



APPENDIX 1

Applicant Company Details

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35312063701

Number 295816

Certificate of Incorporation on change of name

I hereby certify that

GREENSTAR RECYCLING HOLDINGS LIMITED

having, by a Special Resolution of the Company,
and with the approval of the Minister for Enterprise,
Trade and Employment, changed its name, is now
incorporated as a limited company under the name

GREENSTAR LIMITED

and I have entered such name on the Register accordingly.

Given under my hand at Dublin, this
Monday, the 1st day of March, 2004


for Registrar of Companies

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Number 295816

Certificate of Incorporation on change of name

I hereby certify that

GREENSTAR LIMITED

having, by a Special Resolution of the Company,
and with the approval of the Minister for Enterprise,
Trade and Employment, changed its name, is now
incorporated as a limited company under the name

GREENSTAR HOLDINGS LIMITED

and I have entered such name on the Register accordingly.

Given under my hand at Dublin, this
Wednesday, the 28th day of April, 2004


for Registrar of Companies

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Greenstar Limited
(formerly Greenstar Recycling Holdings Limited)

Directors' report and financial statements

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Greenstar Limited
(formerly Greenstar Recycling Holdings Limited)

Directors' and other information

Directors

J. Gallagher (Chairman)
A.G. Bailey
J.T. Barry
S. Cowman
G. Dennison
M. King
T. Kirwan
J. Maher
M. Walsh
M. Wynne (British)

Registered office

Burton Court
Burton Hall Road
Sandyford
Dublin 18

Secretary

E. Bolger

Bankers

Allied Irish Banks plc
Bank of Ireland
Bank of Scotland (Ireland) Limited
Irish Intercontinental Bank
Ulster Bank

Auditors

KPMG
1 Stokes Place
St Stephen's Green
Dublin 2

Solicitors

Arthur Cox
Earlsfort Centre
Earlsfort Terrace
Dublin 2

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Greenstar Limited

(formerly Greenstar Recycling Holdings Limited)

Directors' report

The Directors have pleasure in submitting their annual report for Greenstar Limited ("the Company") and its subsidiaries (together "the Group") together with the audited financial statements for the year ended 31 December 2003.

Principal activity and business review

The Group remains committed to the delivery of superior returns to its shareholders over the medium term. Throughout 2003, the Group continued to make significant progress towards its objective of becoming Ireland's leading provider of integrated waste management solutions. Revenues in 2003 increased 36% to €75.9 million (€55.7 million in 2002). Profits after tax grew 12% to €8.2 million (€7.3 million in 2002). The dilution in net profit margin from 13.1% to 10.8% reflects the short-term impact of investment in management, systems and infrastructure necessary to support a fully integrated waste management business.

2003 saw the Group strengthen its market share position with the acquisition of the trade and assets of Swalcliffe Limited, which traded as Dublin Waste. The Group's primary focus in 2003 was to strengthen the senior management team and to reorganise the Group in order to achieve the benefits arising from the integration of each of the six acquisitions it has made over the past three years. This integration process continues into 2004.

Significant investment in recycling, materials separation and bio-waste treatment activities is being put in place to meet the requirements of new EU and Government legislation and will play a major role in enabling Ireland to attain its recycling targets in the future.

The award-winning KTK residual landfill continued to perform strongly throughout the year. During the year, the Group received an EPA Licence to complement planning permission received in 2002 from Meath County Council for a second residual landfill at Knockharley. This facility is expected to be opened in quarter 1 of 2005. The Group also received an EPA Licence and Planning Permission for a third residual landfill facility at Ballynagran, Co Wicklow. In this case, a move for Judicial Review has been made to An Bord Pleanala, which is likely to be heard during 2004.

The Group will continue to make substantial investment and has a number of planning applications currently under consideration for additional infrastructural facilities with local authorities around the country, including applications to build recycling facilities in Dublin and Cork, residual landfills for waste that cannot be reused, recycled or recovered in Cork, Westmeath, Wicklow, Kildare and Galway, and a biological treatment facility to compost over 50,000 tonnes of biodegradable waste in Dublin.

