

Greenstar (WES) Limited
(formerly Waste Exchange Services Limited)

**Directors' report and
financial statements**

15-month period ended 31 March 2008

Registered number: 2729607

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Greenstar (WES) Limited

(formerly Waste Exchange Services Limited)

Directors' report and financial statements

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Greenstar (WES) Limited

(formerly Waste Exchange Services Limited)

Directors and other information

Directors

J. Donaldson
I. Stark
M. Topham
I. Wakelin

Secretary

E. Bolger

Registered office

3rd Floor
The Gatehouse
Gatehouse Way
Aylesbury
HP19 8DB

Bankers

Bank of Scotland
Ash House
Princeton Drive
Thornby
Stockton on Tees
TS17 6PY

Auditor

KPMG
Chartered Accountants
1 Stokes Place
St Stephen's Green
Dublin 2

Solicitors

B.P. Collins
Collins House
32-38 Station Road
Gerrards Cross
Buckinghamshire
SL9 8EL

Greenstar (WES) Limited

(formerly Waste Exchange Services Limited)

Directors' report

The directors present their annual report together with the audited financial statements of Greenstar (WES) Limited ("the Company") for the 15-month period ended 31 March 2008.

On 20 August 2007, the Company changed its name to Greenstar (WES) Limited.

Principal activity and business review

During the period, the Company was acquired by Greenstar UK Holdings Limited (formerly NTR UK Waste Limited).

The group of companies owned by Greenstar UK Holdings Limited collectively make up the Greenstar business in the United Kingdom. The Group provides services and infrastructure in the UK waste and recycling industry.

The principal activity of the Company is that of plastics recycling. During the period, a large innovative plastics processing facility was installed.

Future developments

The directors plan to continue with the Company's current activity.

Principal risks and uncertainties

The Company faces the following key risks and uncertainties:

1. Much of the Company's revenues come from the sale of recovered materials such as plastics. The selling price of each of these commodities is subject to fluctuations, which can affect the Company's financial performance.
2. The Company operates in the waste and recycling industry. The economics of this industry are heavily affected by legislative and fiscal measures including but not limited to Landfill Tax, Waste Management Licensing, Hazardous Waste Regulations, the EU Packaging and Waste Electronics Directives and mandatory domestic recycling targets. Whilst these measures are, on the whole, of benefit to the Company's business model, its financial performance can be affected by any changes in the fiscal and legislative framework that governs the industry.
3. The Company handles waste and recyclable materials and its operations are subject to its compliance with various planning and licensing regulations. Infringement with these regulations could disrupt the Company's operations or leave it at risk of liability to prosecution.
4. The Company is affected by the downturn in the economy and the continued availability of finance due to its use of bank financing.

Greenstar (WES) Limited

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Directors' report (continued)

The key performance indicators focused on by management include:

	2008 (15 months)	2006 (12 months)
Revenue	8,519	5,706
EBIT	105	2
EBIT margin	1.23%	0.04%
Profit/(loss) for the period/year	22	(40)

Key performance indicators are in line with Company targets.

Results and dividends

The results for the year are set out on page 8.

An interim dividend of £17,000 (2006: £32,000) was paid during the period. The directors do not recommend the payment of a further dividend for the period ended 31 March 2008 nor any transfers to reserves.

Directors and secretary

The directors and secretary who served during the period and subsequent period to date were:

J. Donaldson	
N. Manning	(appointed 15 March 2007, resigned 13 January 2009)
I. Stark	(appointed 15 March 2007)
M. Topham	(appointed 15 March 2007)
I. Wakelin	(appointed 15 March 2007)
E. Bolger (secretary)	(appointed 15 March 2007)
L. Donaldson (secretary)	(resigned 15 March 2007)

Disabled employees

Applications for employment by disabled persons are always fully considered bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Charitable and political donations

The company made no charitable or political donations during the period (2006: £nil).

Greenstar (WES) Limited

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Directors' report *(continued)*

Post balance sheet events

There have been no significant post balance sheet events which require disclosure in the financial statements.

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is not relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

During the period, the directors appointed KPMG, Chartered Accountants, as the auditor in accordance with Section 384 of the Companies Act 1985. In accordance with Section 384 of the Companies Act 1985, the auditor, KPMG, Chartered Accountants, has expressed a willingness to continue in office.

On behalf of the board



M. Topham
Director

4 February 2009

Greenstar (WES) Limited

(formerly Waste Exchange Services Limited)

Statement of directors' responsibilities *for the period ended 31 March 2008*

The directors are responsible for preparing the Directors' Report and the financial statements, in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

The financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position and performance of the company; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

On behalf of the board



M. Topham
Director



KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Independent auditor's report to the members of Greenstar (WES) Limited (*formerly Waste Exchange Services Limited*)

We have audited the financial statements of Greenstar (WES) Limited (*formerly Waste Exchange Services Limited*) for the period ended 31 March 2008 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU"), are set out in the Statement of Directors' Responsibilities on page 5.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the requirements of the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements. In addition, we report to you if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.



Independent auditor's report to the members of Greenstar (WES) Limited *(formerly Waste Exchange Services Limited) (continued)*

Basis of audit opinion *(continued)*

We planned and performed our audit 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 statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 March 2008 and of its profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*Chartered Accountants
Registered Auditor
Dublin*

4 February 2009

Greenstar (WES) Limited
(formerly Waste Exchange Services Limited)

Income statement
for the 15-month period ended 31 March 2008

	<i>Notes</i>	15-month period ended 31 March 2008 £'000	Year ended 31 December 2006 £'000
Revenue	<i>4</i>	8,519	5,706
Cost of sales		(6,669)	(4,297)
Gross profit		1,850	1,409
Administration expenses		(1,745)	(1,407)
Profit before financial expenses		105	2
Financial expenses	<i>6</i>	(82)	(33)
Profit/(loss) before income tax		23	(31)
Income tax expense	<i>8</i>	(1)	(9)
Profit/(loss) for the period/year attributable to ordinary shareholders		22	(40)

The accompanying notes form an integral part of the financial statements.

