Helesi AE was approved by the supervisory authorities and recorded in the Registry of Companies and the shares were allotted on 21 December 2005, the funds, however, were actually received in 2006, within the period of time prescribed by law. The aggregate nominal value of the new shares issued amounted to €824,600 while the amount of new capital that was thus raised, including the premium, amounted to €2,473,800.

According to the Register of shareholders of Helesi AE, as at 30 August 2006, the shareholders holding shares, which, in aggregate, exceed 3 per cent. of the total number of issued and outstanding shares, and the shareholders, who serve the *Helesi AE Group* as members of its management, were the following

## Part V — Financial Information

(the effective holdings in Helesi AE, after allowing for the shareholdings of the named individuals in Perivallontiki AE, are shown in brackets):

Perivallontiki AE	59.32%	—
Athanasios Andrianopoulos	12.22%	(31.78%)
Emmanouel Anifantakis	9.27%	(11.32%)
Demetrios Karaiskos	4.12%	(6.56%)
Christina Thanasoulia (wife of A. Andrianopoulos)	4.01%	(23.10%)
Fevronia Patrianakou (wife of D. Karaiskos)	1.93%	(3.96%)

Certain other members of *Helesi AE Group* management hold shares in Helesi AE but in no case do such holdings exceed 1 per cent.

### 23 Reserves

In accordance with the provisions of Greek company law, the creation of a “statutory reserve”, by transferring to such a reserve an amount equal to 5 per cent. of the annual after tax profits realised, is compulsory until the time the reserve reaches 1/3 of the share capital of Helesi AE. The “statutory reserve” can be distributed only upon the dissolution of Helesi AE but can be utilised to offset accumulated losses.

The reported capital reserve was created in relation to a capital investment grant received by Helesi AE in 2002. Under the terms and conditions stipulated for the approval of the said investment grant, Helesi AE was under an obligation to transfer to a capital reserve the amount of €118,434, which is not available for distribution for a period of 10 years, expiring in 2012.

The revaluation gain reserve was created in 2002, on the revaluation of the land owned by Helesi AE. The reserve is stated net of the deferred tax liability that was set up in connection with this transaction.

The untaxed reserves have been created, in the period from 2001 to 2005, on the basis of provisions of tax legislation, which permit the indefinite deferral of the incidence of taxation on otherwise taxable profits, as a form of an investment incentive, on condition that the said profits are re-invested in the business. The tax thus deferred is precipitated by the disposal of the assets acquired, within a period of 5 years of their acquisition, or whenever the untaxed reserves are distributed. The tax liability that will precipitate on the distribution of these reserves, estimated, as at 31 December 2005, at €1.16 million, shall be recognised as and when a decision to distribute these reserves, or part thereof, is taken.

The currency translation adjustments that arise in the consolidation process, on the conversion of the financial statements of Helesi UK Ltd from Pounds Sterling into €, are reflected directly in shareholders’ equity and are reported under the caption “currency translation adjustments”.

### 24 Earnings per share and proposed dividends

Earnings per share are calculated by dividing the profit attributable to the shareholders of Helesi AE by the weighted average number of issued and outstanding shares in the accounting period covered by the financial statements.

	31 December 2003 €000	31 December 2004 €000	31 December 2005 €000
Net profit attributable to the shareholders (in Euro thousand)	1,521	2,353	2,662
Weighted average number of issued shares (in thousand pieces)	145	159	159
Earnings per share (in €)	10.49	14.80	16.74

As at 31 December 2003, 2004 and 2005, there were no commitments for the issuance of new shares in the future and, therefore, the requirement to calculate and report diluted earnings per share (i.e. the earnings per share that would have taken into consideration the dilutive effect of such future issues of shares) did not apply.

For the purposes of computing the earnings per share for 2005, the shares that were issued and allotted on 21 December 2005 have not been taken into consideration in calculating the weighted average

## Part V — Financial Information

number of the shares that were outstanding in 2005, given that the proceeds from the issue of these shares were not received until the early part of 2006.

The Board of Directors of Helesi AE has resolved to propose the distribution of a dividend of €1.206 per share, or a total of €225,570, to the shareholders of Helesi AE. The distribution of the dividend is subject to the approval of the shareholders, at their forthcoming annual general meeting. The dividend will be recognised as a liability of Helesi AE at the time of the approval of the proposed distribution.

### 25 *Deferred tax assets and liabilities*

Deferred tax assets and liabilities are quantified at the level of each separate entity forming part of the *Helesi AE Group* and, to the extent that deferred tax assets and deferred tax liabilities arise, they are off set against each other. The deferred tax assets and liabilities emanate from the following causes:

	31 December 2003 €000	31 December 2004 €000	31 December 2005 €000
Tax impact of the differentiation of the accounting and the tax depreciation rates	(190)	(394)	(638)
Anticipated tax burden on the disposal of revalued land	(84)	(27)	(27)
Writing-off of expenses, which yield tax relief over five years	23	17	33
Providing for doubtful receivables, while tax relief entails a write-off	83	99	103
Reducing the value of stocks to eliminate the effect of tax depreciation	16	39	33
Deferred tax asset associated with a loss carry forward right	—	72	19
Miscellaneous timing differences between accounting profits and taxable income	<u>7</u>	<u>15</u>	<u>33</u>
Income taxes, which will burden future accounting periods	<u>(145)</u>	<u>(179)</u>	<u>(444)</u>

### 26 *Related party transactions and balances*

The transactions of the *Helesi AE Group*, in the year 2003, 2004 and 2005, with and the receivables from and payables to related parties, as at 31 December 2003, 2004 and 2005, are analysed as follows:

	Sales to €000	Purchases from €000	Receivable from €000	Payable to €000
<b>2003</b>				
Perivallontiki AE	2,935	1,844	897	—
Perivallontiki Environmental Services AE (ex-Hellinika Plastika AE)	—	—	54	—
AZ Perivallontiki Ltd	41	—	41	—
Perival Italia Srl	1,616	80	320	—
<b>2004</b>				
Perivallontiki AE	4,884	2,967	—	356
Perivallontiki Environmental Services AE (ex-Hellinika Plastika AE)	—	—	56	—
AZ Perivallontiki Ltd	14	—	—	—
<b>2005</b>				
Perivallontiki AE	5,694	3,650	1,992	828
Perivallontiki Environmental Services AE (ex-Hellinika Plastika AE)	—	—	56	—
Helesi Trans Ltd	—	162	4	34
AZ Perivallontiki Ltd	131	—	78	—

Perivallontiki AE is the parent company of Helesi AE, holding 59.32 per cent. of its share capital. Until 26 July 2006, Perivallontiki Environmental Services AE (ex-Hellinika Plastika AE) was a 50 per cent.

## Part V — Financial Information

subsidiary of Perivallontiki AE, when Perivallontiki AE acquired the remaining 50 per cent. of the issued and outstanding shares of this company, thus rendering it a wholly-owned subsidiary. Helesi Trans Ltd and AZ Perivallontiki Ltd are entities incorporated in Cyprus that are wholly owned by Perivallontiki AE. Perival Italia Srl was a 95 per cent. subsidiary of Perivallontiki AE, up to 2004, when its shares were acquired by the *Helesi AE Group's* distributor in Italy.

The compensation of the members of the Board of Directors of Helesi AE, in the years 2004 and 2005, paid in the form of a distribution of after tax profits, was as follows:

	31 December 2004 €000	31 December 2005 €000
Athanasios Andrianopoulos	10	10
Demetrios Karaiskos	9	9
Christina Thanasoulia (wife of A. Andrianopoulos)	7	7
Fotios Theodorakopoulos	7	7
Ioannis Riskakis	7	7
Evangelia Anifantaki	5	5
Maria Tsiragaki	5	5
	<u>50</u>	<u>50</u>

### 27 Commitments and contingent liabilities

The two major investment projects that were in progress, as at 31 December 2005, were the Tyre disposal plant and the upgrading of the Komotini production facilities.

Investment project	Total capital expenditure €000	Approved grants €000	Net investment €000	Total amount already expensed €000	Grants already collected €000	Commitment as at 31 December 2005 €000
Tyre disposal plant	9,438	(4,719)	4,719	6,423	(955)	3,015
Upgrading of production facilities	<u>13,357</u>	<u>(7,331)</u>	<u>6,026</u>	<u>1,118</u>	<u>(2,108)</u>	<u>12,239*</u>
	<u>22,795</u>	<u>(12,050)</u>	<u>10,745</u>	<u>7,541</u>	<u>(3,063)</u>	<u>15,254*</u>

\* of which €4,117,000 is likely to be expended in 2006 and €8,122,000 in 2007-2008. In relation to the commitments outstanding, as at 31 December 2005, the orders already placed amounted to €4,214,000. 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.

In addition, in 2006, Helesi AE secured the approval of the Italian authorities to proceed with its proposed investment in a plastic waste containers and pallet boxes production plant, which will be located in the industrial zone of Val Basenko Technoparco, in Pisticci, Italy. The total investment is expected to reach €25,628,493, less anticipated government grants of €17,389,755. The capital expenditure that has been actually committed or expensed, to date, is confined to €1,320,000. In the context of this investment project, Helesi Italia Srl, the newly incorporated 99 per cent. subsidiary of Helesi AE, entered, in June 2006, into a preliminary agreement for the purchase of land in Pisticci, Italy, for a total consideration of €260,000.

The *Helesi AE Group* is planning to acquire the shares of Perivallontiki Environmental Services AE (ex-Hellinika Plastika AE) and, through Perivallontiki Environmental Services AE, the waste management activities of Perivallontiki AE, for a total consideration of €3.5 million.

## Part V — Financial Information

The *Helesi AE Group* is contractually committed under operating leases for the leasing of office space and warehouses and of certain production facilities in the UK, as follows:

	Within 1 year €000	Within 2-5 years €000	Over 5 years €000
Office space	41	24	—
Warehouses	6	42	53
Land	2	7	45
Plant	106	236	—
	<u>155</u>	<u>309</u>	<u>98</u>

The *Helesi AE Group* has not provided any guarantees in favour of third parties.

### 28 Post balance sheet events

As at the date of the approval of the underlying interim financial statements, Helesi AE was a 59.32 per cent. subsidiary of Perivallontiki AE. However, under a corporate restructuring plan that was in the process of being finalised at the time that these financial statements were approved, all the shares of Helesi AE will be transferred (by the shareholders of Helesi AE) to Helesi Plc, a Cyprus company that has not undertaken any substantive activities since its incorporation on 31 May 2006 and has neither assets nor liabilities of any substance, in exchange for a proportionally equal number of shares in the transferee, thus rendering Helesi Plc the ultimate holding company of the Helesi Group. The shares of Helesi Plc that will thus be acquired by Perivallontiki AE, together with the shares recently acquired by Perivallontiki AE for cash (at the stage of the incorporation of Helesi Plc), will be sold and transferred by Perivallontiki AE to its shareholders, resulting in all the shareholders of Helesi Plc becoming natural persons. This transaction requires the approval of the Greek supervisory authorities. A failure to secure the required approval would precipitate a substantial liability on the part of Helesi AE, in the form of an obligation to reimburse the investment grants obtained in the past, or part thereof. In such an event, the shareholders of Helesi AE have signalled their intention to indemnify the Company but no legally binding commitment has been undertaken, in this respect, as yet.

Once implemented, the above described capital restructuring scheme will result in all the shares of Helesi Plc being held by natural persons and in Helesi Plc serving as the ultimate holding company of the Helesi Group. Helesi Plc is in the process of seeking the listing of its shares on AIM, in London.

Also as part of the proposed corporate restructuring plan, the waste management activity, previously carried on by Perivallontiki AE, will be spun-off into Perivallontiki Environmental Services AE (ex-Hellinika Plastika AE), an otherwise effectively dormant Greek entity, and a binding agreement will be entered into between Helesi Plc and Perivallontiki AE (which, since 26 July 2006, is the sole shareholder of Perivallontiki Environmental Services AE), stipulating the sale and transfer of all the issued and outstanding shares of Perivallontiki Environmental Services AE to Helesi Plc, for an aggregate consideration of €3.5 million. At the conclusion of this transaction, Perivallontiki Environmental Services AE will become a wholly-owned subsidiary of the Helesi Group, which will thus commence providing waste management services, the activities of Perivallontiki AE being confined to the production of waste disposal trucks, the provision of certain vehicle maintenance services, the provision of waste management services (outside Greece and the Balkans) and, through Perivallontiki Trans Ltd (a wholly-owned subsidiary) of transportation services in Europe. It is also noted that, through Perivallontiki Environmental Services AE, the Helesi Group will also acquire a plot of land that was purchased by Perivallontiki Environmental Services AE in 2000 and is currently reported at a valuation of €79,000 and will assume a liability towards Helesi AE of an almost equal amount.

In May 2006, Helesi Italia Srl was incorporated in Italy, as a 99 per cent. subsidiary of Helesi AE, with a registered office in the Community of Capri. The term of the company is set to expire on 31 December 2050. The share capital of the company is paid up and amounts to €50,000, of which Helesi AE holds 99 per cent. The company will be primarily engaged in the production and trade of plastic refuse equipment.

In September 2006, a Stock Option Plan was introduced, entailing the granting of options to acquire shares of Helesi Plc, at specified exercise prices and within a specified period of time exceeding three but not exceeding seven years, to directors and key employees of the Group. The options, which may

## **Part V — Financial Information**

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be granted under this Plan, may cover a maximum of 10 per cent. of the issued and outstanding shares of Helesi Plc. The operation of this Plan will, inevitably, have a dilutive effect on the issued and outstanding shares of Helesi Plc. The dilutive effect will be a function of (a) the number of shares acquired through the exercise of such rights, (b) the exercise price at which the options are granted, (c) the market price of the shares thus acquired and (d) the overall market capitalisation of the Company. Depending on these factors, a cost may be generated, which would have to be measured and recognised, at the time of granting the options and at each subsequent period-end. The intention of management is to grant options under this Plan to certain directors and key-managers of the Group, soon after the initial public offering of the shares of Helesi Plc. These options will mature over a period of three years, will relate to 2 per cent. of the shares that will result on completion of the IPO process and will have an exercise price that will be equal to the IPO price of the shares. The exercise of the options will be made conditional on the attainment of the overall financial targets of the Group.

## Part V — Financial Information

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### ii: A — Accountants' Review Report on the Helesi AE Group Interim Financial Information, as of and for the six months ended 30 June 2006



#### **BDO Hellenic Auditing Company AE**

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20 November 2006

The Directors  
Helesi Plc & Helesi AE  
Tseri Industrial Zone  
Tseri 2480, Nicosia &  
19 Ayiou Ioannou  
251 00 Aegeo

The Directors  
Panmure Gordon & Co  
Moorgate Hall  
155 Moorgate  
London  
EC2M 6XB

Dear Sirs

#### **Helesi AE and its subsidiaries Helesi UK Ltd and Helesi Italia Srl (together, “the Helesi AE Group”)**

We report on the interim financial information set out in Section B of Part V:ii. This interim financial information has been prepared for inclusion in the Admission Document, dated 20 November 2006, of Helesi Plc (the “Admission Document”), on the basis of the accounting policies set out in note 2 to the annual financial information set out in Section B of Part V:i. This review report is given for inclusion in the Admission Document and for no other purpose.

#### **Responsibilities**

As described in Section B of Part V:ii, the directors of Helesi AE are responsible for preparing the interim financial information on the basis of preparation set out in note 1 to the annual financial information and in accordance with the International Financial Reporting Standards (“IFRSs”) that have been adopted by the European Union.

Our responsibility is confined to reporting on whether, in the course of our review, anything has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view in accordance with the International Financial Reporting Standards that have been adopted by the European Union, and to report our conclusion to you.

#### **Basis of report**

We conducted our review in accordance with the International Standards on Review Engagements. The critical assessment of the financial data and other information set out in the pro-forma statements and the securing of adequate explanations in respect of the matters raised with the financial and accounting services of the *Helesi AE Group* comprise the principal elements of our work. The scope of this work is substantially less than that undertaken in the context of a full-scope audit, aiming at forming and expressing an opinion on financial statements. Accordingly, we do not express an audit opinion.

## **Part V — Financial Information**

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### **Statement**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the state of affairs of the Helesi AE Group, as at 30 June 2006, and of its consolidated profits and cash flows for the six months then ended, in accordance with the basis of preparation set out in note 1 to the annual financial information.

**Yours faithfully,**

**BDO Hellenic Auditing Company AE**  
**Certified and Registered Auditors**

## Part V — Financial Information

### ii: B — Interim Financial Information on the Helesi AE Group, as of and for the six months ended 30 June 2006

#### Directors' responsibility

The Directors of the Company are responsible for the financial information.

#### Interim consolidated statements of earnings

		30 June 2005 (6 months) €000	30 June 2006 (6 months) €000
Sales revenue	Notes 3	11,284	13,397
Other revenue	4	<u>415</u>	<u>551</u>
		11,699	13,948
Changes in inventories of finished goods		(657)	210
Cost of materials used		(6,438)	(8,159)
Personnel-related costs	5	(950)	(1,152)
Directors' emoluments	26	(25)	(25)
Depreciation charges	6	(428)	(534)
Other operating expenses		<u>(1,745)</u>	<u>(2,282)</u>
Profit, before finance charges		1,456	2,006
Cost of financing	7	<u>(430)</u>	<u>(503)</u>
Profit from ordinary activities		1,026	1,503
Income taxes	8	<u>(291)</u>	<u>(254)</u>
Net profit (after taxes)		<u>735</u>	<u>1,249</u>
Earnings per share (in Euro)	24	<u>4.62</u>	<u>6.68</u>

## Part V — Financial Information

### Interim consolidated balance sheets

	Notes	30 June 2005* €000	30 June 2006 €000
Tangible fixed assets	11	19,752	25,849
Intangible fixed assets	12	70	75
Other long-term assets	13	30	40
Long-term assets		<u>19,852</u>	<u>25,964</u>
Inventories	14	3,716	3,952
Receivables	15	11,230	14,717
Deferred initial public offering costs		—	152
Cash and cash equivalents	16	<u>331</u>	<u>3,560</u>
Current assets		<u>15,277</u>	<u>22,381</u>
<b>Total assets</b>		<u>35,129</u>	<u>48,345</u>
Payables	19	(8,198)	(10,061)
Income taxes payable		(249)	(183)
Short-term interest bearing borrowings	17	<u>(11,192)</u>	<u>(12,256)</u>
Current liabilities		<u>(19,639)</u>	<u>(22,500)</u>
Long-term interest bearing loans	17	(2,376)	(7,237)
Employee retirement benefits	20	(14)	(17)
Deferred tax liabilities	25	<u>(374)</u>	<u>(588)</u>
Long-term liabilities		<u>(2,764)</u>	<u>(7,842)</u>
<b>Net assets</b>		<u>12,726</u>	<u>18,003</u>
Share capital	22	4,684	5,509
Share premium	22	2,473	4,122
Statutory reserve	23	198	264
Other capital reserves	23	118	118
Revaluation gain reserve	23	262	262
Untaxed reserves	23	3,927	5,322
Currency translation adjustments	23	133	(13)
Retained earnings		<u>931</u>	<u>2,419</u>
<b>Shareholders' equity</b>		<u>12,726</u>	<u>18,003</u>

\* The corresponding amounts, as at 31 December 2005, are reflected in the annual financial information set out in Section B of Part V.i.