Results, dividends and state of affairs

The Group recorded a profit for the financial year of €8.2 million (2002: €7.3 million). No dividends are proposed by the Directors.

Research and development

The Group did not engage in any research and development activities during the year.

Future developments

The Directors will continue to develop the current activities of the business and consider other waste management opportunities.

Greenstar Limited

(formerly Greenstar Recycling Holdings Limited)

Directors' report (continued)

Directors and Secretary

The Directors and Secretary who served during the year and subsequent period were:

J. Gallagher (Chairman)
 A. G. Bailey
 J.T. Barry
 S. Cowman (appointed 9 February 2004)
 G. Dennison
 M. King
 T. Kirwan
 J. Maher
 M. Walsh (appointed 26 February 2003)
 M. Wynne (British)
 E. Bolger (Secretary)

Directors' and Secretary's interests

The Directors and Secretary and their families had no interest in the share capital of the Company at 31 December 2003.

The interests of the Directors and Secretary and their families in the share capital of NTR plc (the ultimate parent company) at 31 December 2003 and 31 December 2002 were as follows:

Shares	2003	2002
J. Barry	123,900	34,500
M. King	75,336	1,336
J. Gallagher (a)	1,840,377	1,840,377

Share Options	At 31 December 2002	Granted During Year	At 31 December 2003	Exercise Price €	Exercise Dates
J. Gallagher	25,000	-	25,000	8.40	2004-2011
E. Bolger (Secretary)	30,000	-	30,000	7.20	2005-2012

(a) In addition to the above holding, J. Gallagher has a non-beneficial interest in 321,327 ordinary shares and holds Convertible Loan Notes issued by NTR plc with a nominal value of €29,498,693, which are convertible to a maximum number of 1,576,628 ordinary shares in NTR plc.

Greenstar Limited

(formerly Greenstar Recycling Holdings Limited)

Directors' report (continued)

Shareholdings

NTR plc is the beneficial owner of 3,800,000 "A" Ordinary Shares and 1 "C" Ordinary Share. Celtic Utilities Limited is the beneficial owner of 3,800,000 "B" Ordinary Shares.

Subsidiaries

The information required by the Companies Acts, 1963 to 2001, in relation to subsidiary undertakings is set out in Note 10 to the financial statements.

Post balance sheets events

Subsequent to the year end the Company changed its name from Greenstar Recycling Holdings Limited to Greenstar Limited.

Except for the awarding of shares under the Long Term Incentive Scheme, there have been no significant events impacting the operations of the Group between 31 December 2003 and the date of approval of the financial statements.

Political donations

No political donations greater than €5,080 were made during the year ended 31 December 2003 and 31 December 2002.

Accounting Records

The Directors believe that they have complied with the requirements of section 202 of the Companies Act, 1990 with regard to books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account of the Company are maintained at Unit 6, Ballyogan Business Park, Ballyogan Road, Sandyford, Dublin 18.

Health and Safety

It is the policy of the Group to ensure the health, welfare and safety of its employees by maintaining a safe and healthy work environment. This policy is based on the requirements of employment legislation including the Safety, Health and Welfare at Work Act, 1989.

Auditors

In accordance with Section 160 (2) of the Companies Act, 1963, the auditors, KPMG, Chartered Accountants, will continue in office.

On behalf of the board

Director

Director

15 March 2004

Greenstar Limited

(formerly Greenstar Recycling Holdings Limited)

Statement of Directors' responsibilities

for the year ended 31 December 2003

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Group for that year. In preparing those 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:
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 2001 and all Regulations to be construed as one with those Acts. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

On behalf of the board

Director

Director

15 March 2004

Independent auditors' report to the members of Greenstar Limited (*formerly Greenstar Recycling Holdings Limited*)

We have audited the financial statements on pages 8 to 31.