Greenstar (WES) Limited

(formerly Waste Exchange Services Limited)

Balance Sheet

as at 31 March 2008

	<i>Notes</i>	31 March 2008 £'000	31 December 2006 £'000
Assets			
Property, plant and equipment	<i>9</i>	4,377	837
Total non-current assets		4,377	837
Inventories	<i>10</i>	452	384
Trade and other receivables	<i>11</i>	1,829	1,130
Cash and cash equivalents	<i>12</i>	9	93
Total current assets		2,290	1,607
Total assets		6,667	2,444

Greenstar (WES) Limited
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Balance sheet (continued)
as at 31 March 2008

	<i>Notes</i>	31 March 2008 £'000	31 December 2006 £'000
Equity			
Issued share capital	13	-	-
Share premium		43	43
Retained earnings		429	424
Total equity		472	467
Liabilities			
Interest-bearing loans and borrowings	14	2,408	171
Deferred tax liabilities	18	77	92
Provisions	15	-	30
Total non-current liabilities		2,485	293
Bank overdrafts	12	664	-
Interest-bearing loans and borrowings	14	834	162
Trade and other payables	19	2,169	1,453
Provisions	15	28	31
Current tax payable		15	38
Total current liabilities		3,710	1,684
Total liabilities		6,195	1,977
Total equity and liabilities		6,667	2,444

The accompanying notes form an integral part of the financial statements.

These financial statements were approved by the board of directors on 4 February 2009 and were signed on its behalf by:



M. Topham
Director

Greenstar (WES) Limited
(formerly Waste Exchange Services Limited)

Statement of changes in equity
as at 31 March 2008

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total attributable to equity holders of the Company £'000
Balance at 1 January 2006	-	43	496	539
Loss for the year	-	-	(40)	(40)
Dividend paid	-	-	(32)	(32)
Balance at 31 December 2006	-	43	424	467
Profit for the period	-	-	22	22
Dividend paid	-	-	(17)	(17)
Balance at 31 March 2008	-	43	429	472

The accompanying notes form an integral part of the financial statements.

Greenstar (WES) Limited
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Cash flow statement
for the 15-month period ended 31 March 2008

	<i>Notes</i>	15 month period ended 31 March 2008 £'000	Year ended 31 December 2006 £'000
Cash flows from operating activities			
Profit/(loss) for the period/year		22	(40)
<i>Adjustments for:</i>			
Finance expenses	6	82	33
Income tax charge	8	1	9
Depreciation	9	326	254
Loss on disposal of property, plant and equipment		63	117
		494	373
Change in inventories		(68)	(133)
Change in trade and other receivables		(699)	(407)
Change in trade and other payables		714	371
Change in provisions		(33)	46
		408	250
Interest paid		(80)	(35)
Tax paid		(39)	(10)
Net cash generated from operating activities		289	205
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		20	160
Acquisition of property, plant and equipment	9	(871)	(112)
Net cash (used in) / generated from investing activities		(851)	48

Greenstar (WES) Limited
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Cash flow statement *(continued)*
for the 15-month period ended 31 March 2008

	<i>Notes</i>	15 month period ended 31 March 2008 £'000	Year ended 31 December 2006 £'000
Cash flows from financing activities			
Payment of finance lease liabilities	<i>14</i>	(105)	(182)
Repayment of bank loans	<i>14</i>	(64)	(52)
Dividends paid	<i>16</i>	(17)	(32)
Net cash used in financing activities		(186)	(266)
Net decrease in cash and cash equivalents		(748)	(13)
Cash and cash equivalents at beginning of period/year	<i>12</i>	93	106
Cash and cash equivalents at end of period/year	<i>12</i>	(655)	93

The accompanying notes form an integral part of the financial statements.

Greenstar (WES) Limited

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Notes

forming part of the financial statements

1 Reporting entity

Greenstar (WES) Limited ("the Company") is a company incorporated and domiciled in the United Kingdom.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU").

(b) First time adoption of IFRS

These are the Company's first financial statements prepared in accordance with IFRSs as adopted by the EU. The Company is required to determine its IFRS accounting policies and apply them retrospectively to establish its opening balance sheets under IFRS at the date of transition. IFRS 1 *First-time Adoption of International Financial Reporting Standards* allows a number of exemptions on adoption of IFRS for the first time. The date of transition to IFRSs for the Company was 1 January 2006. Where estimates had been made under UK GAAP, consistent estimates, after adjustments to reflect any difference in accounting policies, have been made on transition to IFRS. Judgements affecting the balance sheet of the Company have not been revisited with the benefit of hindsight.

Financial instruments

The Company has availed of the exemptions not to restate comparative amounts for 31 December 2006 for the impacts of IAS 32 *Financial Instruments: Presentation* and IAS 39 *Financial Instruments: Recognition and Measurement*. These are treated as changes in accounting policies and shown as opening adjustments on 1 January 2007 in the Statement of Changes in Equity. There were no adjustments required on 1 January 2007, following the implementation of IAS 32 and IAS 39.

An explanation of how the transition to IFRS has affected the reported financial position and cash flows of the Company is provided in note 25 to the Company financial statements.

(c) Measurement

The financial statements have been prepared on the historical cost basis.

(d) Functional and presentation currency

The financial statements are presented in sterling, which is the Company's functional currency. All financial information presented in sterling has been rounded to the nearest thousand, unless otherwise stated.

Greenstar (WES) Limited

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Notes (continued)

2 Basis of preparation (continued)

(e) Consolidation

The Company has taken advantage of the exemption under IAS 27 *Consolidated and Separate Financial Statements*, not to prepare consolidated financial statements. The immediate parent company is Greenstar UK Holdings Limited (formerly NTR UK Waste Limited), a company incorporated in England and Wales, which is a subsidiary of Greenstar Holdings Limited, a company incorporated in England and Wales, which prepares consolidated financial statements, incorporating the results of the Company. The consolidated financial statements of Greenstar Holdings Limited are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

(f) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs as adopted by the EU, requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 24.

(g) Prior period comparatives

In the current period, the directors opted to change the financial year end to 31 March, in order to align it with the financial year end of its ultimate parent company, NTR plc. Accordingly, the prior period comparatives cover the year ended 31 December 2006. The current period results cover the 15-month period ended 31 March 2008.