## Part V — Financial Information

### Interim consolidated statement of changes in shareholders' equity

	Share capital €000	Share premium €000	Statutory reserve €000	Other capital reserves €000	Revaluation gain reserve €000	Untaxed reserves €000	Currency translation adjustments €000	Retained earnings €000	Total €000
<b>Balances, as at 31 December 2004</b>	4,684	2,473	164	118	262	3,202	12	1,138	12,053
Profit for the first half of 2005	—	—	—	—	—	—	—	735	735
Transfer to reserves*	—	—	34	—	—	725	—	(759)	—
Dividends declared	—	—	—	—	—	—	—	(183)	(183)
Currency translation adjustments	—	—	—	—	—	—	121	—	121
<b>Balances, as at 30 June 2005</b>	4,684	2,473	198	118	262	3,927	133	931	12,726
Issuance of new shares	825	1,649	—	—	—	—	—	—	2,474
New shares issued, not yet paid	(825)	(1,649)	—	—	—	—	—	—	(2,474)
Profit for the second half of 2005	—	—	—	—	—	—	—	1,927	1,927
Transfer to reserves*	—	—	34	—	—	725	—	(759)	—
Currency translation adjustments	—	—	—	—	—	—	(57)	—	(57)
<b>Balances, as at 31 December 2005</b>	4,684	2,473	232	118	262	4,652	76	2,099	14,596
New shares, paid	825	1,649	—	—	—	—	—	—	2,474
Profit for the first half of 2006	—	—	—	—	—	—	—	1,249	1,249
Transfer to reserves**	—	—	32	—	—	670	—	(702)	—
Dividends declared	—	—	—	—	—	—	—	(227)	(227)
Currency translation adjustments	—	—	—	—	—	—	(89)	—	(89)
<b>Balances, as at 30 June 2006</b>	5,509	4,122	264	118	262	5,322	(13)	2,419	18,003

\* On the basis of an even allocation of profits to reserves in the first and the second half of 2005.

\*\* On the basis of the presumed allocation of profits to reserves for the purposes of quantifying the tax charge in the first half of 2006. The allocation of profits is ultimately subject to the approval of the shareholders, at their annual general meeting, which will be held in the first half of 2007.

## Part V — Financial Information

### Interim consolidated statements of cash flows

	30 June 2005 (6 months) €000	30 June 2006 (6 months) €000
<b>Cash flows related to operating activities</b>		
Profit, before taxes	1,026	1,503
Adjustments in respect of non-cash transactions:		
Depreciation of fixed assets	428	534
Interest expense	430	503
Employee retirement benefits	4	—
Other adjustments	<u>62</u>	<u>126</u>
	1,950	2,666
Decrease (increase) in inventories	461	(271)
Decrease (increase) in receivables	(1,946)	(4,184)
Increase (decrease) in payables	<u>873</u>	<u>685</u>
	1,338	(1,104)
Interest paid	(336)	(519)
Income taxes paid	<u>(30)</u>	<u>(118)</u>
Net operating cash inflows (outflows)	<u>972</u>	<u>(1,741)</u>
<b>Cash flows related to investing activities</b>		
Acquisition of tangible fixed assets	(1,772)	(7,732)
Investment grants received	—	101
Acquisition of intangible fixed assets	—	(13)
Sales of tangible fixed assets	<u>—</u>	<u>36</u>
Net investment cash inflows (outflows)	<u>(1,772)</u>	<u>(7,608)</u>
<b>Cash flows related to financing activities</b>		
Issuance of new shares	—	2,474
Dividends paid	(108)	—
Loans contracted	1,123	4,614
Finance lease payments	<u>(50)</u>	<u>(60)</u>
Net financing cash inflows (outflows)	<u>965</u>	<u>7,028</u>
Increase (decrease) of cash balances	165	(2,321)
Cash balances, at the beginning of the period	165	5,884
Effect of currency translation adjustments	<u>1</u>	<u>(3)</u>
<b>Cash balances, at the end of the period</b>	<u><u>331</u></u>	<u><u>3,560</u></u>

## Part V — Financial Information

### Notes to the interim consolidated financial information

#### 1 Basis of preparation

The basis of preparation of this interim financial information is identical to that used for the compilation of the annual consolidated financial information of the *Helesi Group*, as of 31 December 2003, 2004 and 2005, to which the reader is referred, except for the fact that, in the first half of 2006, the incorporation of *Helesi Italia Srl*, as a 99 per cent. subsidiary of *Helesi AE*, was completed and its assets have been consolidated in this interim financial information.

This financial information has been approved for publication by the Boards of *Helesi Plc* and *Helesi AE*, at their joint meeting on 17 November 2006.

#### 2 Accounting policies

The accounting policies followed in the compilation of these interim financial statements are identical to those followed and reported in the annual consolidated financial statements of the *Helesi AE Group*, as of 31 December 2003, 2004 and 2005, to which the reader is referred.

#### 3 Sales revenue

	<b>30 June 2005 (6 months) €000</b>	<b>30 June 2006 (6 months) €000</b>
Sales of manufactured goods	10,394	12,396
Sales of traded goods	655	403
Sales of materials and accessories	115	426
Fees for services rendered	<u>120</u>	<u>172</u>
	<u>11,284</u>	<u>13,397</u>

#### 4 Other revenue

	<b>30 June 2005 (6 months) €000</b>	<b>30 June 2006 (6 months) €000</b>
Recharging of transportation costs	179	37
Consulting fees	—	210
Renting of tools and equipment	15	15
Government grants (related to expenses charged to operations)	169	197
Other revenues	<u>52</u>	<u>92</u>
	<u>415</u>	<u>551</u>

## Part V — Financial Information

### 5 *Persons employed by the Helesi AE Group and related costs*

	<b>30 June 2005 Number</b>	<b>30 June 2006 Number</b>
Number of persons employed (at period end)	<u>114</u>	<u>130</u>
	<b>30 June 2005 (6 months) €000</b>	<b>30 June 2006 (6 months) €000</b>
Salaries and wages	(763)	(921)
Social insurance costs	(178)	(216)
Other personnel costs	(5)	(10)
Employment termination benefits	<u>(4)</u>	<u>(5)</u>
	<u>(950)</u>	<u>(1,152)</u>
Cost per employee, in the period (in Euro)	<u>8,334</u>	<u>8,862</u>

### 6 *Analysis of depreciation charges*

	<b>30 June 2005 (6 months) €000</b>	<b>30 June 2006 (6 months) €000</b>
Buildings and building installations	(58)	(85)
Plant and machinery	(312)	(364)
Vehicles	(48)	(65)
Furniture and other equipment	(10)	(16)
Computer software	<u>—</u>	<u>(4)</u>
	<u>(428)</u>	<u>(534)</u>

### 7 *Cost of financing*

	<b>30 June 2005 (6 months) €000</b>	<b>30 June 2006 (6 months) €000</b>
Interest charges on bank loans	(406)	(476)
Finance lease charges	(14)	(9)
Cost of letters of credit, letters of guarantee and similar instruments	<u>(10)</u>	<u>(52)</u>
	(430)	(537)
Interest income	<u>—</u>	<u>34</u>
	<u>(430)</u>	<u>(503)</u>

## Part V — Financial Information

### 8 Income taxes

	30 June 2005 (6 months) €000	30 June 2006 (6 months) €000
Profit, before taxes, per the statement of earnings	1,026	1,503
Tax rate	31%	29%
Income taxes, at the nominal tax rate	(319)	(441)
Additional taxes of prior years	(40)	(40)
Tax relief associated with profits the taxation of which is indefinitely deferred	76	196
Taxes on expenses that are not deductible for tax purposes	(8)	(8)
Taxes associated with exchange differences on intragroup balances	(49)	6
Tax relief due to the change of the tax rate	49	33
Total tax charge	<u>(291)</u>	<u>(254)</u>
Current tax charge	(95)	(110)
Deferred tax charge	<u>(196)</u>	<u>(144)</u>
Total tax charge	<u>(291)</u>	<u>(254)</u>

For additional information on tax-related matters the reader is referred to the annual consolidated financial statements of the *Helesi Group*, as of 31 December 2003, 2004 and 2005.

### 9 Segmental analysis

The *Helesi AE 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.

	6 months to 30 June 2005			
	Greece €000	UK €000	Elimination of intersegment transactions €000	Helesi AE Group €000
Third-party sales	8,776	2,508	—	11,284
Intersegment sales	1,803	25	(1,828)	—
Total sales	<u>10,579</u>	<u>2,533</u>	<u>(1,828)</u>	<u>11,284</u>
Other third-party revenue	415	—	—	415
Other intersegment revenue	145	—	(145)	—
Other revenue	<u>560</u>	<u>—</u>	<u>(145)</u>	<u>415</u>
Total revenues	11,139	2,533	(1,973)	11,699
Cost of materials and accessories used	(6,827)	(268)	—	(7,095)
Cost of intersegment use of materials	(21)	(1,624)	1,645	—
Personnel-related costs	(863)	(87)	—	(950)
Directors' emoluments	(25)	—	—	(25)
Depreciation charges	(415)	(13)	—	(428)
Other operating expenses	(1,521)	(224)	—	(1,745)
Intersegment expenses	<u>—</u>	<u>(145)</u>	<u>145</u>	<u>—</u>
Segmental profit, before finance charges	1,467	172	(183)	1,456
Cost of financing	<u>(430)</u>	<u>—</u>	<u>—</u>	<u>(430)</u>
Segmental profit, before taxes	1,037	172	(183)	1,026
Elimination of intersegmental profit	<u>(3)</u>	<u>(180)</u>	<u>183</u>	<u>—</u>
Profit (loss), before taxes	1,034	(8)	—	1,026
Income taxes	<u>(258)</u>	<u>(33)</u>	<u>—</u>	<u>(291)</u>
Net profit (loss), after taxes	<u>776</u>	<u>(41)</u>	<u>—</u>	<u>735</u>

## Part V — Financial Information

	6 months to 30 June 2006			Helesi AE Group €000
	Greece €000	UK €000	Elimination of intersegment transactions €000	
Third-party sales	10,177	3,220	—	13,397
Intersegment sales	<u>2,303</u>	<u>599</u>	<u>(2,902)</u>	<u>—</u>
Total sales	<u>12,480</u>	<u>3,819</u>	<u>(2,902)</u>	<u>13,397</u>
Other third-party revenue	551	—	—	551
Other intersegment revenue	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Other revenue	<u>551</u>	<u>—</u>	<u>—</u>	<u>551</u>
Total revenues	13,031	3,819	(2,902)	13,948
Cost of materials and accessories used	(7,250)	(699)	—	(7,949)
Cost of intersegment use of materials	(539)	(2,073)	2,612	—
Personnel-related costs	(948)	(204)	—	(1,152)
Directors' emoluments	(25)	—	—	(25)
Depreciation charges	(469)	(65)	—	(534)
Other operating expenses	(1,663)	(619)	—	(2,282)
Intersegment expenses	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Segmental profit, before finance charges	2,137	159	(290)	2,006
Cost of financing	<u>(502)</u>	<u>(1)</u>	<u>—</u>	<u>(503)</u>
Segmental profit, before taxes	1,635	158	(290)	1,503
Elimination of intersegmental profit	<u>(60)</u>	<u>(230)</u>	<u>290</u>	<u>—</u>
Profit (loss), before taxes	1,575	(72)	—	1,503
Income taxes	<u>(281)</u>	<u>27</u>	<u>—</u>	<u>(254)</u>
Net profit (loss), after taxes	<u>1,294</u>	<u>(45)</u>	<u>—</u>	<u>1,249</u>

	30 June 2005			Helesi AE Group €000
	Greece €000	UK €000	Elimination of intersegment balances €000	
Intersegment investments	46	—	(46)	—
Intersegment receivables/payables	4,089	(4,089)	—	—
Unrealised intersegment profits	—	50	(50)	—
Total other assets	30,166	4,963	—	35,129
Total liabilities to third parties	<u>(21,409)</u>	<u>(1,006)</u>	<u>12</u>	<u>(22,403)</u>
Net assets (liabilities)	<u>12,892</u>	<u>(82)</u>	<u>(84)</u>	<u>12,726</u>

	30 June 2006			Helesi AE Group €000
	Greece €000	UK €000	Italy €000	
Intersegment investments	96	—	—	(96)
Intersegment receivables/payables	4,680	(4,630)	(50)	—
Unrealised intersegment profits	—	50	—	(50)
Total other assets	42,396	5,849	100	—
Total liabilities to third parties	<u>(29,004)</u>	<u>(1,350)</u>	<u>—</u>	<u>12</u>
Net assets (liabilities)	<u>18,168</u>	<u>(81)</u>	<u>50</u>	<u>(134)</u>

It should be noted that, as at 30 June 2006, the Group's activities in Italy (other than the sales effected to Italian customers from other locations) were still at a very preliminary stage.

## Part V — Financial Information

The third-party sales in the six-month periods ended 30 June 2005 and 2006 and the value of the related trade receivables outstanding at each period 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 AE Group €000
<b>30 June 2005 (6 months)</b>					
Value of sales	<u>2,939</u>	<u>2,867</u>	<u>4,040</u>	<u>1,438</u>	<u>11,284</u>
Trade receivables, at period end	<u>2,276</u>	<u>1,294</u>	<u>4,309</u>	<u>479</u>	<u>8,358</u>
<b>30 June 2006 (6 months)</b>					
Value of sales	<u>4,061</u>	<u>3,027</u>	<u>4,906</u>	<u>1,403</u>	<u>13,397</u>
Trade receivables, at period end	<u>5,824</u>	<u>1,745</u>	<u>4,316</u>	<u>633</u>	<u>12,518</u>

### 10 Interest in a joint venture

For information on the joint venture in which the *Helesi AE Group* participates, the reader is referred to the annual consolidated financial statements of the *Helesi AE Group*, as of 31 December 2003, 2004 and 2005.

### 11 Tangible fixed assets

	Land €000	Buildings and building installations €000	Plant and machinery €000	Vehicles €000	Furniture and other equipment €000	Assets under construction or installation €000	Total €000
<b>At cost or valuation</b>							
As at 31 December 2004	960	3,137	10,624	742	89	4,939	20,491
Additions first half 2005	—	—	1,104	31	14	269	1,418
As at 30 June 2005	960	3,137	11,728	773	103	5,208	21,909
Additions second half 2005	124	225	—	102	2	2,937	3,390
Disposals second half 2005	—	—	—	(118)	—	—	(118)
As at 31 December 2005	1,084	3,362	11,728	757	105	8,145	25,181
Additions first half 2006	1,512	2,706	2,845	436	70	(3,794)	3,775
As at 30 June 2006	<u>2,596</u>	<u>6,068</u>	<u>14,573</u>	<u>1,193</u>	<u>175</u>	<u>4,351</u>	<u>28,956</u>
<b>Accumulated depreciation</b>							
As at 31 December 2004	—	(333)	(1,183)	(157)	(56)	—	(1,729)
Charge first half of 2005	—	(58)	(312)	(48)	(10)	—	(428)
As at 30 June 2005	—	(391)	(1,495)	(205)	(66)	—	(2,157)
Charge second half of 2005	—	(59)	(303)	(49)	(9)	—	(420)
As at 31 December 2005	—	(450)	(1,798)	(254)	(75)	—	(2,577)
Charge first half of 2006	—	(85)	(364)	(65)	(16)	—	(530)
As at 30 June 2006	—	(535)	(2,162)	(319)	(91)	—	(3,107)
<b>Net book values</b>							
As at 30 June 2006	<u>2,596</u>	<u>5,533</u>	<u>12,411</u>	<u>874</u>	<u>84</u>	<u>4,351</u>	<u>25,849</u>
As at 31 December 2005	<u>1,084</u>	<u>2,912</u>	<u>9,930</u>	<u>503</u>	<u>30</u>	<u>8,145</u>	<u>22,604</u>
As at 30 June 2005	<u>960</u>	<u>2,746</u>	<u>10,233</u>	<u>568</u>	<u>37</u>	<u>5,208</u>	<u>19,752</u>
As at 31 December 2004	<u>960</u>	<u>2,804</u>	<u>9,441</u>	<u>585</u>	<u>33</u>	<u>4,939</u>	<u>18,762</u>

## Part V — Financial Information

The assets under construction or installation are inclusive of advance payments effected in favour of suppliers of fixed assets. These assets, as at 30 June 2006, are analysed, by major project, as follows:

	Partially constructed €000	Advance payments €000	Grants already received* €000	Amount reported €000	Anticipated completion date
Extension of Komotini factory building	268	315	(40)	543	July-Oct. 2006
New plant and machinery	1,684	2,031	(100)	3,615	July 2006-Apr. 2007
Miscellaneous other assets	14	149	—	163	July-Oct. 2006
Land in Italy	—	30	—	30	Jan-Oct. 2008
	<u>1,966</u>	<u>2,525</u>	<u>(140)</u>	<u>4,351</u>	

\* The grants collected relate to investments in fixed assets that may have been partly initiated, as at 30 June 2006.

The cost of the acquisition of tangible fixed assets is reported net of the grants received for partly financing their purchase. The full purchase cost of these assets and the related grants that have been utilised to partially finance their acquisition is reflected in the following table:

	Full purchase cost €000	Investment grants received €000	Reported acquisition costs €000
<b>First half of 2005</b>			
Land	960	—	960
Buildings and building installations	5,023	(1,886)	3,137
Plant and machinery	18,258	(6,530)	11,728
Vehicles	910	(137)	773
Furniture and other equipment	113	(10)	103
Assets under construction	<u>5,208</u>	<u>—</u>	<u>5,208</u>
	<u>30,472</u>	<u>(8,563)</u>	<u>21,909</u>
<b>Second half of 2005</b>			
Land	1,084	—	1,084
Buildings and building installations	5,337	(1,975)	3,362
Plant and machinery	18,286	(6,558)	11,728
Vehicles	894	(137)	757
Furniture and other equipment	115	(10)	105
Assets under construction	<u>11,208</u>	<u>(3,063)</u>	<u>8,145</u>
	<u>36,924</u>	<u>(11,743)</u>	<u>25,181</u>
<b>First half of 2006</b>			
Land	2,596	—	2,596
Buildings and building installations	8,737	(2,669)	6,068
Plant and machinery	24,328	(9,755)	14,573
Vehicles	1,780	(587)	1,193
Furniture and other equipment	238	(63)	175
Assets under construction	<u>4,491</u>	<u>(140)</u>	<u>4,351</u>
	<u>42,170</u>	<u>(13,214)</u>	<u>28,956</u>

## Part V — Financial Information

In accordance with the relevant provisions of the International Financial Reporting Standards, finance leases are reported in the financial information as a form of borrowing and the related leased assets are included in tangible fixed assets and accordingly depreciated.