This report is made solely to the Company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. 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 auditors' 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 auditors

The Directors are responsible for preparing the Directors' report and, as described on page 5, the financial statements in accordance with applicable Irish law and accounting standards. Our responsibilities, as independent auditors, are established in Ireland by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts. As also required by the Acts, we state whether we have obtained all the information and explanations we require for our audit, whether the Company's balance sheet is in agreement with the books of account and report to you our opinion as to whether:

- the Company has kept proper books of account;
- the Directors' report is consistent with the financial statements; and
- whether, at the balance sheet date, a financial situation existed that may require the Company to hold an extraordinary general meeting, on the grounds that the net assets of the Company, as shown in the financial statements, are less than half of its share capital.

We also report to you if, in our opinion, information specified by law regarding Directors' remuneration and transactions with the Group is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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 Group's circumstances, consistently applied and adequately disclosed.

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.

Independent auditors' report to the members of Greenstar Limited (*formerly Greenstar Recycling Holdings Limited*)(*continued*)

Opinion

In our opinion, the financial statements give a true and fair view of the state of the affairs of the Company and Group as at 31 December 2003 and of the Group's profit for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2001 and all Regulations to be construed as one with those Acts.

We have obtained all the information and explanations we considered necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the Company. The Company balance sheet is in agreement with the books of account.

In our opinion, the information given in the Directors' report on pages 2 to 4 is consistent with the financial statements.

The net assets of the Company, as stated in the balance sheet on page 14, are more than half of the amount of its called up share capital and, in our opinion, on that basis there did not exist at 31 December 2003 a financial situation which, under section 40(1) of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the Company.

*Chartered Accountants
Registered Auditors*

15 March 2004

Greenstar Limited
(formerly Greenstar Recycling Holdings Limited)

Statement of accounting policies
for the year ended 31 December 2003

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

Basis of preparation

The financial statements have been prepared in euro in accordance with applicable accounting principles under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in Ireland.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and each of its subsidiaries drawn up to 31 December each year. All intercompany transactions and balances have been eliminated in their preparation. The results of subsidiaries acquired during the year are included from the date of acquisition.

Financial assets

Financial assets are stated at cost less provision for impairment.

Tangible assets

Tangible assets are stated at original cost, net of accumulated depreciation and any provisions for impairment. Land is not depreciated.

Costs related to assets in development are deferred where, in the opinion of the Directors, the related project is likely to be successfully developed and the economic benefits arising from future operations will at least equal the amount of deferred expenditure incurred to date. Full provision is made for any impairment in the value of the asset.

Depreciation is provided on all other tangible assets, at rates calculated to write off the cost, less estimated residual value, as follows:

- Landfill acquisition, commissioning costs, engineering works and the discounted cost of final site restoration are capitalised. These costs are written off over the operational life of the landfill based on the amount of void space consumed.
- All other assets are depreciated on a straight line basis over their expected useful lives at the following annual rates:

Buildings	2% - 4%
Plant	20% - 33%
Office equipment	10% - 33%
Motor vehicles	20% - 33%
Leasehold improvements	Over the life of the lease

Greenstar Limited

(formerly Greenstar Recycling Holdings Limited)

Statement of accounting policies *(continued)*
for the year ended 31 December 2003

Intangible assets

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and amortised over its useful economic life, currently 20 years. Provision is made for any impairment.

Customer lists are capitalised at the Directors' valuation on the date of acquisition and amortised over their estimated useful economic life of 20 years (2002: 7 years). In the Directors' opinion, the change in the amortisation period more correctly reflects the estimated useful life. Provision is made for any impairment.