Greenstar (WES) Limited

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Notes (continued)

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements and in preparing the opening IFRS Balance Sheet as at 1 January 2006 with the exception of those accounting policies pertaining to IAS 32 *Financial Instruments: Disclosure and Presentation* and IAS 39 *Financial Instruments: Recognition and Measurement* which, in accordance with the transitional provisions of IFRS 1 *First-time Adoption of International Financial Reporting Standards*, were not applied in the restatement of the 31 December 2006 comparatives presented in these financial statements. Accounting policies affected by IAS 32 and IAS 39 are highlighted and details of the policies applied in the 31 December 2006 comparatives are also set out below.

(a) Foreign currency

(i) Functional and presentation currency

The financial statements are presented in Sterling, which is also the Company's functional currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets that are carried at historical cost are not subsequently re-translated. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translations are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to functional currency at foreign exchange rates ruling at the dates the fair values were determined.

(b) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost, net of accumulated depreciation and any impairment losses (see accounting policy (c)). Cost includes those costs, including employee and other costs, which are directly attributable to bringing assets into working condition for their intended use. The cost of self-constructed assets and acquired assets includes, where relevant, (i) the initial estimate at the time of installation of the assets of dismantling and removing the items and of restoring the site on which they are located; and (ii) changes in the measurement of existing liabilities recognised for those costs during the period of use resulting from changes in the timing or outflow of resources required to settle the obligation or from changes in the discount rate.

Costs in relation to assets in development and construction are capitalised, where, in the opinion of the directors, the related project will be successfully developed and the economic benefits arising from future operations will at least equal the amount of capitalised expenditure incurred to date. Depreciation commences when the asset is substantially complete and ready for its intended use.

Greenstar (WES) Limited

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Notes *(continued)*

3 Significant accounting policies *(continued)*

(b) Property, plant and equipment *(continued)*

(i) Owned assets *(continued)*

When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.

(ii) Leased assets

Leases under the terms of which the Company assumes substantially all the risks and rewards of ownership, are classified as finance leases. Assets acquired by way of finance lease are stated at the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses (see accounting policy (c)). The capital element of finance lease obligation payments is recorded as a liability, while the interest element is charged to the income statement over the period of the lease to produce a constant rate of charge on the balance of capital repayments outstanding. Operating lease payments are accounted for as described in accounting policy (j(i)).

(iii) Subsequent expenditure

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Company and the cost of the replaced item can be measured reliably for its derecognition. All other costs are recognised in the income statement as an expense as incurred.

(iv) Depreciation

Depreciation is provided on all property, plant and equipment at rates calculated to write each asset down to its estimated residual value on a straight line basis over its expected useful life as follows:

Land and buildings leasehold	5-10 years
Plant and machinery	3-20 years
Computers	3-6 years
Fixtures and fittings	4-5 years

The residual value, if significant, and remaining useful lives are reassessed annually.

Greenstar (WES) Limited

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Notes *(continued)*

3 Significant accounting policies *(continued)*

(c) Impairment

The carrying amounts of the Company's assets, other than inventories (see accounting policy (d)) and deferred tax assets (see accounting policy (k)), are reviewed at each balance sheet date to determine whether there is any indication of impairment. Non-depreciable assets and goods are assessed annually for impairment. In assessing an asset for impairment, the recoverable amount of the asset or its cash generating unit is estimated. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

(i) Calculation of recoverable amount

The recoverable amount of such assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(d) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is based on estimated selling price in the ordinary course of business, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Greenstar (WES) Limited

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Notes *(continued)*

3 Significant accounting policies *(continued)*

(e) Financial instruments

Non-derivative financial instruments

Non derivative financial instruments comprise investments in subsidiary undertakings, trade and other receivables, cash and cash equivalents, interest-bearing borrowings, and trade and other payables. Non-derivatives are recognised initially at fair value plus any directly attributable transaction costs, except as described below. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Company's contractual rights to the cash flows from the financial assets expire, are extinguished or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date i.e. the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contracts expire or are discharged or cancelled.

(i) Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at their cost less impairment losses (see accounting policy (c)).

(ii) Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses (see accounting policy (c)).

(iii) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(iv) Interest-bearing borrowings

From 1 January 2007, on the adoption of IAS 32 and IAS 39, interest-bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis. Capitalised interest is described in accounting policy (j(ii)).

Up to 31 December 2006, all interest-bearing borrowings were initially recognised at cost, being fair value less attributable transaction costs. Transaction costs were amortised over the expected life of the relevant borrowing.

(v) Trade and other payables

Trade and other payables are stated at their expected settlement amount.

Greenstar (WES) Limited

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Notes (continued)

3 Significant accounting policies (continued)

(e) Financial instruments (continued)

Derivative financial instruments

From 1 January 2007, derivative financial instruments are recognised initially at fair value, being their cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. Derivative assets and derivative liabilities are offset and presented on a net basis only when a legal right of set-off exists and the intention to net settle the derivative contracts is present. The gain or loss on re-measurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged and the hedge accounting model adopted.

The accounting treatment for derivatives is dependent on whether they are entered into for trading or hedging purposes. A derivative instrument is considered to be used for hedging purposes when it alters the risk profile of an underlying exposure of the Company in line with the Company's risk management policies and is in accordance with established guidelines, which require that the hedge relationship is documented at inception of the contract, is effective in achieving its objective, and require that the effectiveness can be reliably measured both prospectively and retrospectively. The use of derivative financial instruments is governed by the Company's policies approved by the Board of Directors. The Company has not used derivatives to hedge any exposures to date.

Up to 31 December 2006, gains and losses on derivative financial instruments used to hedge foreign exchange and interest rate exposures arising on future planned transactions were recognised in the income statement when the hedged transactions occurred.

(f) Classification of financial instruments issued by the Company

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations of the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the instrument is classified as a financial liability. Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. The finance cost on the financial liability component is correspondingly higher over the life of the instrument.

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Notes *(continued)*

3 Significant accounting policies *(continued)*

(g) Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to that liability.

(h) Revenue

Revenue represents the fair value of goods and services delivered to customers in the normal course of business, net of trade discounts and VAT. Services are deemed to have been delivered when, and to the extent that, the Company has met its obligations under its service contracts. Payments received in advance of performance are deferred and recognised as revenue when the related service is delivered.

(i) Cost of sales

Cost of sales include those costs directly attributable to the Company's revenue streams including those direct costs associated with the Company's recycling operations.