As at 30 June 2006, there were mortgages and other charges on the property of the *Helesi AE Group*, as a form of security for the financing facilities placed at the disposal of the *Helesi AE Group* and for guarantees given in favour of the *Helesi AE Group*, which amounted, in aggregate, to €20 million. As at 30 June 2006, the liabilities of the *Helesi AE Group* that were secured by the aforementioned mortgages and charges, amounted to €11 million.

### 12 Intangible fixed assets

The intangible fixed assets of the *Helesi AE Group* entirely comprise software that, in the course of 2004 and 2005, was under installation and it was first utilised in the early part of 2006.

	Software €000
<b>At cost</b>	
As at 31 December 2004	70
Additions first half 2005	—
As at 30 June 2005	70
Additions second half 2005	39
As at 31 December 2005	109
Additions first half 2006	13
Grants received first half 2006	(43)
As at 30 June 2006	79
<b>Accumulated amortisation</b>	
As at 31 December 2005	—
Charge first half of 2006	(4)
As at 30 June 2006	(4)
<b>Net book values</b>	
As at 30 June 2006	75
As at 31 December 2005	109
As at 30 June 2005	70
As at 31 December 2004	70

### 13 Other long-term assets

Other long-term assets primarily comprise guarantee deposits given in relation to operating leases.

### 14 Inventories

	30 June 2005 €000	30 June 2006 €000
Manufactured goods	1,117	1,479
Raw and packaging materials	2,433	2,176
Consumables	144	278
Traded goods	22	19
	<u>3,716</u>	<u>3,952</u>

## Part V — Financial Information

### 15 Receivables

	30 June 2005 €000	30 June 2006 €000
Trade receivables	8,358	12,518
Expense-related grants receivable and prepaid expenses	320	464
Receivables doubtful of collection	<u>(481)</u>	<u>(535)</u>
	8,197	12,447
Advances to suppliers	44	354
State receivables (including investment grants)	2,703	1,676
Blocked deposit accounts	—	29
Other receivables	<u>286</u>	<u>211</u>
	<u>11,230</u>	<u>14,717</u>

The state receivables reported, as at 30 June 2006, are inclusive of an amount of €1,433 thousand that had been assigned to a bank, as a form of security for related loan facilities made available to *Helesi AE*.

### 16 Cash and cash equivalents

Cash and cash equivalents comprise notes held by the *Helesi AE Group* as well as bank deposits available on demand.

### 17 Loans

The loans contracted by the *Helesi AE Group* have been advanced by Greek banks and are denominated in Euros. The amounts that are repayable within one year of the balance sheet date are reported as short-term obligations while the amounts that are repayable at a subsequent stage, are reported as long-term obligations. The loans of the *Helesi AE Group* are analysed as follows:

	30 June 2005 €000	30 June 2006 €000
<b>Short-term borrowings</b>		
Bank loans	(9,338)	(10,579)
Short-term portion of long-term loans	(1,739)	(1,540)
Finance lease obligations	<u>(115)</u>	<u>(137)</u>
	<u>(11,192)</u>	<u>(12,256)</u>
<b>Long-term borrowings</b>		
Debenture loan	—	(6,474)
Bank loans	(2,096)	(621)
Finance lease obligations	<u>(280)</u>	<u>(142)</u>
	<u>(2,376)</u>	<u>(7,237)</u>

Depending on the date of expiry, long-term borrowings are analysed as follows:

	30 June 2005 €000	30 June 2006 €000
Long-term borrowing repayable in:		
1 to 2 years	(1,247)	(1,664)
2 to 5 years	(1,129)	(3,287)
Over 5 years	<u>—</u>	<u>(2,286)</u>
	<u>(2,376)</u>	<u>(7,237)</u>

## Part V — Financial Information

The bank loans and other financing facilities (excluding finance leases but including the debenture loan referred to below) contracted are analysed as follows:

	Short-term liabilities €000	Long-term liabilities €000	Scheduled repayment (to year)	Applicable interest rate
Debenture loan	(367)	(6,474)	2012	Euribor+2%
Other long term loans	(1,114)	(621)	2007-2009	Euribor+2%-2.75%
Short term loans	(9,954)	—	2008	Euribor+2%-2.25%
Fixed interest short term loans	(684)	—	2007	6.25%-6.4%
	<u>(12,119)</u>	<u>(7,095)</u>		

A debenture loan of €7 million was contracted in December 2005. The first part of the loan was received and loan debentures of a nominal value of €5,850,000 were issued on 30 December 2005. These funds were partly utilised for refinancing pre-existing loan facilities and partly for financing the further development of the *Helesi AE Group's* sales network and the purchase of production optimisation equipment. The second part of the loan debentures, having a nominal value of €1,150,000, was issued in June 2006. The funds thus generated were utilised for financing the purchase of land.

The debenture loan agreement entered into imposes restrictions on the sale of fixed assets and on the subjection of such assets to further mortgages and/or charges. Restrictions are, likewise, imposed with respect to a possible corporate restructuring (mergers, acquisitions, disposals of segments etc.). Under the same agreement, the following financial covenants must be respected: (a) indebtedness to banks over EBITDA must be less than 4.5, (b) EBITDA over finance costs must be greater than 4.0 and (c) indebtedness to banks over net assets must be less than 1.3.

The debenture loan is secured by a mortgage/charge, amounting to €10.2 million, levied over the land, buildings and the machinery of *Helesi AE*, as well as by personal guarantees given by two directors and major shareholders of the Company.

The bank loans advanced are secured by mortgages and charges on the property of the *Helesi AE Group* and *Helesi AE*, which are quantified in the note on tangible fixed assets.

The present value of finance lease obligations and the lease charges payable under the related leasing contracts in force, as at 30 June 2005 and 2006, were as follows:

	30 June 2005 €000	30 June 2006 €000
Payable in:		
Not later than 1 year	(138)	(138)
1 to 5 years	<u>(302)</u>	<u>(166)</u>
	(440)	(304)
Future lease charges	<u>45</u>	<u>25</u>
Present value of obligations under finance lease contracts	<u>(395)</u>	<u>(279)</u>

### 18 Financing instruments

For information on the exchange, credit and interest rate risks carried by the *Helesi AE Group*, the reader is referred to the annual consolidated financial statements of the *Helesi AE Group*, as of 31 December 2003, 2004 and 2005.

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### 19 Payables

	30 June 2005 €000	30 June 2006 €000
Trade creditors	(7,648)	(9,319)
Accrued expenses	(171)	(113)
Social security contributions payable	(53)	(91)
Taxes (other than income tax) payable	(150)	(170)
Dividends payable	(74)	(227)
Other payables	<u>(102)</u>	<u>(141)</u>
	<u>(8,198)</u>	<u>(10,061)</u>

### 20 Employee benefits

For information on the employee benefits given by the Group, the reader is referred to the annual consolidated financial statements of the *Helesi AE Group*, as of 31 December 2003, 2004 and 2005.

### 21 Government grants

Government grants primarily relate to *Helesi AE* and to investments in fixed tangible assets, effected in the period from 2000 onwards, which were subsidised to the extent of between 42 per cent. and 60 per cent. The reported value of the acquired fixed tangible assets has been reduced by the grants received for the purposes of partially financing their acquisition cost. Depending on the provisions of the law, under which the grants were advanced, certain restrictions apply as to the transfer of the ownership of the subsidised assets and to changes of the legal status of the entity to which the grants were advanced. The inspections carried out by the supervisory authorities, at various points in time, have not disclosed cases of non-compliance with these restrictions.

The amount of government grants received, in the years 2003, 2004 and 2005 and the first half of 2006, for the purposes of financing the purchase of fixed assets, is reported under the note covering fixed tangible assets. The resultant reduction of the depreciation charges that would have, otherwise, burdened the operations of the *Helesi AE Group* is quantified in the following table:

	€000
Effective reduction of the value of tangible fixed assets, as at 31 December 2002	(7,658)
Effective reduction of the depreciation charges, in 2003	<u>380</u>
Effective reduction of the value of tangible fixed assets, as at 31 December 2003	(7,278)
New grants secured	(384)
Effective reduction of the depreciation charges, in 2004	<u>414</u>
Effective reduction of the value of tangible fixed assets, as at 31 December 2004	(7,248)
New grants secured	(3,180)
Effective reduction of the depreciation charges, in 2005	<u>428</u>
Effective reduction of the value of tangible fixed assets, as at 31 December 2005	(10,000)
New grants secured	(1,514)
Effective, reduction of the depreciation charges, in the first half of 2006	<u>298</u>
Effective reduction of the value of tangible fixed assets, as at 30 June 2006	<u>(11,216)</u>

### 22 Share capital and share premium

As at 30 June 2006, the share capital of *Helesi AE* amounted to €5,508,328 (31 December 2005: €4,683,728) and was divided into 187,040 (31 December 2005: 159,040) fully paid, common registered shares of a nominal value of €29.45 each.

On 19 November 2005, the shareholders of *Helesi AE* resolved, in general meeting, to increase the share capital of *Helesi AE* by the issuance of 28,000 new shares, ranking *pari passu* with the pre-existing shares. The new shares were issued at a price of €88.35 per share, incorporating a premium of €58.90 per share. The increase of the capital of *Helesi AE* was approved by the supervisory authorities

## Part V — Financial Information

and recorded in the Registry of Companies and the shares were allotted on 21 December 2005, the funds, however, were actually received in the early part of 2006, within the period of time prescribed by law. The aggregate nominal value of the new shares issued amounted to €824,600 while the amount of new capital that was thus raised, including the premium, amounted to €2,473,800.

According to the Register of shareholders of *Helesi AE*, as at 30 August 2006, the shareholders holding shares, which, in aggregate, exceed 3 per cent. of the total number of issued and outstanding shares, and the shareholders, who serve the *Helesi Group* as members of its management, were the following (the effective holdings in *Helesi AE*, after allowing for the shareholdings of the named individuals in *Perivallontiki AE*, are shown in brackets):

Perivallontiki AE	59.32%	—
Athanasios Andrianopoulos	12.22%	(31.78%)
Emmanouel Anifantakis	9.27%	(11.32%)
Dimitris Karaiskos	4.12%	(6.56%)
Christina Thanasoulia (wife of A. Andrianopoulos)	4.01%	(23.10%)
Fevronia Patrianakou (wife of D. Karaiskos)	1.93%	(3.96%)

Certain other members of *Helesi AE Group* management hold shares in *Helesi AE* but in no case do such holdings exceed 1 per cent.

### 23 Reserves

For information on the reserves of the Group, the reader is referred to the annual consolidated financial statements of the *Helesi AE Group*, as of 31 December 2003, 2004 and 2005.

### 24 Earnings per share and proposed dividends

Earnings per share are calculated by dividing the profit attributable to the shareholders of *Helesi AE* by the weighted average number of issued and outstanding shares in the accounting period covered by the financial statements.

	30 June 2005 €000	30 June 2006 €000
Net profit attributable to the shareholders (in Euro thousand)	735	1,249
Weighted average number of issued shares (in thousand pieces)	<u>159</u>	<u>187</u>
Earnings per share (in €)	<u>4.62</u>	<u>6.68</u>

As at 30 June 2006, there were no commitments for the issuance of new shares in the future and, therefore, the requirement to calculate and report diluted earnings per share (i.e. the earnings per share that would have taken into consideration the dilutive effect of such future issues of shares) did not apply.

In the first half of 2006, the directors proposed and the shareholders of *Helesi AE* approved the distribution of a dividend of €1.206 per share, or a total of €225,570. The declared dividend has been recognised as a liability of *Helesi AE* at the time of the approval of the distribution by the shareholders of the Company.

## Part V — Financial Information

### 25 *Deferred tax assets and liabilities*

Deferred tax assets and liabilities are quantified at the level of each separate entity forming part of the *Helesi AE Group* and, to the extent that deferred tax assets and deferred tax liabilities arise, they are off set against each other. The deferred tax assets and liabilities emanate from the following causes:

	30 June 2005 €000	30 June 2006 €000
Tax impact of the differentiation of the accounting and the tax depreciation rates	(527)	(819)
Anticipated tax burden on the disposal of revalued land	(27)	(27)
Writing-off of expenses, which yield tax relief over five years	12	25
Providing for doubtful receivables, while tax relief entails a write-off	101	134
Reducing the value of stocks to eliminate the effect of tax depreciation	39	27
Deferred tax asset associated with a loss carry forward right	39	46
Miscellaneous timing differences between accounting profits and taxable income	(11)	26
Income taxes, which will burden future accounting periods	<u>(374)</u>	<u>(588)</u>

### 26 *Related party transactions and balances*

The transactions of the *Helesi AE Group*, in the year 2005 and the first half of 2006, with and the receivables from and payables to related parties, as at 30 June 2005, 31 December 2005 and 30 June 2006, are analysed as follows:

	Sales to €000	Purchases from €000	Receivable from €000	Payable to €000
<b>30 June 2005 — First half</b>				
Perivallontiki AE	2,293	1,487	1,423	901
Perivallontiki Environmental Services AE (ex-Hellinika Plastika AE)	—	—	56	—
Helesi Trans Ltd	—	43	—	42
AZ Perivallontiki Ltd	94	—	41	—
<b>31 December 2005 — Second half</b>				
Perivallontiki AE	3,401	2,163	1,992	828
Perivallontiki Environmental Services AE (ex-Hellinika Plastika AE)	—	—	56	—
Helesi Trans Ltd	—	119	4	34
AZ Perivallontiki Ltd	37	—	78	—
<b>30 June 2006 — First half</b>				
Perivallontiki AE	2,412	1,617	3,368	471
Helesi Trans Ltd	—	—	—	19
AZ Perivallontiki Ltd	27	—	26	—

*Perivallontiki AE* is the parent company of *Helesi AE*, holding 59.32 per cent. of its share capital. Until 26 July 2006, *Perivallontiki Environmental Services AE (ex-Hellinika Plastika AE)* was a 50 per cent. subsidiary of *Perivallontiki AE*, when *Perivallontiki AE* acquired the remaining 50 per cent. of the issued and outstanding shares of this company, thus rendering it a wholly-owned subsidiary. *Helesi Trans Ltd* and *AZ Perivallontiki Ltd*, are entities incorporated in Cyprus that are also wholly owned subsidiaries of *Perivallontiki AE*.

## Part V — Financial Information

The time prorated compensation of the members of the Board of Directors of *Helesi AE*, in the first half of the years 2005 and 2006, paid or payable in the form of a distribution of after tax profits, was as follows:

	30 June 2005 €000	30 June 2006 €000
Athanasios Andrianopoulos	5.0	5.0
Demetrios Karaiskos	4.5	4.5
Christina Thanasoulia (wife of A. Andrianopoulos)	3.5	3.5
Fotios Theodorakopoulos	3.5	3.5
Ioannis Riskakis	3.5	3.5
Evangelia Anifantaki	2.5	2.5
Maria Tsiragaki	<u>2.5</u>	<u>2.5</u>
	<u>25.0</u>	<u>25.0</u>

### 27 Commitments and contingent liabilities

The two major investment projects that were in progress, as at 30 June 2006, were the tyre disposal plant and the upgrading of the Komotini production facilities.

Investment project	Total capital expenditure €000	Approved grants €000	Net investment €000	Total amount already expended €000	Grants already collected €000	Commitment as at 30 June 2006 €000
Tyre disposal plant	9,438	(4,719)	4,719	8,772	(955)	666
Upgrading of production facilities	<u>13,357</u>	<u>(7,331)</u>	<u>6,026</u>	<u>3,079</u>	<u>(2,108)</u>	<u>10,278*</u>
	<u>22,795</u>	<u>(12,050)</u>	<u>10,745</u>	<u>11,851</u>	<u>(3,063)</u>	<u>10,944</u>

\* of which €2,156,000 is likely to be expended in 2006 and €8,122,000 in 2007-2008. In relation to the commitments outstanding, as at 30 June 2006, the orders already placed amounted to €4,460,000. 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.

In addition, in 2006, *Helesi AE* secured the approval of the Italian authorities to proceed with its proposed investment in a plastic waste containers and pallet boxes production plant, which will be located in the industrial zone of Val Basenko Technoparco, in Pisticci, Italy. The total investment is expected to reach €25,628,493, less anticipated government grants of €17,389,755. The capital expenditure that has been actually committed or expensed, to date, is confined to €1,320,000. In the context of this investment project, *Helesi Italia Srl*, the newly incorporated 99 per cent. subsidiary of *Helesi AE*, entered into a preliminary agreement for the purchase of land in Pisticci, Italy, for a total consideration of €260,000. The advance payment made, amounting to €30,000, is reflected under tangible fixed assets.

The *Helesi Group* is planning to acquire the shares of *Perivallontiki Environmental Services AE* (ex-*Hellinika Plastika AE*) and, through *Perivallontiki Environmental Services AE*, the waste management activities of *Perivallontiki AE* for a total consideration of €3.5 million.

The *Helesi Group* is contractually committed under operating leases for the leasing of office space and warehouses and of certain production facilities utilised in the UK, as follows:

	Within 1 year €000	Within 2-5 years €000	Over 5 years €000
Office space	36	6	—
Warehouses	10	42	46
Land	2	7	34
Plant	<u>106</u>	<u>180</u>	—
	<u>154</u>	<u>235</u>	<u>80</u>

The *Helesi AE Group* has not provided any guarantees in favour of third parties.

As at the date of the approval of the underlying interim financial statements, *Helesi AE* was a 59.32 per cent. subsidiary of *Perivallontiki AE*. However, under a corporate restructuring plan that was in the process of being finalised at the time that these interim financial statements were approved, all the shares of *Helesi AE* will be transferred (by the shareholders of *Helesi AE*) to *Helesi Plc*, a Cyprus company that has not undertaken any substantive activities since its incorporation on 31 May 2006 and has neither assets nor liabilities of any substance, in exchange for a proportionally equal number of shares in the transferee, thus rendering *Helesi Plc* the ultimate holding company of the *Helesi Group*. The shares of *Helesi Plc* that will thus be acquired by *Perivallontiki AE*, together with the shares recently acquired by *Perivallontiki AE* for cash (at the stage of the incorporation of *Helesi Plc*), will be sold and transferred by *Perivallontiki AE* to its shareholders, resulting in all the shareholders of *Helesi Plc* becoming natural persons. This transaction requires the approval of the Greek supervisory authorities. A failure to secure the required approval would precipitate a substantial liability on the part of *Helesi AE*, in the form of an obligation to reimburse the investment grants obtained in the past, or part thereof. In such an event, the shareholders of *Helesi AE* have signalled their intention to indemnify the Company but no legally binding commitment has been undertaken, in this respect, as yet.

Once implemented, the above described capital restructuring scheme will result in all the shares of *Helesi Plc* being held by natural persons and in *Helesi Plc* serving as the ultimate holding company of the *Helesi Group*. *Helesi Plc* is in the process of seeking the listing of its shares on AIM, in London.