Deferred purchase consideration and earn out obligations

To the extent that deferred purchase consideration costs and earn out obligations are payable after one year from the date of acquisition, they are discounted at a loan interest rate and, accordingly, are carried at net present value in the consolidated balance sheet. An appropriate interest charge, at a constant rate on the carrying amount, is reflected in the consolidated profit and loss account over the period, increasing the value of the provision so that the obligation will reflect its settlement value at the time of maturity.

Turnover

Turnover represents revenue received from collection and transfer services provided to commercial and domestic customers, from recycling operations and from landfill operations, and is recognised upon provision of the service.

Taxation

Corporation tax is provided on taxable profits at current rates.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Greenstar Limited

(formerly Greenstar Recycling Holdings Limited)

Statement of accounting policies (continued)
for the year ended 31 December 2003

Restoration and aftercare costs

Site restoration

Full provision is made for the net present value of the costs expected to be incurred in relation to restoration liabilities at its landfill site. The net present value of these costs is capitalised as a tangible fixed asset. Current cost estimates are inflated at 3% and discounted at 6% to calculate the net present value. The unwinding of the discount element on the restoration provision is reflected as an interest charge in the profit and loss account.

Aftercare

Provision is made for the net present value of post closure costs based on the quantity of waste input into the landfill during the year. Similar costs incurred during the operating life of the landfill site are expensed as incurred.

Pensions

The Group provides pensions to certain employees through defined contribution schemes. The amount charged to the profit and loss account represents contributions payable in respect of the financial year. Differences between contributions payable in the year and the contributions actually paid are included in either debtors or creditors in the consolidated balance sheet.

Stocks

Stocks of consumables are stated at the lower of cost and net realisable value.

Leases

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of the future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

Rentals under operating leases are charged on a straight line basis over the lease term.

Share options

In accordance with UITF Abstract 17 (revised) "Employee Share Schemes", the excess of the fair market value of the related shares over the exercise price of the share option on the option grant date is charged to employees' remuneration over the period to which employee performance relates. A corresponding amount is transferred to the profit and loss account.

Greenstar Limited
(formerly Greenstar Recycling Holdings Limited)

Statement of accounting policies *(continued)*
for the year ended 31 December 2003

Debt and finance costs

Debt is initially stated at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period.

Debt finance costs are recognised in the profit and loss account over the term of the debt at a constant rate on the carrying amount.

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Greenstar Limited

(formerly Greenstar Recycling Holdings Limited)

Consolidated profit and loss account for the year ended 31 December 2003

	<i>Notes</i>	2003 €'000	2002 €'000
Turnover	<i>1</i>	75,878	55,740
of which:			
Continuing operations		70,191	55,740
Acquisitions		5,687	-
		<hr/>	<hr/>
		75,878	55,740
Operating costs	<i>3</i>	(62,429)	(44,574)
		<hr/>	<hr/>
Operating profit		13,449	11,166
of which:			
Continuing operations		14,017	11,166
Acquisitions		(568)	-
		<hr/>	<hr/>
		13,449	11,166
Interest receivable and similar income		89	104
Interest payable and similar charges	<i>4</i>	(2,655)	(1,539)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	<i>5</i>	10,883	9,731
Taxation on profit on ordinary activities	<i>6</i>	(2,680)	(2,461)
		<hr/>	<hr/>
Profit for the financial year	<i>7</i>	8,203	7,270
Profit and loss account, start of the year		16,248	8,878
Transfer in respect of share awards to employees	<i>16</i>	200	100
		<hr/>	<hr/>
Profit and loss account, end of the year		24,651	16,248
		<hr/> <hr/>	<hr/> <hr/>

There were no recognised gains and losses other than the profit for the year.

The accompanying notes form an integral part of this profit and loss account.