(j) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the terms of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

(ii) Finance costs and finance income

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method and interest receivable on funds invested. Interest payable on borrowings is shown as an operating activity in the statement of cash flows. Interest income is recognised in profit or loss as it accrues, taking into account the effective yield on the asset. Interest income is shown as an operating activity in the statement of cash flows.

The interest expense component of finance lease payments is recognised in profit or loss using the effective interest rate method.

Financing costs which are directly attributable to the construction of property, plant and equipment are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

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Notes *(continued)*

3 Significant accounting policies *(continued)*

(k) Income tax

Income tax on the profit for the period comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, those arising on the initial recognition of assets or liabilities that affect neither accounting or taxable profit and differences relating to retained earnings in subsidiaries, to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(l) Employee benefits - defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss in the period in which the relevant employee service is received.

(m) Recent accounting pronouncements

The IFRS and IFRIC interpretations set out below, with the exception of IFRS 8, have been adopted by the EU prior to date of sign off, but are not yet effective and have not been adopted early in these financial statements. The directors have formed the opinion that the adoption of these pronouncements will not have a significant effect on the Company financial statements. Their likely impact is briefly outlined below:

- IFRS 8 – Operating Segments (effective 1 January 2009). This standard replaces IAS 14 – Segmental Reporting and requires an entity to base their segmental reporting on the information that is reported internally to management. This standard will not impact on the Company.
- Amendment to IFRS 2 – Share based payments: Vesting Conditions and Cancellations (effective 1 July 2009). This amendment clarifies the accounting treatment of cancellations and vesting conditions. This standard will not impact on the Company.

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Notes *(continued)*

3 Significant accounting policies *(continued)*

(m) Recent accounting pronouncements *(continued)*

- IFRS 3 Revised – Business Combinations (effective 1 July 2009). This standard deals with how an acquirer recognises, measures and discloses in its financial statements the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The significant changes from existing practice as a result of this revised standard are in relation to acquisitions that are achieved in stages and acquisitions where less than 100% of the equity is acquired. The objective is to enable users of the financial statements to evaluate the nature and financial effects of the business combination. This standard will not impact on the Company.
- IFRIC 12 – Service Concession Arrangements (effective 1 July 2009). This interpretation deals with entities providing public services, hence it is not expected to impact on the Company.
- IFRIC 13 – Customer Loyalty Programmes (effective 1 July 2008). This interpretation deals with accounting for customer loyalty award schemes, hence it is not expected to impact on the Company.
- IFRIC 14 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective 1 January 2008). This interpretation deals with accounting for refunds in contributions and minimum funding requirements. This IFRIC will not impact on the Company.
- Amendment to IAS 1 – Presentation of Financial Statements (effective 1 January 2009). This amendment revises the requirements for the presentation, structure and content of financial statements. This amendment will impact on the presentation on the financial statements of the Company, however this is not expected to be significant.
- Amendment to IAS 23 – Borrowing Costs (effective 1 January 2009). This amendment requires an entity to capitalise borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The impact on the Company has not yet been assessed.
- Amendment to IAS 27 – Consolidated and Separate Financial Statements (effective 1 July 2009). The objective of this amendment is to enhance the relevance, reliability and comparability of the information that a parent entity provides in its separate financial statements and in its consolidated financial statements for a group of entities under its control. This amendment will not impact the Company.
- Amendment to IAS 32 – Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements (effective 1 January 2009). This amendment changes the classification from liabilities to equity of (a) some puttable financial instruments and (b) some financial instruments that impose on the entity an obligation to deliver another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity. This amendment is not expected to impact the Company.

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Notes (continued)

4 Revenue

Revenue arises as follows:

	15-month period ended 31 March 2008 £'000	Year ended 31 December 2006 £'000
Sale of goods	8,367	5,689
Provision of services	152	17
	8,519	5,706
	15-month period ended 31 March 2008 £'000	Year ended 31 December 2006 £'000
United Kingdom	7,799	5,059
Rest of Europe	719	616
Asia	1	31
	8,519	5,706

5 Employee benefits and transactions with executive directors and other key management personnel

The average number of persons employed by the Company during the period ended 31 March 2008 was 58 (2006: 46) and is analysed as follows:

	15-month period ended 31 March 2008	Year ended 31 December 2006
Operations	48	36
Administration and marketing	10	10
	58	46

Greenstar (WES) Limited

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Notes (continued)

5 Employee benefits and transactions with executive directors and other key management personnel (continued)

Staff costs comprise:

	15-month period ended 31 March 2008 £'000	Year ended 31 December 2006 £'000
Wages and salaries	1,575	981
Social welfare costs	156	73
Pension costs	22	12
	1,753	1,066

In the opinion of the directors, executive directors comprise the key management of the Company.

Key management personnel compensation is as follows:

	15-month period ended 31 March 2008 £'000	Year ended 31 December 2006 £'000
Emoluments	148	122
Pension costs	12	12
	160	134

There were no loans to directors in the period ended 31 March 2008 (2006: £32,000 loan to director was settled during the year by payment of dividends).

6 Financial expenses

	15-month period ended 31 March 2008 £'000	Year ended 31 December 2006 £'000
Finance lease interest	52	20
On bank loans repayable by instalments, the last of which falls due within 5 years	7	9
Bank overdraft and other interest	23	4
	82	33

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Notes (continued)

7 Statutory and other information

	15-month period ended 31 March 2008	Year ended 31 December 2006
Directors' remuneration	160	142
Auditor's remuneration - audit	9	10
Depreciation of property, plant and equipment		
- owned	105	79
- leased	221	175
Operating lease rentals		
- premises	152	120
- other	41	25
Loss on disposal of property, plant and equipment	63	117

8 Income tax expense

	15-month period ended 31 March 2008 £'000	Year ended 31 December 2006 £'000
Recognised in the income statement		
Current tax	15	38
Under provision in respect of previous years	1	-
Total current tax expense	16	38
Deferred tax:		
Current year deferred tax credit	(48)	(29)
Effect of change in tax rate	(5)	-
Prior period deferred tax charge	38	-
Total deferred tax credit	(15)	(29)
Total income tax expense	1	9

Other than the reduction in the UK Corporation tax rate from 30% to 28%, effective from 1 April 2008, no significant changes are expected to statutory tax rates in the future.