Also as part of the proposed corporate restructuring plan, the waste management activity, previously carried on by *Perivallontiki AE*, will be spun-off into *Perivallontiki Environmental Services AE* (*ex-Hellinika Plastika AE*), an otherwise effectively dormant Greek entity, and a binding agreement will be entered into between *Helesi Plc* and *Perivallontiki AE* (which, since 26 July 2006, is the sole shareholder of *Perivallontiki Environmental Services AE*), stipulating the sale and transfer of all the issued and outstanding shares of *Perivallontiki Environmental Services AE* to *Helesi Plc*, for an aggregate consideration of €3.5 million. At the conclusion of this transaction, *Perivallontiki Environmental Services AE* will become a wholly-owned subsidiary of the *Helesi Group*, which will thus commence providing waste management services, the activities of *Perivallontiki AE* being confined to the production of waste disposal trucks, the provision of certain vehicle maintenance services, the provision of waste management services (outside Greece and the Balkans) and, through *Perivallontiki Trans Ltd* (a wholly-owned subsidiary) of transportation services in Europe. It is also noted that, through *Perivallontiki Environmental Services AE*, the *Helesi Group* will also acquire a plot of land that was purchased by *Perivallontiki Environmental Services AE* in 2000 and is currently reported at a valuation of €79,000 and will assume a liability towards *Helesi AE* of an almost equal amount.

In September 2006, a Stock Option Plan was introduced, entailing the granting of options to acquire shares of *Helesi Plc*, at specified exercise prices and within a specified period of time exceeding three but not exceeding seven years, to directors and key employees of the Group. The options, which may be granted under this Plan, may cover a maximum of 10 per cent. of the issued and outstanding shares of *Helesi Plc*. The operation of this Plan will, inevitably, have a dilutive effect on the issued and outstanding shares of *Helesi Plc*. The dilutive effect will be a function of (a) the number of shares acquired through the exercise of such rights, (b) the exercise price at which the options are granted, (c) the market price of the shares thus acquired and (d) the overall market capitalisation of the Company. Depending on these factors, a cost may be generated, which would have to be measured and recognised, at the time of granting the options and at each subsequent period-end. The intention of management is to grant options under this Plan to certain directors and key-managers of the Group, soon after the initial public offering of the shares of *Helesi Plc*. These options will mature over a period of three years, will relate to 2 per cent. of the shares that will result on completion of the IPO process and will have an exercise price that will be equal to the IPO price of the shares. The exercise of the options will be made conditional on the attainment of the overall financial targets of the Group.

## Part V — Financial Information

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**iii: A — Accountants' Review Report  
on the Financial Information  
of the Waste Management Segment of Perivallontiki AE,  
as of and for the years ended 31 December 2003, 2004 and 2005  
and the six months ended 30 June 2005 and 2006**



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20 November 2006

The Directors  
Helesi Plc & Helsi AE  
Tseri Industrial Zone  
Tseri 2480, Nicosia &  
19 Ayiou Ioannou  
251 00 Aegeo

The Directors  
Panmure Gordon & Co  
Moorgate Hall  
155 Moorgate  
London  
EC2M 6XB

Dear Sirs

### **Waste Management Segment of Perivallontiki AE**

We report on the pro-forma financial information set out in Section B of Part V:iii. This pro-forma financial information has been prepared for inclusion in the Admission Document, dated 20 November 2006, of *Helesi Plc* (the "Admission Document"), on the basis of the accounting policies set out in note 2 to the pro-forma financial information. This review report is given for inclusion in the Admission Document and for no other purpose.

### **Responsibilities**

As described in Section B of Part V:iii, the directors of *Perivallontiki AE* and its subsidiary company, *Helesi AE*, are responsible for preparing the pro-forma financial information on the basis of preparation set out in note 1 to the pro-forma financial information and in accordance with the International Financial Reporting Standards (IFRS) that have been adopted by the European Union.

Our responsibility is confined to reporting on whether, in the course of our review, anything has come to our attention that causes us to believe that the accompanying pro-forma financial information does not give a true and fair view in accordance with the International Financial Reporting Standards that have been adopted by the European Union, and to report our conclusion to you.

## **Part V — Financial Information**

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### **Basis of report**

We conducted our review in accordance with the International Standards on Review Engagements. The critical assessment of the financial data and other information set out in the pro-forma statements and the securing of adequate explanations in respect of the matters raised with the financial and accounting services of the Company (of which the *Waste Management Segment* forms part), comprise the principal elements of our work. The scope of this work is substantially less than that undertaken in the context of a full-scope audit, aiming at forming and expressing an opinion on financial statements. Accordingly, we do not express an audit opinion.

### **Statement**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying pro-forma financial information does not give a true and fair view of the state of affairs of the *Waste Management Segment* of *Perivallontiki AE*, as at 31 December 2003, 2004 and 2005 and as at 30 June 2005 and 2006 and of its profits and cash flows for the years and half-years then ended, in accordance with the basis of preparation set out in note 1 to the financial information.

### **Emphasis**

The *Waste Management Segment* of *Perivallontiki AE* is a component part of this entity. As a consequence, those costs and expenses that were not directly related to the activities of the *Waste Management Segment* have been allocated to the two activity segments of the Company on what was deemed by management to be an appropriate basis. These allocated costs and expenses do not necessarily represent the costs and expenses that would have been generated, had the *Waste Management Segment* operated as an independent entity.

**Yours faithfully,**

**BDO Hellenic Auditing Company AE**  
**Certified and Registered Auditors**

## Part V — Financial Information

### iii: B — Financial Information on the Waste Management Segment of Perivallontiki AE, as of and for the years ended 31 December 2003, 2004 and 2005 and the six months ended 30 June 2005 and 2006

#### Responsibility

The Directors of the Company are responsible for the financial information.

#### Pro-forma statements of earnings

	Notes	31 December 2003 (12 months) €000	31 December 2004 (12 months) €000	31 December 2005 (12 months) €000	30 June 2005 (6 months) €000	30 June 2006 (6 months) €000
Revenues from services rendered	3	<u>726</u>	<u>16,411</u>	<u>2,566</u>	<u>988</u>	<u>1,352</u>
Personnel-related costs	4	(112)	(493)	(982)	(425)	(595)
Cost of subcontracted services		(203)	(13,755)	(787)	(104)	(55)
Cost of materials used		—	(419)	—	—	—
Depreciation charges	8	(7)	(84)	(132)	(66)	(67)
Directors' emoluments (portion of)	17	(15)	(20)	(20)	(10)	(10)
Miscellaneous other costs and expenses		<u>(168)</u>	<u>(460)</u>	<u>(294)</u>	<u>(137)</u>	<u>(175)</u>
Total costs and expenses		<u>(505)</u>	<u>(15,231)</u>	<u>(2,215)</u>	<u>(742)</u>	<u>(902)</u>
Segment profit, before taxes		221	1,180	351	246	450
Income taxes	6	<u>(83)</u>	<u>(420)</u>	<u>(119)</u>	<u>(82)</u>	<u>(133)</u>
Segment net profit, after taxes		<u><u>138</u></u>	<u><u>760</u></u>	<u><u>232</u></u>	<u><u>164</u></u>	<u><u>317</u></u>

## Part V — Financial Information

### Pro-forma balance sheets

	Notes	31 December 2003 €000	31 December 2004 €000	31 December 2005 €000	30 June 2005 €000	30 June 2006 €000
Tangible fixed assets	8	123	858	806	844	744
Trade receivables		596	2,287	556	823	1,086
Deferred tax asset	16	<u>5</u>	<u>2</u>	<u>—</u>	<u>—</u>	<u>—</u>
		724	3,147	1,362	1,667	1,830
Trade payables	12	(10)	(642)	(243)	(235)	(154)
Employee retirement benefits	13	(7)	(9)	(8)	(9)	(8)
Deferred tax liabilities	16	<u>—</u>	<u>—</u>	<u>(8)</u>	<u>(3)</u>	<u>(8)</u>
<b>Net assets</b>		<u>707</u>	<u>2,496</u>	<u>1,103</u>	<u>1,420</u>	<u>1,660</u>
Perivallontiki AE (intracompany balance)		569	1,598	(27)	358	213
Segment earnings (retained)		<u>138</u>	<u>898</u>	<u>1,130</u>	<u>1,062</u>	<u>1,447</u>
<b>Segment capital balances</b>	14	<u>707</u>	<u>2,496</u>	<u>1,103</u>	<u>1,420</u>	<u>1,660</u>
Segment earnings, at the beginning of the year/period		—	138	898	898	1,130
Segment earnings, after tax, of the year/period		<u>138</u>	<u>760</u>	<u>232</u>	<u>164</u>	<u>317</u>
Segment earnings, at the end of the year/period		<u>138</u>	<u>898</u>	<u>1,130</u>	<u>1,062</u>	<u>1,447</u>

## Part V — Financial Information

### Pro-forma cash flow statements

	31 December 2003 (12 months) €000	31 December 2004 (12 months) €000	31 December 2005 (12 months) €000	30 June 2005 (6 months) €000	30 June 2006 (6 months) €000
<b>Cash flows related to operating activities</b>					
Profit before taxes	221	1,180	351	246	450
Adjustments in respect of non-cash transactions:					
Depreciation of fixed assets	7	84	132	66	67
Employee retirement benefits	2	2	3	1	—
Other adjustments	—	(2)	(27)	—	—
	230	1,264	459	313	517
Decrease (increase) of receivables	(596)	(1,691)	1,646	1,464	(530)
Increase (decrease) of payables	10	632	(317)	(408)	(89)
Payment of taxes (by Perivallontiki AE)	(88)	(415)	(107)	(78)	(134)
Net operating cash inflows (outflows)	(444)	(210)	1,681	1,291	(236)
<b>Cash flows related to investing activities</b>					
Acquisition of tangible fixed assets	(125)	(819)	(217)	(52)	(5)
Proceeds of disposal of tangible fixed assets	—	—	162	—	—
Net investment cash outflows	(125)	(819)	(55)	(52)	(5)
<b>Cash flows related to financing activities</b>					
Perivallontiki AE (intracompany) balances	569	1,029	(1,626)	(1,239)	241
Net financing cash inflows (outflows)	569	1,029	(1,626)	(1,239)	241
Net increase (decrease) in cash balances (note 9)	—	—	—	—	—

## Part V — Financial Information

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### Notes to the financial information

#### 1 Basis of presentation of the pro-forma financial information

*Perivallontiki AE* (the “Company”) is an anonymos eteria (corporation) registered in Greece. The full, formal name of the Company is “*Anonymi Viotechniki — Emporiki — Techniki — Erevnitiki — Eteria Kataskevis Ochimaton — Systimaton Diachirissis Aporrimation, Meletes Perivallontos ke Technikon Ergon*”. The Company was established in 1994, as an extension of a pre-existing limited partnership. The registered office of the Company is located at 19 Ayiou Ioannou Street, Aegeo, GR-251 00, Greece. *Perivallontiki AE* is primarily engaged in the assembly of waste collection vehicles and in providing waste management services.

Many of the contracts for the provision of waste management services, entered into by *Perivallontiki AE* in the past, had been entered into under the umbrella of “joint ventures” with third parties, resulting in the assumption of a joint and several responsibility for “good performance” by all the members of the joint venture. However, in practice, the work undertaken under these contracts was, invariably, allocated (sub-contracted) to the individual entities participating in these “joint ventures” and the allocated element of the work was accounted for — both in terms of revenues and costs — as if it were work that had been undertaken directly by *Perivallontiki AE*. As at 31 December 2005 and 30 June 2006, the only “active” contract that had been entered into under such arrangements was that of the Municipality of Rethymno (Crete).

Most of the service contracts entered into in the past entailed the sub-contracting of the services to independent third parties. In the course of 2005, the modus operandi of the *Waste Management Segment* of *Perivallontiki AE* changed, resulting in a substantial part of the work being directly undertaken by the Segment itself, through the employment of its own resources.

As part of a proposed corporate restructuring plan, the waste management activity currently carried out by *Perivallontiki AE* will be spun-off into *Perivallontiki Environmental Services AE (ex-Hellinika Plastika AE)*, an otherwise effectively dormant Greek entity, and a binding agreement will be entered into between *Helesi Plc*, a recently formed Cyprus entity intended to serve as the ultimate holding company of the *Helesi Group*, and *Perivallontiki AE* (which, since 26 July 2006, is the sole shareholder of *Perivallontiki Environmental Services AE (ex-Hellinika Plastika AE)*), stipulating the sale and transfer of all the issued and outstanding shares of *Perivallontiki Environmental Services AE (ex-Hellinika Plastika AE)* to *Helesi Plc*, for an aggregate consideration of €3.5 million. At the conclusion of this transaction, *Perivallontiki Environmental Services AE (ex-Hellinika Plastika AE)* will become a wholly-owned subsidiary of the *Helesi Group*, which will thus commence providing waste management services, the activities of *Perivallontiki AE* being confined to the production of waste disposal trucks, the provision of waste management services (outside Greece and the Balkans) and, through *Perivallontiki Trans Ltd* (a wholly-owned subsidiary), of transportation services in Europe.

Beyond the principal activities of *Perivallontiki AE*, referred to above, the Company maintains a waste disposal vehicle servicing facility in Athens for the provision of after-sales services to the customers of *Perivallontiki AE* but it is also involved in the production of certain types of waste disposal containers, in cooperation with *Helesi AE*. The latter activity is also intended to be transferred to the *Helesi Group*. *Perivallontiki AE* is also involved in projects entailing the provision of waste management services outside Greece and the Balkans. These secondary activities have been deemed to be unrelated to the *Waste Management Segment* of *Perivallontiki AE* and have been excluded from these pro-forma financial statements.

These pro-forma financial statements of the *Waste Management Segment* of *Perivallontiki AE* seek to give a view of the results of operations, the cash flows and the financial position of this segment of *Perivallontiki AE*, as if it were a separate and distinct economic unit of business activity. It follows that they should not be viewed as financial statements that reflect the results of operations, the cash flows and the financial position of an independent legal entity.

The pro-forma financial statements of the *Waste Management Segment* of *Perivallontiki AE* are based on the financial information that has been recorded in and has been extracted from the accounting records of *Perivallontiki AE* and they reflect the revenues and costs as well as the assets and the liabilities that are directly associated with this activity. Inevitably, certain overhead expenses that relate to *Perivallontiki AE*, as a whole, have been quantified through an allocation process, on the basis of

## Part V — Financial Information

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management assessments and estimates. No attempt has been made to allocate to the *Waste Management Segment* any part of the financing costs generated by *Perivallontiki AE* nor has management sought to establish and report the costs that would have been generated, had the *Waste Management Segment* operated as an independent economic and legal entity.

In 2004, *Perivallontiki AE* was extensively involved in the provision of waste management services to the organisation responsible for the Athens Olympic Games. This activity accounts for a substantial part of the revenues and costs generated and reported in that year, which, by their very nature, were of a non-recurring nature.

With respect to the assets and the liabilities that were deemed to be associated with the *Waste Management Segment* of *Perivallontiki AE*, these are confined to those assets and liabilities that are directly related to this activity and are those that are intended to be transferred, as part of the “spinning-off” process, to the *Helesi Group*, via *Perivallontiki Environmental Services AE (ex-Hellinika Plastika AE)*, to the exclusion of all the other assets and the liabilities that are not intended to be transferred, even though they may have been utilised by the *Waste Management Segment* of *Perivallontiki AE* in the course of its business.

This pro-forma financial information has been compiled on the basis of the *International Financial Reporting Standards* that have been adopted by the European Union. The financial information has been compiled on the basis of historical cost and are stated in € thousand.

This pro-forma financial information has been approved for publication by the Boards of *Helesi Plc* and *Perivallontiki AE*, at their joint meeting on 17 November 2006.

### 2 Accounting policies

#### **Fixed assets**

Fixed assets primarily comprise waste disposal vehicles and related auxiliary equipment and are reported in the pro-forma financial statements at acquisition cost, after deduction of (a) accumulated depreciation and (b) any permanent impairment.

Depreciation is computed and charged to operations on the basis of the straight-line method, over the estimated useful life of these assets, which is set at 4-8 years.

#### **Trade and other receivables**

Receivables are reported net of the amounts that are deemed to be doubtful of collection.

#### **Cash and cash equivalents**

For the purposes of these pro-forma financial statements, the *Waste Management Segment* of *Perivallontiki AE* has been deemed as allotting all the cash surpluses generated by its operating and investing activities to and as deriving all the cash needed to finance its operating and investing activities from *Perivallontiki AE*, the company it forms a component part of. As a consequence, the *Waste Management Segment* of *Perivallontiki AE* reports no cash or cash equivalent balances.

#### **Transactions in foreign currencies**

The transactions that are denominated in foreign currencies are recorded in €, the functional currency of *Perivallontiki AE*, on the basis of the exchange rates ruling on the date of the transaction. On the balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are re-stated in the reporting currency on the basis of the exchange rates ruling on this date. The gains and losses arising on restatement are taken to operations.

#### **Employee retirement benefits**

The obligations of *Perivallontiki AE* towards its employees, who are directly involved in the provision of waste management services, for the payment of certain benefits at the stage of retirement that are dependent on the length of service, are quantified and reported by reference to the accrued, as at the date of the balance sheet, benefit that is anticipated to be paid to each employee in the future, discounted to its present value, having regard to the anticipated time of payment. The discount rate used is equal to the yield, as at the balance sheet date, of Greek Government bonds.

## Part V — Financial Information

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### Provisions

Provisions have been set up in those cases where the *Waste Management Segment* of *Perivallontiki AE* has a legal or constructive obligation that is directly attributable to this activity, in relation to a past event, and it is deemed likely that the settlement of the obligation will absorb resources embodying economic benefits.

### Financial instruments

The basic financial instruments used by the *Waste Management Segment* of *Perivallontiki AE* are short-term receivables and payables. Given the short-term nature of these instruments, management believes that their fair value is essentially identical to the value at which they are reported in the accounting records of the Company. The *Waste Management Segment* of *Perivallontiki AE* does not use any financial derivatives.

### Revenues

#### *Rendering of services*

As at the date of the approval of these pro-forma financial statements the *Waste Management Segment* of *Perivallontiki AE* had active contracts for the provision of waste management services to six municipalities in Greece. The revenue derived from the provision of these services is recognised (reported in the statements of earnings) as the services are rendered. Revenue is not recognised, if there is substantial uncertainty as to the likelihood of collecting the consideration agreed upon.

### Expenses

#### *Operating leases*

The payments effected under operating leases have been charged to operations in line with the usage of the leased asset.

#### *Finance leases*

The *Waste Management Segment* of *Perivallontiki AE* does not have any finance leases.

### Income taxes

The *Waste Management Segment* of *Perivallontiki AE* does not constitute an independent taxable entity and its profits are subjected to income tax, on a unified basis, along with the results of the other activities undertaken by the Company.

In compiling these pro-forma financial statements, an attempt was made to quantify the taxable profits of the *Waste Management Segment* of *Perivallontiki AE* and, by extension, the tax liabilities associated with the segment. These tax obligations have been taken into consideration in quantifying the reported *Perivallontiki AE* intracompany balance, at each balance sheet date.