On behalf of the board

Director

Director

Greenstar Limited
(formerly Greenstar Recycling Holdings Limited)

Consolidated balance sheet
at 31 December 2003

	<i>Notes</i>	2003 €'000	2002 €'000
Fixed assets			
Intangible assets	8	24,205	19,964
Tangible assets	9	77,925	70,699
		<hr/>	<hr/>
		102,130	90,663
		<hr/>	<hr/>
Current assets			
Stock – consumables		5	11
Debtors	11	13,203	14,046
Cash at bank and in hand		-	1,777
		<hr/>	<hr/>
		13,208	15,834
		<hr/>	<hr/>
Creditors: amounts falling due within one year	12	(39,045)	(59,408)
		<hr/>	<hr/>
Net current liabilities		(25,837)	(43,574)
		<hr/>	<hr/>
Total assets less current liabilities		76,293	47,089
		<hr/>	<hr/>
Creditors: amounts falling due after one year	13	(36,476)	(17,088)
Provisions for liabilities and charges	15	(5,134)	(3,721)
		<hr/>	<hr/>
Net assets		34,683	26,280
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	16	7,600	7,600
Share premium		2,432	2,432
Profit and loss account		24,651	16,248
		<hr/>	<hr/>
Equity shareholders' funds	17	34,683	26,280
		<hr/>	<hr/>

The accompanying notes form an integral part of this balance sheet.

On behalf of the board

Director

Director

Greenstar Limited
(formerly Greenstar Recycling Holdings Limited)

Company balance sheet
at 31 December 2003

	<i>Notes</i>	2003 €'000	2002 €'000
Fixed assets			
Intangible assets	8	70	74
Tangible assets	9	13,502	19,829
Financial assets	10	45,461	45,461
		<hr/>	<hr/>
		59,033	65,364
		<hr/>	<hr/>
Current assets			
Debtors	11	341	10,542
Cash at bank and in hand		2,603	300
		<hr/>	<hr/>
		2,944	10,842
		<hr/>	<hr/>
Creditors: amounts falling due within one year	12	(25,047)	(45,363)
		<hr/>	<hr/>
Net current liabilities		(22,103)	(34,521)
		<hr/>	<hr/>
Total assets less current liabilities		36,930	30,843
		<hr/>	<hr/>
Creditors: amounts falling due after one year	13	(16,836)	(15,177)
		<hr/>	<hr/>
Net assets		20,094	15,666
		<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Called up share capital	16	7,600	7,600
Share premium		2,432	2,432
Profit and loss account		10,062	5,634
		<hr/>	<hr/>
Equity shareholders' funds		20,094	15,666
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form an integral part of this balance sheet.

On behalf of the board

Director

Director

Greenstar Limited
(formerly Greenstar Recycling Holdings Limited)

Consolidated cash flow statement
for the year ended 31 December 2003

	<i>Notes</i>	2003	2002
		€'000	€'000
Net cash inflow from operating activities	20	27,229	17,868
Returns on investments and servicing of finance	21	(1,965)	(1,167)
Taxation		(2,506)	(3,147)
Capital expenditure	22	(18,166)	(18,070)
Acquisitions	23	(7,450)	(32,341)
		<hr/>	<hr/>
Cash outflow before financing		(2,858)	(36,857)
Financing	24	1,081	37,298
		<hr/>	<hr/>
(Decrease)/increase in cash		(1,777)	441
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash in the year		(1,777)	441
Cash inflow from debt		(1,081)	(37,298)
		<hr/>	<hr/>
Change in net debt resulting from cash flows		(2,858)	(36,857)
Debt acquired on acquisition		-	(4,241)
Net debt at beginning of year		(56,690)	(15,592)
		<hr/>	<hr/>
Net debt at end of year	25	(59,548)	(56,690)
		<hr/>	<hr/>

The accompanying notes form an integral part of this cash flow statement.

On behalf of the board

Director

Director

Greenstar Limited

(formerly Greenstar Recycling Holdings Limited)

Notes
forming part of the financial statements

1 Turnover, operations and ownership

All revenue arises from the provision of waste management services in the Republic of Ireland.