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Notes (continued)

8 Income tax expense (continued)

The difference between the total income tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax is as follows:

	15-month period ended 31 March 2008 £'000	Year ended 31 December 2006 £'000
Profit/(loss) before taxation	23	(31)
Tax using the UK corporation tax rate of 30% (2006: 30%)	7	(9)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1	18
Change in tax rate from 30% to 28%	(5)	-
Group relief claimed	(41)	-
Prior period adjustment	39	-
Total income tax expense for period/year	1	9

Greenstar (WES) Limited
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Notes *(continued)*

9 Property, plant and equipment

	Land and buildings leasehold £'000	Plant and machinery £'000	Computers £'000	Fixtures and fittings £'000	Total £'000
<i>Cost</i>					
At 1 January 2006	20	1,624	63	8	1,715
Additions	-	100	11	1	112
Disposals	-	(452)	(25)	(3)	(480)
At 31 December 2006	20	1,272	49	6	1,347
Additions	-	3,939	8	2	3,949
Disposals	-	(150)	-	-	(150)
At 31 March 2008	20	5,061	57	8	5,146
<i>Depreciation</i>					
At 1 January 2006	5	404	46	4	459
Charge for the year	2	243	8	1	254
Disposals	-	(175)	(25)	(3)	(203)
At 31 December 2006	7	472	29	2	510
Charge for the period	4	308	12	2	326
Disposals	-	(67)	-	-	(67)
At 31 March 2008	11	713	41	4	769
<i>Carrying amounts</i>					
At 1 January 2006	15	1,220	17	4	1,256
At 31 December 2006	13	800	20	4	837
At 31 March 2008	9	4,348	16	4	4,377

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Notes (continued)

9 Property, plant and equipment (continued)

The directors do not consider the remaining useful lives of property, plant and equipment to be materially different from the period over which the assets are being depreciated.

Leased plant and machinery

The Company leases equipment, principally items of plant and machinery, under a number of finance lease agreements. At the end of each lease term the Company has the option to purchase the equipment at a beneficial price. The carrying amount of leasehold plant was as follows:

	31 March 2008 £'000	31 December 2006 £'000
At beginning of period/year	508	811
Additions	3,078	9
Disposals	(29)	(137)
Depreciation for period/year	(221)	(175)
At end of period/year	3,336	508

Directive 2002/96/EC of the European Parliament and of the Council of 27 January 2003 on Waste Electrical and Electronic equipment was introduced on 13 August 2005. The Company has adopted a comprehensive policy on collection, treatment, recovery, reuse and recycling of waste and does not believe that the introduction of this directive has had a material effect on the carrying cost of property, plant and equipment purchased prior to 13 August 2005. The cost of collection, treatment, recovery and recycling of property, plant and equipment purchased subsequent to 13 August 2005 is financed through the payment of charges on acquisition. These charges are capitalised as part of the cost of the related asset and depreciated over the assets' expected useful life.

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Notes (continued)

10 Inventories	31 March 2008 £'000	31 December 2006 £'000
Consumables	324	116
Finished goods	128	268
	452	384

In the opinion of the Directors, there is no material difference between the carrying values of the Company's inventories and the fair value less costs to sell. The total amount of inventory recognised as an expense during the period was £4,163,000 (2006: £2,600,000).

11 Trade and other receivables	31 March 2008 £'000	31 December 2006 £'000
Trade receivables	1,512	1,001
Other receivables and prepayments	316	123
VAT recoverable	1	6
	1,829	1,130

12 Cash and cash equivalents	31 March 2008 £'000	31 December 2006 £'000
Bank balances, being cash and cash equivalents	9	93
Bank overdrafts, used for cash management purposes	(664)	-
Cash and cash equivalents in the cash flow statement	(655)	93

Greenstar (WES) Limited

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Notes (continued)

13 Share capital	31 March 2008		31 December 2006	
	No. of shares	£	No. of shares	£
<i>Authorised</i>				
Ordinary shares of £1 each				
At beginning and end of period/year	100,000	100,000	100,000	100,000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each				
At beginning and end of period/year	118	118	118	118

Capital management

The Company defines share capital and share premium as its capital. The Company's shares are wholly owned by Greenstar UK Holdings Limited (formerly NTR UK Waste Limited). The directors' policy is to maintain a suitable balance between capital and external borrowings. The Company is not subject to any externally imposed capital requirements.

14 Interest-bearing loans and other borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings. As set out above, in accordance with the first time adoption exemptions in IFRS 1 *First-time adoption of International Financial Reporting Standards* the Company did not apply IAS 32 *Financial Instruments: Presentation and Disclosure* nor IAS 39 *Financial Instruments: Recognition and Measurement* to the 2006 comparatives. These standards have been applied from 1 January 2007.

	31 March 2008 £'000	31 December 2006 £'000
Non-current liabilities		
Bank loans (i) (a)	7	56
Finance lease obligations (ii)	2,401	115
	2,408	171
	31 March 2008 £'000	31 December 2006 £'000
Current liabilities		
Bank loans (i) (a)	36	51
Finance lease obligations (ii)	798	111
	834	162

Greenstar (WES) Limited
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Notes *(continued)*

14 Interest-bearing loans and other borrowings *(continued)*

<i>(i) Bank loans</i>	31 March 2008 £'000	31 December 2006 £'000
Due within one year	36	51
Between one to two years	7	56
	43	107

(a) Bank loans are secured by guarantee from the Company's intermediate parent company, Greenstar Holdings Limited.

(ii) Finance lease obligations

	31 March 2008 £'000	31 December 2006 £'000
Due within one year	798	111
Between one and five years	2,358	115
More than five years	43	-
	3,199	226

15 Provisions

	Grants £'000	Total £'000
At 31 December 2006	61	61
Utilised during the period	(33)	(33)
At 31 March 2008	28	28
	31 March 2008 £'000	31 December 2006 £'000
Current	28	31
Non-current	-	30
	28	61

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Notes (continued)

15 Provisions (continued)

The provisions relate to government grants for capital expenditure and job creation under the Selective Finance Initiative. The provision relating to purchase of assets is being released to the income statement over the expected useful life of the related assets, and the provision relating to job creation is being released to the income statement as the employment costs are incurred.