The income tax charge in the period comprises the current tax charge and the deferred tax element, that is the tax (or the tax relief), which is associated with revenues (or costs) that are reported, for accounting purposes, in the current period but will generate a tax burden or relief in future accounting periods.

The current tax charge is quantified by reference to the taxable income of the period, on the basis of the nominal rates of tax applicable, as at the balance sheet date.

The deferred tax charge is quantified by the application of the relevant tax rates on the differences between the accounting and tax base of assets and liabilities, to the extent that such differences comprise timing differences that are anticipated to reverse in the future.

A deferred tax asset is recognised, only to the extent that is likely that taxable profits will be generated in the future, sufficient to absorb the tax relief obtained through the recognition of the deferred tax asset. A deferred tax asset is appropriately reduced to the extent that it becomes uncertain whether the anticipated future tax relief will, in fact, be secured.

### 3 Revenue

The revenue reported by the *Waste Management Segment* of *Perivallontiki AE*, in the years of 2003, 2004 and 2005 and in the six months to 30 June 2005 and 2006, has been entirely derived from the provision of waste management services to Greek municipal authorities. Exceptionally, a substantial part of the

## Part V — Financial Information

revenue reported in 2004 has been derived from the provision of waste management services to the *Athens Olympics Organising Committee*. These services were provided jointly by *Perivallontiki AE* and three independent third-party entities.

### 4 *Persons employed by the Waste Management Segment and related costs*

The number of the employees of the *Waste Management Segment* of *Perivallontiki AE*, as at 31 December 2003, 2004 and 2005, and as at 30 June 2005 and 2006, and the aggregate cost of their employment in the years 2003, 2004 and 2005, and in the six months to 30 June 2005 and 2006, were as follows:

	31 December 2003 Number	31 December 2004 Number	31 December 2005 Number	30 June 2005 Number	30 June 2006 Number
Number of persons employed (at year or period end)	<u>7</u>	<u>29</u>	<u>55</u>	<u>62</u>	<u>84</u>
	31 December 2003 €000	31 December 2004 €000	31 December 2005 €000	30 June 2005 €000	30 June 2006 €000
<b>Cost</b>					
Salaries and wages	(84)	(373)	(745)	(325)	(451)
Social insurance costs	(25)	(109)	(228)	(95)	(139)
Other personnel costs	(1)	(9)	(6)	(3)	(3)
Employment termination benefits	<u>(2)</u>	<u>(2)</u>	<u>(3)</u>	<u>(2)</u>	<u>(2)</u>
	<u>(112)</u>	<u>(493)</u>	<u>(982)</u>	<u>(425)</u>	<u>(595)</u>
Average cost per employee, in the year or the period (in Euro)	<u>16,000</u>	<u>17,000</u>	<u>17,855</u>	<u>6,863</u>	<u>7,086</u>

The increase in the number of persons employed (as at 30 June compared to 31 December) is the result of the seasonal nature of the activities of the *Waste Management Segment* of *Perivallontiki AE*. The recruitment of low-cost seasonal staff also impacts the (average) cost per employee.

### 5 *Cost of financing*

The financing facilities that have effectively been placed at the disposal of the *Waste Management Segment* by the Company, which the segment forms an integral part of, have been deemed to be interest-free.

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### 6 Income taxes

The tax charge for the period has been quantified as follows:

	31 December 2003 €000	31 December 2004 €000	31 December 2005 €000	30 June 2005 €000	30 June 2006 €000
Profit, before taxes, per the statement of earnings	<u>221</u>	<u>1,180</u>	<u>351</u>	<u>246</u>	<u>450</u>
Tax rate	35%	35%	32%	32%	29%
Income taxes, at the nominal tax rate	(78)	(413)	(113)	(79)	(130)
Tax effect of directors' emoluments being treated as an allocation of after-tax profits	<u>(5)</u>	<u>(7)</u>	<u>(6)</u>	<u>(3)</u>	<u>(3)</u>
Total tax charge	<u>(83)</u>	<u>(420)</u>	<u>(119)</u>	<u>(82)</u>	<u>(133)</u>
Current tax charge	(87)	(417)	(109)	(77)	(133)
Deferred tax charge (relief)	<u>4</u>	<u>(3)</u>	<u>(10)</u>	<u>(5)</u>	<u>—</u>
Total tax charge	<u>(83)</u>	<u>(420)</u>	<u>(119)</u>	<u>(82)</u>	<u>(133)</u>

The fact that, in certain cases, revenues and expenses are recognised for accounting purposes in a different period than the period in which these income items are taxed or expense items provide tax relief, requires the recognition of deferred tax assets and liabilities.

The nominal tax rate applicable to the *Waste Management Segment of Perivallontiki AE* varies, reflecting changes, over time, in the nominal tax rate in-force.

The tax return of *Perivallontiki AE*, for the year 2005 has not been examined by the tax authorities as yet. As a consequence, it is possible that additional taxes may be assessed at the time of such an examination. At this stage, it is practically unfeasible to predict the outcome of such an examination and, therefore, it was unfeasible to make any provision in these financial statements in respect of this matter; however, such additional taxes are not expected to be material.

### 7 Segmental analysis

The revenues derived by the *Waste Management Segment of Perivallontiki AE* have been exclusively generated in Greece and they relate to one activity.

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### 8 *Tangible fixed assets*

The tangible fixed assets of the *Waste Management Segment of Perivallontiki AE*, comprising waste collection vehicles and related equipment, are analysed as follows:

	<b>€000</b>
<b>At cost of valuation</b>	
As at 31 December 2002	7
Additions 2003	<u>125</u>
As at 31 December 2003	132
Additions 2004	<u>819</u>
As at 31 December 2004	951
Additions in first half of 2005	<u>52</u>
As at 30 June 2005	1,003
Additions in second half of 2005	165
Disposals in second half of 2005	<u>(163)</u>
As at 31 December 2005	1,005
Additions in first half of 2006	<u>5</u>
As at 30 June 2006	<u>1,010</u>
<b>Accumulated depreciation</b>	
As at 31 December 2002	(2)
Depreciation charges 2003	<u>(7)</u>
As at 31 December 2003	(9)
Depreciation charges 2004	<u>(84)</u>
As at 31 December 2004	(93)
Depreciation charges in first half of 2005	<u>(66)</u>
As at 30 June 2005	(159)
Depreciation charges in second half of 2005	(66)
Disposals in second half of 2005	<u>26</u>
As at 31 December 2005	(199)
Depreciation charges in first half of 2006	<u>(67)</u>
As at 30 June 2006	<u>(266)</u>
<b>Net book value</b>	
As at 30 June 2006	<u>744</u>
As at 31 December 2005	<u>806</u>
As at 30 June 2005	<u>844</u>
As at 31 December 2004	<u>858</u>
As at 31 December 2003	<u>123</u>

As at 31 December 2003, 2004 and 2005 and 30 June 2005 and 2006, there were no charges on the fixed assets of the *Waste Management Segment of Perivallontiki AE*, as a form of security for the financing facilities placed at the disposal of the Company.

### 9 *Cash and cash equivalents*

For the purposes of this pro-forma financial information, the *Waste Management Segment of Perivallontiki AE* has been deemed as allotting all the cash surpluses generated by its operating and investing activities to and as deriving all the cash needed to finance its operating and investing activities from *Perivallontiki AE*, the company it forms a component part of. As a consequence, no cash and cash equivalents are reported in these pro-forma financial statements.

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### 10 Loans

It is noted that *Perivallontiki AE* has entered into certain financing arrangements, which, although not directly related to the *Waste Management Segment* and, as a consequence, not reflected in these pro-forma financial statements, contain terms and conditions that require the Company to seek the agreement of the lenders, prior to entering into arrangements such as those anticipated in relation to the *Waste Management Segment* (referred to in the “Basis of Presentation” section of these notes).

### 11 Financial instruments

#### Exchange risks

The *Waste Management Segment* of *Perivallontiki AE* does not enter into transactions that are denominated in currencies other than the € and, therefore, is not exposed to any exchange risks.

#### Credit risks

The *Waste Management Segment* of *Perivallontiki AE* has a clearly defined policy, which is followed consistently. The exposure to credit risks is monitored and assessed on a regular basis, thus ensuring that the credit given does not exceed the authorised credit limits of each customer. Most of the customers of the *Waste Management Segment* are municipal authorities and, barring the possibility of disputes arising, the risk of non-payment as a result of inability of the customer to pay is deemed to be fairly low.

The maximum exposure of the *Waste Management Segment* of *Perivallontiki AE* to credit risk, assuming that all customers will fail to honour their obligations, is the amount reported, as at 30 June 2006, under receivables.

#### Interest rate risks

The *Waste Management Segment* of *Perivallontiki AE* does not report any interest-bearing receivables or payables and, therefore, is not exposed to any interest rate risks. The *Waste Management Segment* of *Perivallontiki AE* does not use financial derivatives.

### 12 Trade payables

The amounts reported under payables, as at 31 December 2003, 2004 and 2005 and 30 June 2005 and 2006, relate to liabilities generated by the *Waste Management Segment* of *Perivallontiki AE* in the ordinary course of business. Certain liabilities associated with social insurance contributions and payroll taxes are reflected in these pro-forma financial statements as forming part of the reported intracompany balances. The amounts involved are not material, given that they are accounted for on a monthly or a bi-monthly basis.

### 13 Employee retirement benefits

The obligation of the *Waste Management Segment* of *Perivallontiki AE* towards its employees to provide them with certain future benefits depending on their length of service is quantified and reported on the basis of the accrued entitlement, as at the date of the balance sheet, that is anticipated to be paid, discounted to its present value by reference to the anticipated time of payment. The discount rate used is 3.7 per cent. per annum, which is broadly equal to the yield of Greek Government bonds.

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The movement of the account of employee retirement benefits, in the years 2003, 2004, and 2005 and the six months to 30 June 2006, was as follows:

	<b>€000</b>
Provision as at 31 December 2002	(5)
Charge in the year 2003	<u>(2)</u>
Provisions as at 31 December 2003	(7)
Charge in the year 2004	<u>(2)</u>
Provisions as at 31 December 2004	(9)
Charge in the first half of 2005	(1)
Amounts actually disbursed	<u>1</u>
Provisions as at 30 June 2005	(9)
Charge in the second half of 2005	(1)
Amounts actually disbursed	<u>2</u>
Provision as at 31 December 2005	(8)
Charge in the first half of 2006	(2)
Amounts actually disbursed	<u>2</u>
Provision as at 30 June 2006	<u>(8)</u>

### 14 *Share capital and share premium*

As at 31 December 2003, 2004 and 2005 and as at 30 June 2005 and 2006, the share capital of *Perivallontiki AE*, the Company of which the *Waste Management Segment* forms a component part, amounted to €3,999,264 and was divided into 6,665,440 fully paid, common registered shares of a nominal value of €0.60 each.

According to the Register of shareholders of the Company, as at 5 September 2006, the shareholders holding shares, which, in aggregate, exceed 1 per cent. of the total number of issued and outstanding shares, and the shareholders who serve the Company as members of its management were the following:

Athanasios Andrianopoulos	33.0%
Christina Thanasoulia, wife of A. Andrianopoulos	32.2%
Demetrios Karaiskos	4.1%
Emmanouel Anifantakis	3.5%
Fevronia Patrianakou, wife of D. Karaiskos	3.4%
Ioannis Riskakis	1.6%
Antonis Karayiannis	1.2%
George Platskos	1.1%
Angeliki Anthi	1.0%

Certain other members of Company management hold shares in *Perivallontiki AE* but in no case do such holdings exceed 1 per cent.

### 15 *Application of the International Financial Reporting Standards*

*Perivallontiki AE* complies and publishes its statutory financial statements in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union.

These pro-forma financial statements of the *Waste Management Segment* of *Perivallontiki AE* have been compiled, on a voluntary basis, in accordance with the aforementioned standards, for the purposes of their inclusion in the Admission Document of *Helesi Plc*, in the context of the anticipated listing of the shares of the latter entity on AIM.

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### 16 *Deferred tax assets and liabilities*

The reported deferred tax assets and liabilities of the *Waste Management Segment* of *Perivallontiki AE*, which have been offset against each other, emanate from the following causes:

	31 December 2003 €000	31 December 2004 €000	31 December 2005 €000	30 June 2005 €000	30 June 2006 €000
Tax relief claimed in relation to fixed assets, prior to charging the related depreciation to operations	1	(7)	(22)	(15)	(27)
Providing for doubtful receivables, while tax relief entails a write-off	3	7	12	10	17
Deferred tax relief associated with employee retirement benefits	1	2	2	2	2
Income taxes, which will burden (provide relief in) future accounting periods	5	2	(8)	(3)	(8)

### 17 *Related party transactions and balances*

The transactions of the *Waste Management Segment* of *Perivallontiki AE*, in the period from 1 January 2005 to 30 June 2006 and the receivables from and payables to parties that are related to *Perivallontiki AE*, as at 31 December 2004 and 2005 and as at 30 June 2005 and 2006, are analysed as follows (in 2003 there were none):

	Sales to €000	Purchases from €000	Receivable from €000	Payable to €000
<b>31 December 2004 – twelve months</b>				
Helesi AE	—	600	—	—
Athens Olympic Games Joint Venture	12,047	—	566	—
Rethymno Joint Venture	196	—	149	—
Glyfada Joint Venture	17	—	20	—
<b>30 June 2005 – six months</b>				
Athens Olympic Games Joint Venture	—	—	7	—
Rethymno Joint Venture	330	—	327	—
Glyfada Joint Venture	—	—	20	—
<b>31 December 2005 – six months</b>				
Rethymno Joint Venture	315	—	173	—
Glyfada Joint Venture	15	—	45	50
Chersonissos Joint Venture	48	600	—	32
<b>30 June 2006 – six months</b>				
Rethymno Joint Venture	315	—	285	—

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*Perivallontiki AE* is the parent company of *Helesi AE*, holding 59.32 per cent. of its share capital. As already explained in the “Basis of Presentation” section of these notes, many of the contracts for the provision of waste management services, entered into by *Perivallontiki AE* in the past, had been entered into under the umbrella of “joint ventures” with third parties, resulting in the assumption of a joint and several responsibility for “good performance” by all the members of the joint venture. However, in practice, the work undertaken under these contracts was, invariably, allocated (sub-contracted) to the individual entities participating in these “joint ventures” and the allocated element of the work was accounted for — both in terms of revenues and costs — as if it were work that had been undertaken directly by *Perivallontiki AE*. As at 30 June 2006, the only “active” contract that had been entered into under such arrangements was that of the Municipality of Rethymno (Crete).

Beyond the transactions referred to above, in 2005, *Perivallontiki AE* repurchased, at €95,000, a waste disposal vehicle, previously sold to *Helesi AE*.

The compensation of the members of the Board of Directors of *Perivallontiki AE*, in the years 2003, 2004 and 2005, paid and the compensation anticipated to be paid in 2006 to the directors, in the form of a participation in the after-tax profits of the Company, and the portion deemed by management to relate to the *Waste Management Segment* of the Company, amounted to:

	2003 €000	2004 €000	2005 €000	2006 €000
Athanasios Andrianopoulos	27	35	38	38
Demetrios Karaiskos	21	28	33	33
Christina Thanasoulia (wife of A. Andrianopoulos)	14	20	20	20
Folios Theodorakopoulos	14	20	20	20
Ioannis Riskakis	14	19	19	19
Maria Tsiragaki	9	10	10	10
Stavros Zouglas	—	5	10	10
Fevronia Patrianakou (wife of D. Karaiskos)	14	13	—	—
	<u>113</u>	<u>150</u>	<u>150</u>	<u>150</u>
Amount deemed to relate to the <i>Waste Management Segment</i>	<u>15</u>	<u>20</u>	<u>20</u>	<u>20</u>

### 18 Commitments and contingent liabilities

As of 30 June 2006, the *Waste Management Segment* of *Perivallontiki AE* had no commitments to purchase fixed assets.

As already stated, on 26 July 2006, *Perivallontiki AE* acquired all the shares (beyond those already held) of *Perivallontiki Environmental Services AE (ex-Hellinika Plastika AE)*, and is in the process of spinning-off the *Waste Management Segment* of its activities to *Perivallontiki Environmental Services AE (ex-Hellinika Plastika AE)* and of disposing the segment, through the sale of the shares of *Perivallontiki Environmental Services AE (ex-Hellinika Plastika AE)* to the *Helesi Group*, for a total consideration of €3.5 million.

### 19 Post balance sheet events

According to a restructuring plan that was in the process of being finalised at the stage of the approval of these pro-forma financial statements, the shareholders of *Perivallontiki AE* will be called upon to agree to the transfer of the waste management activity currently carried out by *Perivallontiki AE* to *Perivallontiki Environmental Services AE (ex-Hellinika Plastika AE)*, an otherwise effectively dormant Greek subsidiary entity of *Perivallontiki AE*, and a binding agreement will be entered into between *Helesi Plc* and *Perivallontiki AE* (which, since 26 July 2006, is the sole shareholder of *Perivallontiki Environmental Services AE*), stipulating the sale and transfer of all the issued and outstanding shares of *Perivallontiki Environmental Services AE (ex-Hellinika Plastika AE)* to *Helesi Plc*, for an aggregate consideration of €3.5 million. At the conclusion of this transaction, *Perivallontiki Environmental Services AE (ex-Hellinika Plastika AE)* will become a wholly-owned subsidiary of the *Helesi Group*, which will thus commence providing waste management services, the activities of *Perivallontiki AE*

## Part V — Financial Information

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being confined to the production of waste disposal trucks, the provision of certain vehicle maintenance services and the provision of waste management services, outside Greece and the Balkans. This transaction requires the approval of the Greek supervisory authorities.

Once implemented, the above described capital restructuring scheme will result in the waste management activities of *Perivallontiki AE*, in Greece and the Balkans, and in the assets and the liabilities directly associated with this activity being assumed by the *Helesi Group*.

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### **iv: Pro forma combined financial information on the Helesi AE Group and the Waste Management Segment of Perivallontiki AE**

For the convenience of the reader, the following pro forma statements have been compiled and are presented in this Admission Document, reflecting the combined consolidated results of operations and the combined consolidated financial position of *Helesi Plc* and of the *Waste Management Segment* of *Perivallontiki AE*, which would have been reported, had the anticipated future structure of the Group been implemented throughout the period covered by these statements and, in particular, had the anticipated future acquisition of the *Waste Management Segment* of *Perivallontiki AE* been effected at or prior to the commencement of the period covered by these statements. In compiling these combined pro forma statements, the transactions and balances between the *Helesi Plc Group* and the *Waste Management Segment* of *Perivallontiki AE* have been eliminated.

The reader is referred to the financial information and the accountants' audit or review reports thereon, presented separately in Section i-B of Part V, Section ii-B of Part V and Section iii-B of Part V of this Admission Document on (a) *Helesi AE* and its subsidiary *Helesi UK Ltd* (together the *Helesi AE Group*), as of and for the years ended 31 December 2003, 2004 and 2005, (b) *Helesi AE* and its subsidiaries *Helesi UK Ltd* and *Helesi Italia Srl* (together the *Helesi AE Group*), as of and for the six months ended 30 June 2005 and 2006, and (c) the *Waste Management Segment* of *Perivallontiki AE*, as of and for the years ended 31 December 2003, 2004 and 2005 and as of and for the six months ended 30 June 2005 and 2006, respectively. The information contained in these documents is essential for a proper understanding of the combined pro forma financial information presented below.

The Directors of the Company are responsible for the financial information hereby presented.

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### Pro forma combined statements of earnings of the *Helesi AE Group* and the *Waste Management Segment of Perivallontiki AE*

	31 December 2003 (12 months) €000,000	31 December 2004 (12 months) €000,000	31 December 2005 (12 months) €000,000	30 June 2005 (6 months) €000,000	30 June 2006 (6 months) €000,000
Revenue of Helesi AE Group	13.1	20.5	26.2	11.7	13.9
Revenue of the Waste Management Segment of Perivallontiki AE	0.7	16.4	2.6	1.0	1.4
	13.8	36.9	28.8	12.7	15.3
Changes in inventories of finished goods	(0.1)	0.8	(0.5)	(0.7)	0.2
Cost of materials used	(6.7)	(12.8)	(14.7)	(6.4)	(8.2)
Cost of subcontracted services	(0.2)	(13.1)	(0.8)	(0.1)	(0.1)
Personnel-related costs	(1.0)	(2.0)	(2.9)	(1.4)	(1.7)
Directors' emoluments	—	(0.1)	(0.1)	—	—
Depreciation charges	(0.5)	(0.8)	(1.0)	(0.5)	(0.6)
Other operating expenses	(2.7)	(4.3)	(4.4)	(1.9)	(2.4)
Profit, before finance charges	2.6	4.6	4.4	1.7	2.5
Cost of financing	(0.5)	(0.7)	(0.8)	(0.4)	(0.5)
Profit from ordinary activities	2.1	3.9	3.6	1.3	2.0
Income taxes	(0.4)	(0.8)	(0.7)	(0.4)	(0.4)
Net profit (after taxes)	1.7	3.1	2.9	0.9	1.6
Earnings per share (in Euro)*	11.44	19.57	18.20	5.65	8.37

\* For the purposes of computing **earnings per share**, the combined earnings of the *Helesi AE Group* and the *Waste Management Segment of Perivallontiki AE* have been divided by the weighted average number of the shares of *Helesi AE* that had been issued and were outstanding in the relevant accounting period.

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### Pro forma combined balance sheets of the *Helesi AE Group* and the *Waste Management Segment of Perivallontiki AE*

	31 December 2003 €000,000	31 December 2004 €000,000	31 December 2005 €000,000	30 June 2005 €000,000	30 June 2006 €000,000
Tangible fixed assets	15.5	19.6	23.4	20.6	26.6
Intangible fixed assets	—	0.1	0.1	0.1	0.1
Long-term assets	<u>15.5</u>	<u>19.7</u>	<u>23.5</u>	<u>20.7</u>	<u>26.7</u>
Inventories	3.3	4.1	3.7	3.7	4.0
Receivables	8.8	11.6	10.0	12.1	15.8
Deferred initial public offering cost	—	—	—	—	0.1
Cash and cash equivalents	<u>0.3</u>	<u>0.2</u>	<u>5.9</u>	<u>0.3</u>	<u>3.6</u>
Current assets	<u>12.4</u>	<u>15.9</u>	<u>19.6</u>	<u>16.1</u>	<u>23.5</u>
<b>Total assets</b>	<u>27.9</u>	<u>35.6</u>	<u>43.1</u>	<u>36.8</u>	<u>50.2</u>
Payables	(4.7)	(8.3)	(11.8)	(8.4)	(10.2)
Perivallontiki AE (intercompany balance)	(0.6)	(1.6)	—	(0.4)	(0.2)
Income taxes payable	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Short-term interest bearing borrowings	<u>(7.8)</u>	<u>(9.3)</u>	<u>(8.2)</u>	<u>(11.2)</u>	<u>(12.3)</u>
Current liabilities	<u>(13.3)</u>	<u>(19.4)</u>	<u>(20.2)</u>	<u>(20.2)</u>	<u>(22.9)</u>
Long-term interest bearing loans	(4.5)	(3.0)	(6.8)	(2.4)	(7.2)
Deferred tax liabilities	<u>(0.1)</u>	<u>(0.2)</u>	<u>(0.4)</u>	<u>(0.4)</u>	<u>(0.6)</u>
Long-term liabilities	<u>(4.6)</u>	<u>(3.2)</u>	<u>(7.2)</u>	<u>(2.8)</u>	<u>(7.8)</u>
<b>Net assets</b>	<u>10.0</u>	<u>13.0</u>	<u>15.7</u>	<u>13.8</u>	<u>19.5</u>
Share capital	4.7	4.7	4.7	4.7	5.5
Share premium	2.5	2.5	2.5	2.5	4.1
Statutory reserve	0.1	0.2	0.2	0.2	0.3
Other capital reserves	0.1	0.1	0.1	0.1	0.1
Revaluation gain reserve	0.3	0.3	0.3	0.3	0.3
Untaxed reserves	1.9	3.2	4.6	3.9	5.3
Currency translation adjustments	—	—	0.1	0.1	—
Retained earnings	<u>0.4</u>	<u>2.0</u>	<u>3.2</u>	<u>2.0</u>	<u>3.9</u>
<b>Shareholders' equity</b>	<u>10.0</u>	<u>13.0</u>	<u>15.7</u>	<u>13.8</u>	<u>19.5</u>

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### Pro forma combined statements of cash flow of the *Helesi AE Group* and the *Waste Management Segment of Perivallontiki AE*

	31 December 2003 (12 months) €000,000	31 December 2004 (12 months) €000,000	31 December 2005 (12 months) €000,000	30 June 2005 (6 months) €000,000	30 June 2006 (6 months) €000,000
<b>Cash flows related to operating activities</b>					
Profit, before taxes	2.1	3.9	3.6	1.3	2.0
Adjustments in respect of non-cash transactions:					
Depreciation of fixed assets	0.5	0.8	1.0	0.5	0.6
Interest expense	0.5	0.7	0.8	0.4	0.5
Other adjustments	0.1	0.1	—	0.1	0.1
	3.2	5.5	5.4	2.3	3.2
Decrease (increase) in inventories	(0.8)	(0.9)	0.5	0.4	(0.3)
Decrease (increase) in receivables	(4.0)	(2.4)	(1.0)	(0.5)	(4.7)
Increase (decrease) in payables	1.0	3.2	0.7	0.4	0.6
	(0.6)	5.4	5.6	2.6	(1.2)
Interest paid	(0.5)	(0.7)	(0.8)	(0.3)	(0.5)
Income taxes paid	(0.3)	(0.7)	(0.5)	(0.1)	(0.3)
Net operating cash inflows (outflows)	(1.4)	4.0	4.3	2.2	(2.0)
<b>Cash flows related to investing activities</b>					
Acquisition of tangible fixed assets	(7.3)	(4.9)	(5.2)	(1.8)	(7.7)
Investment grants received	0.7	—	5.7	—	0.1
Acquisition of intangible fixed assets	—	(0.1)	—	—	—
Proceeds from disposal of tangible fixed assets	—	—	0.2	—	—
Net investment cash inflows (outflows)	(6.6)	(5.0)	0.7	(1.8)	(7.6)
<b>Cash flows related to financing activities</b>					
Issuance of new shares	2.6	—	—	—	2.5
Dividends paid	(0.2)	(0.2)	(0.2)	(0.1)	—
Loans contracted	5.1	0.2	2.6	1.1	4.6
Finance lease payments	—	(0.1)	(0.1)	(0.1)	(0.1)
Perivallontiki AE (intercompany balances)	0.6	1.0	(1.6)	(1.2)	0.3
Net financing cash inflows (outflows)	8.1	0.9	0.7	(0.3)	7.3
Increase (decrease) of cash balances	0.1	(0.1)	5.7	0.1	(2.3)
Cash balances, at the beginning of the period	0.2	0.3	0.2	0.2	5.9
<b>Cash balances, at the end of the period</b>	<b>0.3</b>	<b>0.2</b>	<b>5.9</b>	<b>0.3</b>	<b>3.6</b>

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## Part VI — Additional Information

### 1 The Company

- 1.1 The Company is incorporated under the name Helesi Plc.
- 1.2 The Company is domiciled in Cyprus and was incorporated and registered in Cyprus on 31 May 2006 as a public limited company with the name Helesi Public Co Limited and registered number 177536. On 15 September 2006, the Company's name was changed to Helesi Plc. The liability of its members is limited.
- 1.3 The Company is governed by and its securities were created under the Act.
- 1.4 The Company's registered office is located at Viomichaniki Zoni Tseriou, Tseri, P.C. 2480, Nicosia, Cyprus. The telephone number of the Company's registered address is 00 35 722 38 2070.
- 1.5 The Company has no administrative, management and supervisory bodies other than the Board of Directors, the remuneration committee and the audit committee, all of which have no members other than Directors.
- 1.6 The Company was incorporated on 31 May 2006 and, as a consequence, it has not compiled and/or published financial statements as yet. The financial statements of Helesi AE and its subsidiary, Helesi UK for the three year period ended 31 December 2005 have been audited and the corresponding interim financial statements, as of and for the period ended 30 June 2006, as well as the proforma financial statements of the Waste Management Segment of Perivallontiki AE set out in this Admission document, have been reviewed by BDO Hellenic Auditing Company AE.

### 2 Securities being offered/admitted

- 2.1 The Ordinary Shares are ordinary shares with a nominal value of €0.10 each in the capital of the Company and whose ISIN is CY1010102113 and were created under the Act and are or are to be issued in Euros.
- 2.2 The Ordinary Shares may be held in certificated form or under the CREST system, which is a paperless settlement procedure enabling securities to be evidenced and transferred otherwise than by a written instrument in accordance with the Uncertificated Securities Regulations 2001. The Company secretary is responsible for keeping the Company's register of members.
- 2.3 The dividend and voting rights attaching to the Ordinary Shares are set out in paragraph 7 of this Part VI.
- 2.4 The Articles give the Company's shareholders pre-emption rights on any issue of shares by the Company to the extent not disapplied by a special resolution passed pursuant to Section 60(B)(5) of the Act. Pursuant to this provision the Company in general meeting has the power to disapply preemption rights by way of a  $\frac{2}{3}$  majority vote following the recommendation of the Board.
- 2.5 The Ordinary Shares have no right to share in the profits of the Company other than through a dividend, distribution or return of capital, further details of which are set out in paragraph 7 below.
- 2.6 Each Ordinary Share is entitled on a pari passu basis with all other issued Ordinary Shares to share in any surplus on a liquidation of the Company.
- 2.7 The Ordinary Shares have no redemption or conversion provisions.
- 2.8 The Directors are authorised to allot and issue the Placing Shares pursuant to Article 4 of the Company's Articles of Association. On 23 October 2006 the shareholders of the Company signed a waiver of their preemption rights over up to 10,000,000 Ordinary Shares in respect of the Placing. By a board of directors' resolution dated 17 November 2006, the directors resolved to allot the Placing Shares for cash pursuant to their authority under the Articles of Association, having taken into consideration that the existing shareholders had waived their pre-emption rights.
- 2.9 It is anticipated that the Placing Shares will be issued on 23 November 2006, the date of Admission.
- 2.10 The Ordinary Shares are freely transferable provided that such shares are fully paid, the Company has no lien over such shares, and the instrument of transfer is in respect of only one class of shares.
- 2.11 No person has made a public takeover bid for the Company's issued share capital from incorporation to the date of this document.

## Part VI — Additional Information

### 3 Share Capital of the Company

3.1 The authorised and issued share capital of the Company as at date of this document was as follows:

<i>Authorised share capital</i>			<i>Issued and fully paid up share capital</i>	
€	<i>Number</i>		€	<i>Number</i>
4,000,000	40,000,000	Ordinary Shares	2,280,500	22,805,000

3.2 The authorised and issued share capital of the Company following the Placing and Admission will be as follows:

<i>Authorised share capital</i>			<i>Issued and fully paid up share capital</i>	
€	<i>Number</i>		€	<i>Number</i>
4,000,000	40,000,000	Ordinary Shares	3,277,451	32,774,505

3.3 During the period from 31 May 2006 to date, the Company allotted and issued a total of 22,805,000 Ordinary Shares.

3.4 The Placing will result in the allotment and issue of 9,969,505 Ordinary Shares, diluting existing holders of Ordinary Shares by 30 per cent.

3.5 The Company has no shares not representing capital. No Ordinary Shares are held by or on behalf of the Company or by any of its subsidiaries. The Company has made no undertaking to increase its share capital.

3.6 The par value of each Ordinary Share is €0.10.

3.7 The Company has no issued Ordinary Shares that are not fully paid up.

3.8 The Company was incorporated with an authorised share capital of €4,000,000 divided into 40,000,000 Ordinary Shares of €0.10 each of which 300,000 shares were issued to the subscribers to the Memorandum of Association of the Company and were paid in full.

3.9 On 23 October 2006 following a disapplication of preemption rights by the shareholders of the Company on 23 October 2006 the Company issued 22,505,000 Ordinary Shares to the shareholders of Helesi AE pursuant to the share exchange described at paragraph 13.4 of this Part VI.

### 4 Terms of the Share Option Plan

4.1 The Company adopted the Share Option Plan on 26 September 2006 to allow individuals to be granted the right to acquire Ordinary Shares in the Company, the principal terms of which are summarised below. Details of the options (“Plan Options”) granted or to be granted under the Share Option Plan either before or on Admission are set out at the end of this paragraph. It is proposed that the powers of the Board will be operated through and on the recommendation of the Remuneration Committee.

#### 4.2 Eligibility and Grant of Plan Options

The Board may grant the Plan Options to any director or employee of the Group or consultants and contractors providing services to the Group selected by the Board. Plan Options may be granted by the Board at any time when there are no restrictions on dealing in the Ordinary Shares and the Company is not in a close period. The grant of the Plan Options will be conditional upon the option holder agreeing to indemnify the Company for the cost of any tax, duties, social security contributions and national insurance applying in the relevant territory.

#### 4.3 Option Price

The price payable on the exercise of the options granted under the Share Option Plan will be determined by the Board and will not be less than the market value of Ordinary Shares at the date of grant and not less than the nominal value. Options granted on or shortly after Admission will be at the Placing Price.

#### 4.4 Exercise and lapse of Plan Options and Performance Condition

The Board will determine at grant the exercise period or periods of Plan Options and any appropriate performance condition. Performance conditions may, however, be varied or waived by the Board if it

## Part VI — Additional Information

reasonably considers events have affected the viability of the performance conditions. Exercise will not normally be permitted before the third anniversary of grant and is not permitted after the seventh anniversary of grant.

Plan Options may be exercised (subject to the performance conditions unless waived or varied) within six months after the employee ceases to be a director or employee of the Company as a result of illness, injury, disability, transfer of business or at the discretion of the Board or 12 months after death, in which case options are exercisable by personal representatives of the option holder. Plan Options are exercisable (subject to the performance conditions unless waived or varied) following a change of control of the Company or a trade sale or on commencement of a winding up or on a court sanctioned reconstruction or amalgamation and will thereafter lapse. Plan Options are personal and will lapse on assignment or other transfer by the option holder, except to a personal representative.

### 4.5 Limits

The maximum number of shares to be made available under the Share Option Plan by the Company shall not exceed 10 per cent. of the Company's issued ordinary share capital (in the 10 year period following the adoption of the Share Option Plan) when added to any other options granted under all group employee share schemes and similar individual share option agreements.

### 4.6 Variation of Share Capital

On an alteration of the ordinary share capital of the Company by capitalisation or rights issue, consolidation, sub-division or reduction or other alteration, the number of shares or the option price may be adjusted by the Board in such manner as the auditors or other valuers confirm to be fair and reasonable.

### 4.7 Voting, Dividend and Other Rights

On exercise Ordinary Shares issued are ranked pari passu but, until then, option holders have no voting or dividend rights. The rights under the Plan Options are not pensionable.

### 4.8 Amendments

The Board may alter the rules to the Share Option Plan with the approval of the Company in General Meeting provided no alteration shall adversely affect the rights of the option holder (without his or her agreement). Minor amendments may be made without such approval or agreement.

### 4.9 The following Options will be granted on or shortly after Admission, conditional on Admission:

<i>Name or Category</i>	<i>Number of Shares under Option</i>	<i>Option Price</i>	<i>Exercise Periods</i>	<i>Percentage of Enlarged Issued Share Capital</i>
Frithjof Platou	37,086	Placing Price	3-7 years from the date of the grant	0.11%
Elena Paraskeva	37,086	Placing Price	3-7 years from the date of the grant	0.11%
Dimitrios Krikkis	67,991	Placing Price	3-7 years from the date of the grant	0.21%
Ioannis Riskakis	67,991	Placing Price	3-7 years from the date of the grant	0.21%
Fevronia Patrianakou	67,991	Placing Price	3-7 years from the date of the grant	0.21%
Apostolos Binomakis	61,810	Placing Price	3-7 years from the date of the grant	0.19%
George Spanoudakis	61,810	Placing Price	3-7 years from the date of the grant	0.19%
Stavros Zougla	55,629	Placing Price	3-7 years from the date of the grant	0.17%
Dimitrios Siavelis	49,448	Placing Price	3-7 years from the date of the grant	0.15%
Christos Charitakis	37,086	Placing Price	3-7 years from the date of the grant	0.11%
George Tansis	37,086	Placing Price	3-7 years from the date of the grant	0.11%
Constantinos Nikolou	37,086	Placing Price	3-7 years from the date of the grant	0.11%

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Performance Criteria for the first grants:

Options maybe exercisable in full if the Consolidated Net Income achieved for the Group equals or exceeds the following levels for these financial years : 2007 : €6.033.000, 2008 : €6.963.000 and 2009 : €8.477.000. Options maybe exercised proportional to the number of Ordinary shares subject to the Plan Option where the performance criteria are met in only one or two of the three financial years.

### **5 The Group**

Save for the shareholding of Athanasios Andrianopoulos and Christina Thanasoulia as set out at paragraph 8.1 of this Part VI below, to the best of the knowledge of the Company, there are no persons who directly or indirectly control the Company, where control means owning 30 per cent. or more of the voting rights attaching to the share capital of the Company.

The Company is not aware of any arrangements which may at a subsequent date result in a change in control of the Company.

The Company is the parent company of the Subsidiaries.

### **6 Memorandum of Association**

The Memorandum of Association of the Company provides that its object and purpose is to carry on the business of a general commercial company, to manufacture and trade refuse tubs, special vehicles, machinery and other refuse management systems and to provide waste management and waste treatment services. Its objects and purposes are set out in full in the Memorandum of Association.