16 Dividends	31 March 2008 £'000	31 December 2006 £'000
Paid £142.88p (2006: £271.19p) per ordinary share	17	32

17 Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held in external funds administered by independent trustees.

The Company's total pension costs in respect of its defined contribution plan for the period to 31 March 2008 were £22,000 (2006: £12,000). Pension costs outstanding at 31 March 2008 were £5,000 (2006: £nil).

18 Deferred tax assets and liabilities

	31 March 2008		31 December 2006	
	Liabilities £'000	Total £'000	Liabilities £'000	Total £'000
Property, plant and equipment	(77)	(77)	(92)	(92)
	<u>(77)</u>	<u>(77)</u>	<u>(92)</u>	<u>(92)</u>

Greenstar (WES) Limited
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Notes *(continued)*

18 Deferred tax assets and liabilities *(continued)*

The movement in temporary differences during the period/year was as follows:

	Property plant and equipment £'000	Total £'000
At 1 January 2006	(121)	(121)
Recognised in income (note 8)	29	29
At 31 December 2006	(92)	(92)
Recognised in income (note 8)	15	15
At 31 March 2008	(77)	(77)

19 Trade and other payables

	31 March 2008 £'000	31 December 2006 £'000
Trade payables	1,438	928
Other payables and accruals	446	293
Social security and PAYE	48	38
Amounts owed to related parties	237	194
	2,169	1,453

Greenstar (WES) Limited

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Notes (continued)

20 Financial instruments and financial risk management

(a) Overview of risk exposures and risk management strategy

The Company faces a number of financial risks in the ordinary course of business, including credit risk, liquidity risk, interest rate risk and price risk. These are set out in more detail below. The most significant exposures relate to changes in interest rates, as well as the creditworthiness of the Company's counterparties.

The Company's overall risk management programme is the responsibility of the directors. They seek to minimise potential adverse effects on the Company's financial performance from fluctuations in financial markets and to manage these risks in a non-speculative manner.

(b) Financial assets and liabilities

The carrying value and fair values of financial assets and liabilities by category were as follows:

31 March 2008	Loans and receivables £'000	Liabilities at amortised cost £'000	Carrying value £'000	Fair value £'000
Financial assets				
Cash and cash equivalents	9	-	9	9
Trade and other receivables	1,829	-	1,829	1,829
Financial liabilities				
Bank overdraft	-	(664)	(664)	(664)
Interest-bearing loans and borrowings	-	(3,242)	(3,242)	(3,242)
Trade and other payables	-	(2,169)	(2,169)	(2,169)
	<u>1,838</u>	<u>(6,075)</u>	<u>(4,237)</u>	<u>(4,237)</u>

Greenstar (WES) Limited
(formerly Waste Exchange Services Limited)

Notes (continued)

20 Financial instruments and financial risk management (continued)

(b) Financial assets and liabilities (continued)

31 December 2006	Loans and receivables £'000	Liabilities at amortised cost £'000	Carrying value £'000	Fair value £'000
Financial assets				
Cash and cash equivalents	93	-	93	93
Trade and other receivables	1,130	-	1,130	1,130
Financial liabilities				
Interest-bearing loans and borrowings	-	(333)	(333)	(333)
Trade and other payables	-	(1,453)	(1,453)	(1,453)
	<u>1,223</u>	<u>(1,786)</u>	<u>(563)</u>	<u>(563)</u>

(c) Basis for determining fair value

Set out below are the major methods and assumptions used in determining the fair values of the financial assets and liabilities disclosed in the preceding tables.

Cash and cash equivalents

The nominal amount of cash and cash equivalents, all of which have a remaining maturity of three months, is deemed to reflect fair value at the balance sheet date.

Receivables and payables

For receivables and payables with a remaining life of less than six months, the carrying value less impairment provision, where appropriate, is deemed to reflect fair value. All other receivables and payables are discounted to fair value on initial recognition, and at balance sheet date.

Bank overdrafts

The nominal amount of all bank overdrafts is deemed to reflect fair value at the balance sheet date.

Interest-bearing loans and borrowings

For interest-bearing loans and borrowings with a contractual repricing date of less than six months, the nominal amount is deemed to reflect fair value. For loans with repricing dates of greater than six months, the fair value is calculated based on the present value of the expected future principal and interest cash flows discounted at interest rates effective at the balance sheet date.

Greenstar (WES) Limited

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Notes (continued)

20 Financial instruments and financial risk management (continued)

(d) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and cash and cash equivalents.

Trade and other receivables

The directors have a credit policy in place where credit evaluations are performed on all customers requiring credit over certain thresholds and credit limits are established for each customer. The Company's exposure to credit risk and credit limits are monitored regularly.

The carrying amount of financial assets, net of impairment provisions, represents the Company's maximum credit exposure.

Cash and cash equivalents

Cash is held with financial institutions with the highest credit rating and subject to a minimum credit rating of "A".

The maximum exposure to credit risk was as follows:

	31 March 2008 £'000	31 December 2006 £'000
Cash and cash equivalents	9	93
Trade and other receivables (excluding prepayments)	1,754	1,102
	<u>1,763</u>	<u>1,195</u>

Trade receivables are monitored by geographic region and by largest customers. At the balance sheet date there were no significant concentrations of credit risk.

The maximum exposure to credit risk on trade receivables by geographic region was as follows:

	31 March 2008 £'000	31 December 2006 £'000
United Kingdom	1,407	864
Rest of Europe	100	136
Asia	5	1
	<u>1,512</u>	<u>1,001</u>

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Notes *(continued)*

20 Financial instruments and financial risk management *(continued)*

(d) Credit risk *(continued)*

The Company's most significant customer accounts for £415,000 of the trade receivables carrying amount at 31 March 2008 (2006: £140,000).

The following table details the ageing of gross trade receivables and the related impairment provisions in respect of specific amounts expected to be irrecoverable.