### **7 Memorandum and Articles of Association**

#### **7.1 Memorandum of Association**

The Memorandum of Association of the Company provides that its principal object and purpose is to manufacture and trade refuse tubs, special vehicles, machinery and other refuse management systems. Its objects and purposes are set out in full in clause 3 of the Memorandum of Association.

#### **7.2 Articles of Association**

The articles of association of the Company, which were adopted on incorporation and subsequently amended on 15 September 2006, include provisions to the following effect:

##### **7.2.1. Votes of Members**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every Member present in person at a general meeting shall have one vote, and on a poll every Member shall have one vote for each share of which he is the holder. On a poll, votes may be given either personally or via telephone or other telecommunication connection or by proxy.

No Member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy need not be a Member of the Company.

The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of that power or authority) shall be deposited at the registered office of the Company (or at such other place within Cyprus as is specified for that purpose in the notice convening the Meeting) at any time before the time for holding the Meeting or adjourned Meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, at any time before the time appointed for the taking of the poll. If this procedure is not carried out the instrument of proxy shall not be treated as valid.

##### **7.2.2 General Meetings of Shareholders**

General, annual or extraordinary general meetings may be held via conference call or any other means of communications which permits all persons participating at the General Meeting to hear and be heard or express their will without doubt.

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An Annual General Meeting or a meeting called for the passing of a special resolution shall be called by at least twenty-one days' notice in writing, and a meeting of the Company other than an Annual General Meeting or a meeting for the passing of a special resolution shall be called by at least fourteen days' notice in writing.

Shorter notice may be given if, for an Annual General Meeting, all members entitled to attend and vote agree, and for any other meeting a majority in number of members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right agree.

No business shall be transacted at any General Meeting unless there is a quorum of three Members present in person or via telephone or other communication connection or by proxy.

### 7.2.3 Class Rights

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of 75 per cent. of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of the Articles relating to General Meetings shall apply, but the necessary quorum shall be a person or persons holding or representing by proxy one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll.

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares with the same rights in all aspects with these shares.

Except as required by law, no person shall be recognized by the Company as holding any shares upon any trust, and the Company shall not be bound by or be compelled in any way to recognize (even when having notice thereof) any equitable interest, conditional interest, future or partial interest in any share, or any interest in any fractional part of a share or (except only as otherwise provided by the Articles or by law) any other rights in respect of any share except an absolute right in the registered holder.

### 7.2.4 Changes in Share Capital

The Company may by ordinary resolution increase the share capital, consolidate and divide all or any of its share capital into shares of larger amount than its existing shares, subdivide its existing shares or any of them into shares of smaller amount and cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person.

The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any incident authorised, and consent required, by law.

### 7.2.5 Directors

Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall not be less than two.

The remuneration of the Directors shall from time to time be determined by the Company in General Meeting. The shareholding qualification for Directors may be fixed by the Company in General Meeting, and unless and until so fixed no qualification shall be required.

At the first annual general meeting of the company all the Directors shall retire from office, and at the annual general meeting in every subsequent year one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office.

The directors to retire in every year shall be those who have been in office longest since their last election, but as between persons who became directors on the same day those to retire

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shall (unless they otherwise agree among themselves) be determined by lot. A retiring director shall be eligible for re-election.

The Directors may meet together for the dispatch of business, adjourn, and otherwise regulate their meetings as they think fit and questions arising at any meeting shall be decided by a simple majority of votes. In case of equality of votes the chairman shall not have a second or casting vote. A Director may, and the secretary on the requisition of a director shall, at any time summon a meeting of the Directors. It shall be necessary to give at least 96 hours notice of a meeting of Directors to any director for the time being absent from Cyprus who has supplied to the Company a registered address situated outside Cyprus. A meeting may be held by telephone or teleconference or other means whereby all persons present may at the same time hear and be heard by everybody else present and persons who participate in this way shall be considered present at the meeting. In such case the meeting shall be deemed to be held where the secretary of the meeting is located. Unless the Directors decide otherwise, all meetings of the Board of Directors will be held in Cyprus, where the management and control of the company shall rest.

The Directors may exercise all the powers of the Company to borrow or raise money without limitation or to provide guarantees and to mortgage, pledge, assign or otherwise charge its undertaking, property, assets, rights, choses in action and book debts, receivables, revenues and uncalled capital or any part thereof and to issue and create debentures, debenture stock, mortgages, pledges, charges and other securities as security for any loans, guarantees, liability or obligation of the Company or of any third party.

### 7.2.6 Transfer of Shares

The instrument of transfer of any share shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect thereof.

Subject to any restrictions contained in the Articles as may be applicable, any member may transfer all or any of his shares by instrument in writing in any usual or common form or any other form which the Directors may approve.

The Directors may decline to recognize any instrument of transfer unless:

- (a) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer; and
- (b) the instrument of transfer is in respect of only one class of shares.

If the Directors refuse to register a transfer they shall, within two months after the date on which the transfer was lodged with the Company, send to the transferee notice of the refusal.

The Company shall be entitled to charge a fee on the registration of every probate, letters of administration, certificate of death or marriage, power of attorney, or other instrument as the Directors shall decide from time to time.

Registration of a transfer may be postponed in such times and for such periods the Directors may determine from time to time provided that the total period of such postponements shall not exceed 30 days in one year.

Subject to the provisions of the Act, the Company may purchase or in any other way acquire its own shares directly or through any representative acting in his name but on behalf of the Company.

### 7.2.7 Dividends

The Company in General Meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors. The Directors may from time to time pay to the members such interim dividends as appear to the Directors to be justified by the profits of the Company. No dividend shall be paid otherwise than out of profits.

The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve or reserves which shall, at the discretion

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of the Directors, be applicable for any purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Directors may from time to time think fit. The Directors may also without placing the same to the reserve carry forward any profits which they may think prudent not to divide.

Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but no amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of the Articles as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

The Directors may deduct from any dividend payable to any member all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

No dividend shall bear interest against the Company.

### 7.2.8 Distribution of Assets on Winding Up

If the Company shall be wound up the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Act, divide amongst the members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

### 7.2.9 Takeovers

Where any person or any person determined by the Directors to be acting in concert with such person (an "Offeror") (other than a person being interested solely as custodian or depositary under any arrangement approved by the Board of Directors), is or becomes interested, whether as a result of one transaction or several transactions over a period of time or otherwise, in shares in the capital of the Company in circumstances in which he would be obliged to make or extend an offer or offers to Shareholders or holders of other securities or rights, the Directors may serve upon that person a notice requiring him to make or extend an offer or offers (the "Offer") in writing in accordance with the requirements of the City Code, in all respects as if the City Code did apply to the Company but so that references in the City Code to the Panel shall be construed as if they were references to the Board of Directors of the Company.

If such a notice is not complied with and has not been withdrawn, then for so long as such shareholder fails to comply with the notice, that shareholder shall not be entitled (save as proxy for another shareholder) to be present or vote at any meeting, either personally or by proxy, or to exercise any privilege in relation to meetings of the Company conferred by membership, or be reckoned in a quorum in respect of any shares held by him and shall not be entitled to receive payments of income or capital which become due or payable in respect of any share. There will be no liability of the Company to the shareholder for late payment or non-payment, and the Company may retain such sums for its own use and benefit during such period of suspension. The shareholder may, at the discretion of the Directors, be excluded from participation in any further issues of shares by reference to an existing holding of shares.

The Directors may, as agent for the shareholder(s) in default of a notice requiring them to make an offer, dispose of all or any of the shares to which such notice relates at the best price reasonably obtainable in all the circumstances having given written notice of such disposal to the shareholder(s) concerned. Such disposal shall be completed as soon as reasonably practicable after the giving of a notice as may in the opinion of the Directors be consistent

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with obtaining the best price reasonably obtainable and in any event within thirty days of expiry of such notice provided that such a disposal shall be suspended during the period when dealings by the Directors in the Company's shares are not permitted either by law or by the AIM Rules, but any disposal which is suspended as aforesaid shall be completed within thirty days after the expiry of the period of such suspension. Neither the Company nor the Directors shall be liable to any holder or any person having an interest in any share or other person for failing to obtain the best price so long as the Directors act in good faith within the period specified above.

For the purpose of effecting a disposal referred to above the Directors may authorise in writing any officer or employee of the Company to execute any necessary transfer on behalf of any holder and may issue a new certificate to, or authorise the crediting of the CREST account of, the purchaser. The net proceeds of such disposal shall be received by the Company, whose receipt shall be a good discharge for the purchase money, and shall be paid (without any interest being payable thereon) to the former holder upon (if he holds his shares in certificated form) surrender by him of the certificate in respect of the shares sold and formerly held by him or (if he holds his shares in CREST) when such shares are debited from his CREST account.

Where the Directors serve a notice upon any person, they may also include in that notice a requirement that such person shall at the same time make an appropriate offer or proposal in writing to the holders of every class of securities convertible into, or of rights to subscribe for, share capital of the Company (whether such share capital is voting or non-voting). Such appropriate offer or proposal is referred to as a "Convertible Offer". The terms of the Convertible Offer shall be such terms as the Directors, in their absolute discretion, consider to be fair and reasonable having regard to the terms of the Offer referred to above and the Directors shall notify such terms to the Offeror. The Convertible Offer shall be conditional only upon the required Offer becoming or being declared unconditional in all respects.

Unless the Directors otherwise agree, an offer made must, in respect of each class of share capital or convertible securities involved, be in cash or be accompanied by a cash alternative offer at not less than the highest price paid by the Offeror or any person acting in concert with him for shares or convertible securities of that class within the preceding 12 months. If such price cannot be ascertained by the Directors or if such shares or convertible securities have been acquired other than for cash pursuant to a bargain made on any recognised stock exchange or if the Directors consider that such highest price is, for any reason, inappropriate, unfair or unreasonable having regard to the size and timing of the relevant purchases, the relationship (if any) between the seller and purchaser of such shares or convertible securities or the number of shares or convertible securities purchased in the preceding 12 months, the Directors may, in any such case, fix the price at which the Offer, the Convertible Offer or the relevant cash alternative offer is to be made. The cash Offer, the cash Convertible Offer or the relevant cash alternative offer must, in each case, remain open for not less than 14 days after the date on which the Offer or the Convertible Offer, as the case may be, has become or is declared to be unconditional as to acceptances.

If, after the announcement of an Offer or Convertible Offer made for a class of share capital and before the offer closes for acceptance, the Offeror or any person acting in concert with him acquires any interest in shares of that class at above the offer price, it shall increase its offer for that class to not less than the highest price paid for the interest in shares so acquired.

### 7.2.10 Requests for information

The Company may by notice in writing require any person whom the Company knows or has reasonable cause to believe to be interested in shares in the Company to confirm that fact or (as the case may be) to indicate whether or not it is the case and, where that person holds any interest in any such shares, to give such further information as may be required.

Any such notice may require the person to whom it is addressed:

- (a) to give particulars of his own past or present interests in shares comprised in the relevant share capital of the Company;
- (b) where the interest is a present interest and any other interest in the shares subsists, to

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give (so far as lies within his knowledge) such particulars with respect to that other interest as may be required by the notice; and

- (c) where his interest is a past interest, to give (so far as lies within his knowledge) particulars of the identity of the person who held that interest immediately upon his ceasing to hold it.

The particulars referred to above include particulars of the identity of persons interested in the shares in question and of whether persons interested in the same shares are parties to any agreement or arrangement relating to the exercise of any of the rights conferred by the holding of the shares.

A notice shall require any information given in response to the notice to be given in writing within such reasonable time as the Directors may determine and is specified in the notice.

A person who is interested in options in respect of, derivatives referenced to or securities carrying a right to subscribe for or convert into shares in the Company shall be deemed to be interested in shares in the Company and references to interests in shares shall include any interest whatsoever in such shares including, without limitation, a right to control directly or indirectly the exercise of any right conferred by the holder of shares alone or in conjunction with a person deemed to be acting in concert and the interest of any person shall be deemed to include the interest of any other person deemed to be acting in concert as aforesaid.

A notice which has taken effect shall remain in effect in accordance with its terms following a transfer of the shares to which it relates unless and until the Directors determine otherwise and notify the registered holder accordingly.

Where any person (other than a person being interested solely as a custodian or depositary under any arrangements approved by the Board of Directors), whether alone or in circumstances where he is acting in concert with other persons, acquires or has acquired interests in shares which (including the interests of persons with whom he is acting in concert as aforesaid) amount to three per cent or more of the issued share capital of any class of the Company he shall, within two days following the date on which he became aware (or ought reasonably to have become aware) of the acquisition of such an interest, notify the Company of the existence of such interest and shall in making such notification to the Company also supply the particulars referred to above, and, so long as his interest as aforesaid amounts to three per cent or more of the issued share capital of any class of shares in the Company, he shall notify the Company of any change to his interests (including the interests of persons with whom he is acting in concert as aforesaid) amounting to one per cent or more of the issued share capital of any class of the Company within two days following the date on which he became aware (or ought reasonably to have become aware) of such change.

If, having acquired interests in shares which would require a notification to be made to the Company, the interest of any person falls to under three per cent of the issued share capital of any class of shares in the Company, he shall notify the Company of such change to his interests within two days following the date on which he became aware (or ought reasonably to have become aware) of such change.

If any person has failed to make a notification as mentioned above (notwithstanding that such notification has been made after the said period of two days) the Directors may in their absolute discretion serve a notice on such person stating that the registered holder of the shares in which that person is interested shall not be entitled to vote or otherwise exercise the rights in respect of any shares, or a number of shares specified in the notice held by that registered holder, during a period (not exceeding 180 days) following the service of such notice.

If the Directors resolve that they have reasonable cause to believe that a person is or may be interested in shares of the Company or that any such shares are or may be shares in which any person is interested and that they have made reasonable enquiries to establish whether a person is so interested, or whether they are such shares, as the case may be, such person shall be deemed to be interested in shares or, as the case may be, such shares shall be deemed to be shares in which such person is interested, from the date of such resolution until any such time as the Directors resolve otherwise.

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Any belief, resolution or decision of the Directors which is held or made in pursuance or purported pursuance of any of the provisions of the articles shall be conclusive, final and binding on all persons concerned, and the validity of any act or thing which is done or caused to be done by the Directors in pursuance or purported pursuance of any of such provisions shall not be capable of being impeached by anyone on the ground that there was not any basis or reasonable basis on which the Directors could have arrived at any such belief or made any such resolution or decision, or on the ground that any conclusion of fact on which the Directors relied or might have relied for the purposes of arriving at any such belief or making any such resolution or decision was incorrect, or on any other ground whatsoever.

### 7.2.11 Suspension

No shareholder shall be entitled (save as proxy for another shareholder) to be present or vote at any meeting, either personally or by proxy, or to exercise any privilege in relation to meetings of the Company conferred by membership, or be reckoned in a quorum in respect of any shares held by him in relation to which he, or any person appearing to be interested in such shares, has been duly served with a notice as described above which:

- (a) requires him or such other person to give information to the Company in accordance with such Article; and
- (b) contains a statement to the effect that upon failure to supply such information before the expiry of a period specified in such notice (being such reasonable period as the Directors shall determine from the date of service of such notice) the registered holder of such shares shall not be entitled to vote or otherwise exercise the rights referred to in this paragraph,

and the person on whom such notice was served fails to supply such information within the period so specified, provided that:

- (c) the Company shall be entitled to serve a notice which fulfils paragraphs (a) and (b) above on a person who is not the registered holder of shares in the Company only if the registered holder of the shares in question has previously been, or is simultaneously with the service of such a notice, served by the Company with a notice; and
- (d) the suspension provisions shall take effect only upon the service on the registered holder of the shares in question of a notice to the effect that he has thereby become subject to the said disqualification for so long as the information requested pursuant to this paragraph has not been supplied to the Company; and
- (e) a person shall be treated as appearing to be interested in any shares if (after taking into account any information supplied in response to any notice and any other information) the Directors know or have reasonable cause to believe that the person in question is or may be interested in the shares.

The right to receive payments of income or capital which become due or payable in respect of any share during a period of suspension shall be suspended during such period of suspension without any liability of the Company to the shareholder for late payment or non-payment and the Company may retain such sums for its own use and benefit during such period of suspension and the holders of such shares may, at the discretion of the Directors, be excluded from participation in any further issues of shares by reference to an existing holding of shares at a point in time during such period of suspension. No trust shall be created in respect of any such debt, no interest shall be payable in respect of the same and the Company shall not be required to account for any money earned on such amount, which may be employed in the business of the Company or invested in such investments as the Directors may from time to time think fit.

### 7.2.12 Notices

A Member whose registered address is not within Cyprus and who gives to the Company an address within the United Kingdom at which notice may be given to him shall be entitled to have notices given to him at that address, but otherwise no such Member shall be entitled to receive any notice from the Company.

No other person shall be entitled to receive notices of General Meetings.

## Part VI — Additional Information

### 8 Directors' and other Interests

8.1 The interests of the Directors as at the date of this document and as expected to be immediately following the Placing and Admission are as follows:

<i>Name</i>	<i>Number of Ordinary Shares prior to the Placing</i>	<i>% of the Issued Ordinary Shares capital prior to the Placing</i>	<i>Number of Ordinary Shares on Admission</i>	<i>% of the issued Ordinary Shares capital on Admission</i>	<i>Options (to be granted on or shortly after Admission)</i>
Athanasios Andrianopoulos	8,262,424	36.23%	8,262,424	25.2%	—
Christina Thanasoulia*	5,296,473	23.23%	5,296,473	16.2%	—
Dimitris Karaiskos	1,512,845	6.63%	1,512,845	4.6%	—
Roger Parsons	65,000	0.29%	65,000	0.2%	—
Frithjof Stoud Platou	—	—	—	—	37,086
Elena Paraskeva	—	—	—	—	37,086

\* Wife of Athanasios Andrianopoulos

Save as disclosed in sub-paragraph 8.1 above and this sub-paragraph 8.2 the Company is not aware of any interest (within the meaning of Part X of the UK Companies Act) in the Company's ordinary share capital which amounts or would, immediately following the Placing and Admission, amount to 3 per cent. or more of the Company's issued ordinary share capital other than the following:

<i>Name</i>	<i>Number of Ordinary Shares prior to the Placing</i>	<i>% of the Issued Ordinary Share capital prior to the Placing</i>	<i>Number of Ordinary Shares on Admission</i>	<i>% of issued Share Capital on Admission</i>	<i>Options (to be granted on or shortly after Admission)</i>
Athanasios Andrianopoulos	8,262,424	36.23%	8,262,424	25.21%	—
Christina Thanasoulia	5,296,473	23.23%	5,296,473	16.16%	—
National Bank of Greece	—	—	2,339,083	7.14%	—
Emmanouil Anifantakis	2,087,181	9.15%	2,087,181	6.37%	—
Hansa Capital	—	—	1,508,621	4.60%	—
National Bank of Greece (client account)	—	—	1,169,541	3.57%	—

The voting rights of the Shareholders set out in paragraphs 8.1 do not differ from the voting rights held by other Shareholders.

8.2 There are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors.

8.3 Save as disclosed in this paragraph 8, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company during the current or immediately preceding financial year, or during any earlier financial year and which remains in any respect outstanding or unperformed.

8.4 None of the Directors nor any member of a Director's family is interested in any related financial product (as defined in the AIM Rules) whose value in whole or in part is determined directly or indirectly by reference to the price of the Ordinary Shares, including a contract for differences or fixed odd bet.

### 9 Directors' Service Agreements/Letters of Appointment

9.1 On 2 November 2006, Athanasios Andrianopoulos entered into a service agreement with the Company under the terms of which he agreed to act as Chief Executive Officer for a salary of €70,000 per annum. The service agreement has an initial term until 13 October 2008 unless terminated at any time by either party giving to the other not less than three months' notice. On expiration of the initial term the contract will be automatically renewed for year long additional terms, subject to either party giving three months' written notice of termination. In addition, the service agreement contains provisions

## Part VI — Additional Information

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- relating to confidentiality, intellectual property and a post termination restriction which, for a period of two years, prohibits Mr. Andrianopoulos from soliciting or interfering with any person or persons who were customers of the Company during his appointment. This service agreement is governed by the laws of Cyprus.
- 9.2 On 2 November 2006 Christina Thanasoulia entered into a service agreement with the Company under the terms of which she agreed to act as Deputy Chief Executive for a salary of €35,000 per annum. The service agreement has an initial term until 13 October 2008 unless terminated at any time by either party giving to the other not less than three months' notice. On expiration of the initial term the contract will be automatically renewed for year long additional terms, subject to either party giving three months written notice of termination. In addition, the service agreement contains provisions relating to confidentiality, intellectual property and a post termination restriction which, for a period of two years, prohibits Ms. Thanasoulia from soliciting or interfering with any person or persons who were customers of the Company during her appointment. This service agreement is governed by the laws of Cyprus.
- 9.3 On 28 September 2006, Roger Parsons received and accepted a letter of appointment to act as (a) non-executive director and Chairman of the Company, (b) a member of the audit committee and (c) chairman of the remuneration committee. Under the terms of his appointment Roger Parsons is entitled to a remuneration of €40,000 per annum for his services as a director, plus an additional remuneration of €10,000 per annum for serving as a member of the audit committee and chairman of the remuneration committee. The term of the appointment extends from the date of the letter until 30<sup>th</sup> June 2008 but may be terminated (i) by either party upon one week's written notice if Admission does not take place within three months of the date of appointment or (ii) at any time by either party giving three months' written notice to the other. The letter of appointment also includes a detailed provision in relation to confidentiality. Mr. Parsons is not entitled to any compensation in case of loss of office (save for any contractual entitlements).
- 9.4 On 28 September 2006, Frithjof Platou received and accepted a letter of appointment to act as (a) a non-executive director of the Company, (b) chairman of the audit committee and (c) a member of the remuneration committee. Under the terms of his appointment Frithjof Platou is entitled to a fee of €25,000 per annum plus for his services as director plus additional remuneration of €10,000 for serving as chairman of the audit committee and a member of the remuneration committee. The term of the appointment extends from the date of the letter until 30 June 2008 but may be terminated (i) by either party upon one week's written notice if Admission does not take place within three months of the date of appointment or (ii) at any time by either party giving three months' written notice to the other. The letter of appointment also includes a detailed provision in relation to confidentiality. Mr. Platou is not entitled to any compensation for loss of office (save for any contractual entitlement).
- 9.5 On 28 September 2006, Dimitris Karaiskos received and accepted a letter of appointment to act as a non-executive director of the Company. Under the terms of his appointment Dimitris Karaiskos is entitled to a remuneration of €35,000 per annum. The appointment commences on the date of the letter and continues until terminated (i) by either party upon one week's written notice if Admission does not take place within three months of the date of appointment or (ii) at any time by either party giving three months' written notice to the other. The letter of appointment also includes a detailed provision in relation to confidentiality. Mr. Karaiskos is not entitled to any compensation for loss of office (save for any contractual entitlement).
- 9.6 On 28 September 2006, Ms. E Paraskeva received and accepted a letter of appointment to act as a non-executive director of the Company. Under the terms of her appointment as a non-executive director Ms. E Paraskeva is not entitled to any remuneration. The appointment commences on the date of the letter and continues until terminated (i) by either party upon one week's notice if Admission does not take place within three months of the date of appointment or (ii) at any time by either party giving three months' notice to the other. The letter of appointment also includes a detailed provision in relation to confidentiality. Ms. Paraskeva is not entitled to any compensation for loss of office (save for any contractual entitlement).

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9.7 On 2 November 2006, Ms. E Paraskeva entered into a consultancy agreement with the Company under which she will provide administrative and human resources services. Under the terms of the consultancy agreement she is entitled to a consultancy fee of €25,000 per annum and shall be reimbursed for approved expenses. The consultancy agreement commences on the date of the agreement and can be terminated at any time by either party giving three months' written notice to the other. In addition, it contains customary restrictive covenants and confidentiality provisions for a Cypriot consultancy.

9.8 Details of the length of time in which Directors of the Company have been in office since incorporation and the period of their term of office are set out below:

<i>Name</i>	<i>Commencement of Period of office</i>	<i>Date of expiration of term of office</i>
Athanasios Andrianopoulos	31 May 2006	—
Christina Thanasoulia	31 May 2006	—
Elena Paraskeva	31 May 2006	—
Roger Parsons	28 September 2006	30 June 2008
Frithjof Platou	28 September 2006	30 June 2008
Dimitris Karaiskos	28 September 2006	—

### 10 Additional Information on the Board

10.1 In addition to directorships of the Company the Directors hold or have held the following directorships or have been partners in the following partnerships within the five years prior to the date of this document:

<u><i>Name of Director</i></u>	<u><i>Age</i></u>	<u><i>Current Directorships and Partnerships</i></u>	<u><i>Past Directorships and Partnerships</i></u>
Elena Paraskeva	41	AZ Perivallontiki Limited	
Dimitris Karaiskos	46	Perivallontiki A.T.E.V.E Helesi A.E. Perivallontiki-Ypiresies Perivallontos A.T.E.B.E. Loft A.E.	
Christina Thanasoulia	38	Perivallontiki AE. Helesi S.A. Helesi UK Limited Perivallontiki-Ypiresies Perivallontos A.T.E.B.E.	
Athanasios Andrianopoulos	45	Helesi AE Perivallontiki AE Helesi UK Limited Perivallontiki-Ypiresies Perivallontos A.T.E.B.E.	
Frithjof Stoud Platou	69	Stoud & Co. Limited Excel Maritime Carriers, Inc	
Roger W. Parsons	64	Gulf Keystone Petroleum Ltd Hoegh Capital Partners Advisers Ltd	Eletson Holdings Ltd Loewy Group Holdings Ltd Marfin Bank S.A. American Standard Companies Inc.

10.2 Save as disclosed above none of the directors has:

- 10.2.1 any unspent convictions in relation to indictable offences;
- 10.2.2 had any bankruptcy order made against him or entered into any voluntary arrangements;
- 10.2.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been subject to a voluntary arrangement or

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- any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
- 10.2.4 been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- 10.2.5 been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he as a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- 10.2.6 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
- 10.2.7 been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a Company.

### 11 Employees

As at 30 June 2006, the Group had 130 employees. As at the date of this document, the Group has 147 employees.

The Group employed 116 temporary employees on average during the most recent financial year.

### 13 Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company or a member of the Company's Group within the two years immediately preceding the date of this document and are, or may be, material:

- 13.1 The Placing Agreement dated 20 November 2006 between the Company (1) the Directors (2) and Panmure Gordon (3) pursuant to which conditional upon, inter alia, Admission taking place on or before 8:00 a.m. on 23 November 2006 (or such later time and or date as the Company and Panmure Gordon may agree being not later than 31 December 2006) Panmure Gordon have agreed to use reasonable endeavours to procure subscribers for 9,969,505 new Ordinary Shares proposed to be issued by the Company at the Placing Price.

The Placing Agreement contains warranties and indemnities from the Company and the Directors in favour of Panmure Gordon together with provisions which enable Panmure Gordon & Co. to terminate the Placing Agreement in certain circumstances prior to Admission including circumstances where any warranties are found to be untrue or inaccurate in any material respect. The liability of the Directors for breach of Warranty is limited. Under the Placing Agreement the Company has agreed to pay Panmure Gordon a fee of £150,000 and commission of 4.5 per cent. of the value of the Placing Shares at the Placing Price multiplied by the total number of new Ordinary Shares to be issued pursuant to the Placing.

- 13.2 A Nominated Adviser and Broker Agreement dated 20 November 2006 between the Company (1) and Panmure Gordon & Co. pursuant to which the Company has appointed Panmure Gordon to act as Nominated Adviser and Broker to the Company for the purposes of AIM. The Company has agreed to pay Panmure Gordon a fee of £40,000 per annum for its services as Nominated Adviser and Broker under this agreement. The agreement contains certain undertakings and indemnities given by the Company in respect of, inter alia, compliance with all applicable laws and regulations. The agreement is subject to termination on the giving of 7 days' notice.
- 13.3 A lock-in agreement dated 20 November 2006 between the Covenantor(s) (as defined in such agreement) (1), Panmure Gordon (2) and Helesi Plc (3) pursuant to which the Covenantor(s) have undertaken (i) that they will not dispose of, or agree to dispose of, directly or indirectly any of the Ordinary Shares held by them for a period commencing on the date of Admission and ending on the date falling 12 calendar months after the date of Admission (the "**Relevant Date**"), save in certain limited circumstances; and (ii) for a further period of 12 months following the Relevant Date, to only dispose of Ordinary Shares through Panmure Gordon for the purposes of maintaining an orderly market in the Ordinary Shares. This Lock-in Agreement was entered into by the Directors and certain

## Part VI — Additional Information

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employees of the Company, who, prior to Admission hold, in aggregate, an interest in approximately 84.7 per cent. of the issued share capital of the Company and, following Admission will have in aggregate an interest in approximately 58.9 per cent of the Enlarged Issued Share Capital of the Company.

- 13.4 A lock-in agreement dated 20 November 2006 between the Covenantor(s) (as defined in such agreement) (1), Panmure Gordon (2) and Helesi Plc (3) pursuant to which the Covenantor(s) have undertaken that they will not dispose of, or agree to dispose of, directly or indirectly any of the Ordinary Shares held by them for a period commencing on the date of Admission and ending on the date falling 12 calendar months after the date of Admission (the “**Relevant Date**”), save in certain limited circumstances. This agreement was entered into by minority shareholders in the Company who, prior to Admission hold, in aggregate, an interest in approximately 11.6 per cent. of the issued share capital of the Company and, following Admission, will have in aggregate an interest in 8.1 per cent. of the Enlarged Issued Share Capital of the Company.
- 13.5 On 23 October 2006 the Directors issued a resolution for the issue and allotment of 22,505,000 Ordinary Shares to the shareholders of Helesi AE in exchange for the contribution in kind of their shares in Helesi AE to the Company. The exchange of shares in Helesi AE with the shares of the Company was completed on 23 October 2006.
- 13.6 On 13 November 2006 the Company (1) and Perivallontiki AE (2) entered into the Waste Management Business Acquisition MOU, which is a binding memorandum of understanding pursuant to which Perivallontiki AE agreed to transfer the entire issued share capital of PYP ATEBE to the Company, conditional on Admission. Under the memorandum of understanding 100,500 shares in PYP ATEBE will be transferred for a total consideration of €3,500,000. The Waste Management Business Acquisition MOU contains warranties in favour of the Company. Following Admission, the parties will enter into a share transfer document to transfer the shares in PYP ATEBE as agreed.
- 13.7 On 2 October 2006 the Company and Accentis S.A. entered into an advisory agreement pursuant to which the Company has appointed Accentis S.A. to act as advisor to the Company for its preparation for admission on AIM. The Company has agreed to pay Accentis S.A. 2 per cent. of the net proceeds of the Placing.

### 14 Dependence on Intellectual Property etc.

- 14.1 Save as set out in Part I under the heading “Intellectual Property”, the Group is not dependent on any patents, licences, industrial, commercial or financial contracts or new manufacturing processes which have a material effect on the Group’s business or profitability.

### 15 Related Party Transactions

During the period since incorporation the Company entered into the following related party transactions:

- 15.1 The Company or the Subsidiaries are a party to transactions that may be deemed related party transactions:

#### *Helesi AE*

- (a) Prior to the Share Exchange, Perivallontiki AE held 59.32 per cent. of the share capital of Helesi AE. In the twelve months to 30 June 2006 the total value of contracts (i.e. sales and purchases) between Perivallontiki AE and Helesi AE amounted to €9,593,000. Dimitris Karaiskos, Sakis Andrianopolous and Christina Thanasoulia are directors of the Company and Perivallontiki AE and hold 71.33 per cent. of the share capital of Perivallontiki AE.
- (b) Helesi AE from time to time contracts with PYP ATEBE, which, until the completion of the Waste Management Transfer, is a wholly owned subsidiary of Perivallontiki AE. The value of these transactions in the twelve months to 30 June 2006 was zero.
- (c) Helesi AE is a party to transactions with Helesi Trans Limited and AZ Perivallontiki Limited, both of which are wholly owned subsidiaries of Perivallontiki AE. In the twelve months to 30 June 2006 the value of transactions with Helesi Trans Limited was €119,000, and the value of contracts with AZ Perivallontiki Limited was €64,000.

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### *The Company*

(d) Pursuant to the terms of the Waste Management Business Acquisition MOU, the Company has (conditional on Admission) agreed to acquire the entire share capital of PYP ATEBE from Perivallontiki AE.

Transactions entered into or to be entered into with Perivallontiki AE or its subsidiaries Helesi Trans Limited and AZ Perivallontiki Limited will be related party transactions because the following directors, Sakis Andrianopolous, Christina Thanasoulia and Dimitris Karaiskos are also substantial shareholders in Perivallontiki AE.

With the exception of the directors involved in the transactions described above, the Directors consider, having consulted with Panmure Gordon, that the terms of the transactions are fair and reasonable.

15.2 In the twelve months to 30 June 2006, sales of the Group to related parties, as summarised above, in total comprise €5,825,000 or 22.2 per cent. of the Group's turnover.

### **16 Litigation**

No member of the Group is involved nor has been involved in any governmental, legal or arbitration proceedings in the previous twelve months prior to the date of this document which may have, or have had, a significant effect on the Group's financial position or profitability and, so far as the Directors are aware, there are no such proceedings pending or threatened by or against the Group.

### **17 No Significant Change**

There has been no significant change in the financial or trading position of the Group since 30 June 2006, i.e. the end of the last financial period for which interim financial information has been published.

### **18 Working Capital**

The Directors are of the opinion, having made due and careful enquiry and having taken into account the net proceeds of the Placing, that the Company will have sufficient working capital for at least the next 12 month period following Admission.

### **19 Taxation**

Under the Greek system of taxation, corporation taxes are levied by reference to taxable profits, prior to any distributions. Thus, the profits distributed, either in the form of dividends or in the form of directors' emoluments are not subject to any further taxes in the hands of the recipients.

The rate of corporation tax in Greece has been declining. The current rate is 29 per cent. while the rate, which will be effective for the years ending on or after 31 December 2007, will be further reduced to 25 per cent.

The quantification of taxable profits entails various adjustments to the reported accounting profits (or losses). Such adjustments include both timing differences (such as different rates of depreciation used for accounting and tax purposes) and permanent differences (such as expenses that are not deductible for tax purposes).

The taxable profits reported by Helesi AE in Greece are favourably affected by the ability of the Company to utilise provisions in Greek tax legislation that allow the transfer of otherwise taxable profits to untaxed reserves, as a form of an investment incentive, on condition that the profits so transferred to untaxed reserves are not distributed. The distribution of such profits would precipitate a tax liability that has not been provided for. The accounting treatment afforded to this transaction is in line with the rules prescribed by the International Financial Reporting Standards, given the intention of the Company not to distribute these profits in the foreseeable future.

In Greece, the tax returns filed are treated as "provisional" until such time as they are examined by the tax authorities and are accepted as final. On examination, the tax authorities invariably disallow certain additional expenses, resulting in further taxes becoming payable. The Company's tax returns for the years up to and including the year ended 31 December 2004 has already been examined by the Greek tax authorities while, based on past experience, a provision has been made in relation to the "open" periods.

In Greece, the transfer of unlisted shares is subject to certain taxes. However, given the fact that the shares of Helesi AE are, now, held by Helesi Plc and it is the latter company's listed shares that will be traded on AIM, the issue has no practical repercussions significance.

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The Value Added Tax (VAT) applicable in Greece is based on the uniform rules that are applied throughout the European Union. The current standard VAT rate in Greece is 19 per cent. but many of the transactions entered into by Helesi AE are zero-rated (either because they represent export sales or intracommunity sales to other VATable entities established in the European Union or purchases of capital equipment).

### **20 General**

- 20.1 The gross proceeds of the Placing are expected to be £11,564,626 (approximately €17.0 million). The total costs and expenses relating to Admission and the Placing are payable by the Company and are estimated to amount to approximately £1.4 million (€2.0 million). The net proceeds of the Placing are expected to be approximately £10.2 million (€15.0 million).
- 20.2 Other than the current application for Admission, the Ordinary Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made nor are there intended to be any other arrangements for dealings in the Ordinary Shares.
- 20.3 The Directors are not aware of any environmental issues that may affect the Company's business.
- 20.4 BDO Hellenic Auditing Company AE of 11 Rallis Street, Maroussi, GR-15124, Athens, Greece, which is a member of the Institute of Certified Public Accountants of Greece has given and not withdrawn its written consent to the inclusion in this document of reference to its name in the form and context in which it appears.
- 20.5 Panmure Gordon of 155 Moorgate, London EC2M 6XB has given and not withdrawn its written consent to the inclusion in this document of reference to its name in the form and context in which it appears.
- 20.6 Where information has been sourced from a third party this information has been accurately reproduced and, so far as the Company and the Directors are aware and are able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 20.7 The accounting reference date of the Company is 31 December.
- 20.8 The Placing Price represents a premium over nominal value of approximately €1.61 per Ordinary Share.
- 20.9 It is expected that definitive share certificates (where applicable) will be dispatched by hand or first class post by 30 November 2006. In respect of uncertificated shares it is expected that Shareholders' CREST stock accounts will be credited with Depository Interests on 23 November 2006.
- 20.10 Save as disclosed above, no person directly or indirectly (other than the Company's professional advisors and trade suppliers) in the last twelve months has received or is contractually entitled to receive, directly or indirectly, from the Company on or after Admission any payment or benefit from the Company to the value of £10,000 or more or securities in the Company to such value or any other benefit to such value or entered into any contractual arrangements to receive the same from the Company at the date of Admission.

### **21 Availability of Admission Document**

Copies of this Admission Document are available free of charge from the Company's registered office and at the offices of Panmure Gordon, during normal business hours on any weekday (Saturdays and public holidays excepted) and shall remain available for at least one month after Admission.

Dated: 20 November 2006

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