	31 March 2008		31 December 2006	
	Gross £'000	Impairment £'000	Gross £'000	Impairment £'000
Not past due	629	-	460	-
Past due 0 – 30 days	698	-	506	-
Past due 31 – 120 days	167	-	29	-
Past due 120 days – one year	94	(76)	21	(15)
Past due more than one year	4	(4)	-	-
	1,592	(80)	1,016	(15)

The allowance for impairments account is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible, at which point the amount is considered irrecoverable and is written off directly against the trade receivable. The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

The movement in the allowance for impairments in respect of trade receivables during the year was as follows:

	31 March 2008 £'000	31 December 2006 £'000
At beginning of period/year	15	4
Impairment loss recognised	65	11
	80	15

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Notes (continued)

20 Financial instruments and financial risk management (continued)

(e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. It is the policy of the Company to have adequate committed undrawn facilities available at all times to cover unanticipated financing requirements.

The following are contractual maturities of financial liabilities, including interest payments and excluding the impact of netting arrangements:

31 March 2008

	Carrying amount £'000	Contractual cash flows £'000	< 1 year £'000	1-5 years £'000	After 5 years £'000
Non-derivative financial liabilities					
Bank overdrafts	(664)	(707)	(707)		
Finance lease obligations	(3,199)	(3,690)	(914)	(2,726)	(50)
Bank loans	(43)	(44)	(36)	(8)	-
Trade and other payables	(2,169)	(2,169)	(2,169)	-	-
	<u>(6,075)</u>	<u>(6,610)</u>	<u>(3,826)</u>	<u>(2,734)</u>	<u>(50)</u>

31 December 2006

	Carrying amount £'000	Contractual cash flows £'000	< 1 year £'000	1-5 years £'000	After 5 years £'000
Non-derivative financial liabilities					
Finance lease obligations	(226)	(240)	(120)	(120)	-
Bank loans	(107)	(113)	(55)	(58)	-
Trade and other payables	(1,453)	(1,453)	(1,453)	-	-
	<u>(1,786)</u>	<u>(1,806)</u>	<u>(1,628)</u>	<u>(178)</u>	<u>-</u>

Greenstar (WES) Limited

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Notes (continued)

20 Financial instruments and financial risk management (continued)

(e) Liquidity risk (continued)

The bank overdraft is secured by way of fixed and floating charges over the assets of the Company. Obligations under finance leases are secured on related assets. The bank loan is secured by a debenture incorporating fixed and floating charges on all assets of the Company.

(f) Market risk

Market risk is the risk that changes in market prices, such as interest rates and commodity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

In managing interest rate risk, the Company's objective is to reduce the impact of short-term fluctuations on the Company's income. Over the long-term, however, permanent changes in interest rates would have an impact on income. The Company is primarily financed by bank loans and finance leases. The Company had no derivative financial instruments in place during the period ended 31 March 2008 or the year ended 31 December 2006 to manage exposures to interest rate risks.

The Company's interest-bearing assets and liabilities are as follows:

	31 March 2008 £'000	31 December 2006 £'000
Variable rate assets	9	93
Fixed rate liabilities	(3,242)	(333)
Variable rate liabilities	(664)	-
	(3,897)	(240)

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Notes (continued)

20 Financial instruments and financial risk management (continued)

(f) Market risk (continued)

Interest rate risk (continued)

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they re-price or mature.

31 March 2008					
	Effective interest rate	Total £'000	< 1 year £'000	1-5 years £'000	Over 5 years £'000
Financial assets					
Cash and cash equivalents	6.875%	9	9	-	-
		<u>9</u>	<u>9</u>	<u>-</u>	<u>-</u>
Financial liabilities					
Bank overdrafts	6.875%	(664)	(664)	-	-
Finance lease liabilities	5.33-15.47%	(3,199)	(798)	(2,358)	(43)
Bank loans	5.66%	(43)	(36)	(7)	-
		<u>(3,906)</u>	<u>(1,498)</u>	<u>(2,365)</u>	<u>(43)</u>
31 December 2006					
	Effective interest rate	Total £'000	< 1 year £'000	1-5 years £'000	Over 5 years £'000
Financial assets					
Cash and cash equivalents	7.25%	93	93	-	-
		<u>93</u>	<u>93</u>	<u>-</u>	<u>-</u>
Financial liabilities					
Finance lease liabilities	5.33-15.47%	(226)	(111)	(115)	-
Bank loans	5.66%	(107)	(51)	(56)	-
		<u>(333)</u>	<u>(162)</u>	<u>(171)</u>	<u>-</u>

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Notes *(continued)*

20 Financial instruments and financial risk management *(continued)*

(f) Market risk *(continued)*

Interest rate risk *(continued)*

Sensitivity analysis

At 31 March 2008 it is estimated that a general increase or decrease of 100 basis points in the bank's base rate would decrease or increase the Company's profit before tax by £3,000 (2006: *increase or decrease by £1,000*).

Price risk

Price risk arises from the purchase of raw materials for use in the Company's recycling facilities and the sale of finished goods from the Company's recycling facilities.

The Company's objective is to reduce exposure to price risks on raw materials, work in progress and finished goods through a low stockholding and a high stock turnover. The Company had a total stockholding of £452,000 at 31 March 2008 (2006: £384,000).

Sensitivity analysis

At 31 March 2008 it is estimated that a general increase or decrease of one percentage point in PRN prices would increase or decrease the Company's profit by £1,160 (2006: *£nil*).

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Notes (continued)

21 Commitments and guarantees

(i) Operating lease commitments

Total commitments payable under non cancellable operating leases are as follows:

	31 March 2008			31 December 2006		
	Other*	Premises	Total	Other*	Premises	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Less than one year	94	126	220	83	126	209
Between one and five years	101	504	605	99	504	603
More than five years	-	63	63	-	221	221
	<u>195</u>	<u>693</u>	<u>888</u>	<u>182</u>	<u>851</u>	<u>1,033</u>

* Principally motor vehicles.

(ii) Capital commitments

The Company had capital commitments of £37,000 at 31 March 2008 (2006: £87,000).

22 Control of the Company and related party transactions

(i) Parent and ultimate controlling party

The Company is a wholly owned subsidiary of Greenstar UK Holdings Limited (formerly NTR UK Waste Limited), a company incorporated in England and Wales, which is a subsidiary of Greenstar Holdings Limited, a company incorporated in England and Wales, which holds 100% of the issued ordinary share capital. That company is a subsidiary of NTR plc, a company incorporated in the Republic of Ireland, which holds 71% of the issued share capital. The remainder of the share capital is held by NTR Finance Luxembourg SARL, a company incorporated in Luxembourg, which is a wholly owned subsidiary of NTR plc. NTR plc thus has a total interest in Greenstar Holdings Limited of 100% and in the Company of 100%.

The largest group in which the results of the Company are consolidated is that headed by NTR plc. The smallest group in which they are consolidated is that headed by Greenstar Holdings Limited. The consolidated financial statements of NTR plc are available to the public and may be obtained from Burton Court, Burton Hall Road, Sandyford, Dublin 18, Ireland. The consolidated financial statements of Greenstar Holdings Limited are available to the public and may be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.

(ii) Transactions with key management personnel

Transactions with key management personnel are disclosed in note 5.

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Notes (continued)

22 Control of the Company and related party transactions (continued)

(iii) Other related party transactions

During the current and previous financial periods, the Company incurred expenses and earned income from the following related parties (Greenstar UK Holdings Limited (formerly NTR UK Waste Limited) and subsidiary companies), which resulted in the following amounts being charged/(credited) to the income statement and being owed by/(to) the Company:

	Transaction value for the 15 month period ended		Year ended	Balance outstanding as at	
	31 March 2008 £'000	31 December 2006 £'000	31 March 2006 £'000	31 March 2008 £'000	31 December 2006 £'000
Wespack Limited (a)	(692)	(579)		217	194
Greenstar Environmental Limited (b)	20	-		20	-

- (a) Costs of £692,000 (2006: £579,000) incurred by the Company on behalf of the Company's subsidiary, Wespack Limited, were recharged to it during the period. Cash of £715,000 (2006: £752,000) was also transferred from Wespack Limited during the period.
- (b) Costs incurred by the Company's fellow subsidiary on behalf of the Company were recharged to it during the period.

23 Subsidiaries

At 31 March 2008, the Company had the following subsidiaries:

Held directly:

Name	Activity	Domiciled	Ownership
Wespack Limited	Packaging compliance	UK	100%

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Notes (continued)

24 Accounting estimates and judgements

Key sources of estimation uncertainty and critical accounting judgements in applying the Company's accounting policies

(i) Leases

The Company has made judgements in determining when substantially all the risks and rewards of ownership of lease assets are transferred from other entities.

(ii) Recoverability of trade receivables

The Company has made judgements when assessing the impairment of its trade receivables. Outstanding balances have been grouped on the basis of similar risk characteristics such as past-due status, and impairment has been reviewed with reference to historical loss experience updated for current conditions.

25 Explanation of transition to IFRS

An explanation of how the transition to IFRS has affected the financial information is outlined below:

First time adoption of International Financial Reporting Standards ('IFRSs')

Up to and including the year ended 31 December 2006, the Company's financial statements were prepared in accordance with UK Company Law and accounting standards issued by the Accounting Standards Board as promulgated by the Institute of Chartered Accountants in England and Wales (UK GAAP).

IFRS 1 *First-time adoption of International Financial Reporting Standards*, is the accounting standard governing the implementation of IFRS for the first time. This standard allows or requires a number of exceptions to its general principle that the standards in force at the reporting date should be applied retrospectively.

At the transition date 1 January 2006, the exemptions to retrospective implementation availed of are that the Company has applied IAS 39 *Financial Instruments: Recognition and Measurement* and IAS 32 *Financial Instruments: Disclosure and Presentation* from 1 January 2007.

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Notes *(continued)*

25 Explanation of transition to IFRS *(continued)*

Reconciliation of profit for the year ended 31 December 2006

	<i>Note</i>	UK GAAP £'000	Effect of transition to IFRS £'000	IFRS £'000
Revenue		5,706	-	5,706
Cost of sales		(4,297)	-	(4,297)
Gross profit		1,409	-	1,409
Administrative expenses		(1,407)	-	(1,407)
Profit from operating activities		2	-	2
Financial expenses		(33)	-	(33)
Loss before income tax		(31)	-	(31)
Income tax expense		(9)	-	(9)
Loss for year		(40)	-	(40)

Greenstar (WES) Limited
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Notes *(continued)*

25 Explanation of transition to IFRS *(continued)*

Reconciliation of equity

		1 January 2006			31 December 2006		
	Note	UK GAAP £	Effect of transition to IFRS £	IFRS £	UK GAAP £	Effect of transition to IFRS £	IFRS £
Assets							
Property, plant and equipment		1,256	-	1,256	837	-	837
Total non-current assets		1,256	-	1,256	837	-	837
Inventories		251	-	251	384	-	384
Trade and other receivables		723	-	723	1,130	-	1,130
Cash and cash equivalents		106	-	106	93	-	93
Total current assets		1,080	-	1,080	1,607	-	1,607
Total assets		2,336	-	2,336	2,444	-	2,444

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Notes (continued)

25 Explanation of transition to IFRS (continued)

Reconciliation of equity (continued)

	Note	1 January 2006 UK GAAP £	Effect of transition to IFRS £	IFRS £	31 December 2006 UK GAAP £	Effect of transition to IFRS £	IFRS £
Equity							
Issued share capital		-	-	-	-	-	-
Share premium		43	-	43	43	-	43
Retained earnings		496	-	496	424	-	424
Total equity		539	-	539	467	-	467
Liabilities: non current							
Interest-bearing loans and borrowings		331	-	331	171	-	171
Deferred tax liability		121	-	121	92	-	92
Provisions	(a)	10	-	10	61	(31)	30
Total non-current liabilities		462	-	462	324	(31)	293
Liabilities: current							
Interest-bearing loans and borrowings		238	-	238	162	-	162
Trade and other payables	(a)	1,097	(5)	1,092	1,491	-	1,491
Provisions	(a)	-	5	5	-	31	31
Total current liabilities		1,335	-	1,335	1,653	31	1,684
Total liabilities		1,797	-	1,797	1,977	-	1,977
Total equity and liabilities		2,336	-	2,336	2,444	-	2,444

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Notes *(continued)*

25 Explanation of transition to IFRS *(continued)*

Reconciliation of equity *(continued)*

- (a) Reclassification of current element of a provision from trade and other payables to provisions as IFRS presentation splits provisions into current and non-current elements, while UK GAAP shows all provisions as non-current.
- (b) The transition to IFRS did not result in any impact on the cash flow statement.

26 Approval of financial statements

The financial statements were approved by the directors on 4 February 2009.