The Company is a subsidiary of NTR plc, which holds 50% of the issued share capital plus one voting share. The remainder of the issued share capital is held by Celtic Utilities Limited, which is a 76.95% owned subsidiary of NTR plc. NTR plc has a total interest in the Company of 88.45%.

2 Employees and staff costs

The average number of persons employed by the Group during the financial year was 300 (2002:200) and is analysed as follows:

	2003	2002
Operations	212	149
Administration and marketing	88	51
	<u>300</u>	<u>200</u>

Staff costs comprise:

	2003 €'000	2002 €'000
Wages and salaries	12,570	7,680
Social welfare costs	1,223	690
Pension costs	215	205
	<u>14,008</u>	<u>8,575</u>

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Greenstar Limited
(formerly Greenstar Recycling Holdings Limited)

Notes *(continued)*

3 Operating costs

	2003	2002
	€'000	€'000
Collection and transfer operations	38,327	26,476
Administration costs	11,868	8,814
Depreciation of tangible assets	10,974	8,521
Amortisation of intangible assets	1,231	783
Loss/(profit) on sale of fixed assets	29	(20)
	<hr/>	<hr/>
	62,429	44,574
	<hr/> <hr/>	<hr/> <hr/>

Operating costs in relation to acquisitions made during the year amounted to €6.2 million.

4 Interest payable and similar charges

	2003	2002
	€'000	€'000
On site restoration	332	72
On deferred purchase consideration	270	196
Lease interest	177	117
On bank loans repayable by instalments, the last of which falls due within 5 years	448	86
On loans due to parent company	1,328	1,068
Amortisation of arrangement fees	100	-
	<hr/>	<hr/>
	2,655	1,539
	<hr/> <hr/>	<hr/> <hr/>

5 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation has been determined after charging the following:

	2003	2002
	€'000	€'000
Directors' remuneration	387	352
Auditors' remuneration	100	175
Depreciation of tangible assets	10,974	8,521
Amortisation of intangible assets	1,231	783
	<hr/>	<hr/>

Greenstar Limited
(formerly Greenstar Recycling Holdings Limited)

Notes *(continued)*

6 Taxation on profit on ordinary activities

	2003 €'000	2002 €'000
<i>Analysis of tax charge in year</i>		
The tax charge comprises:		
Current tax: Corporation tax at 12.5% (2002: 16%)	2,540	2,454
Adjustment to tax charge in respect of previous period	(61)	(72)
	<hr/>	<hr/>
	2,479	2,382
Deferred tax: Origination and reversal of timing differences	201	79
	<hr/>	<hr/>
	2,680	2,461
	<hr/> <hr/>	<hr/> <hr/>

Factors affecting tax charge in year

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

	2003 €'000	2002 €'000
Profit on ordinary activities before taxation	10,883	9,731
	<hr/>	<hr/>
Tax on group profit on ordinary activities at standard Irish corporation tax rate of 12.5% (2002: 16%)	1,360	1,557
<i>Effects of:</i>		
Expenses not deductible for tax purposes	790	1,234
Capital allowances less/(greater) than depreciation	390	(32)
Utilisation of tax losses	-	(305)
Adjustment to tax charge in respect of previous period	(61)	(72)
	<hr/>	<hr/>
Group current tax charge for period	2,479	2,382
	<hr/> <hr/>	<hr/> <hr/>

7 Profit for the financial year

As permitted under the provisions of Section 3(2) of the Companies (Amendment) Act, 1986, the Company has not presented its own profit and loss account.

The Company's profit for the financial year amounted to €4.4 million (2002: €4.9 million).

Greenstar Limited
(formerly Greenstar Recycling Holdings Limited)

Notes *(continued)*

8 Intangible assets

Group	Customer Lists €'000	Other Goodwill €'000	Total €'000
Balance at start of year	2,646	18,131	20,777
On acquisitions during the year (Note 18)	3,968	515	4,483
Revisions in respect of prior period acquisitions (a)	-	830	830
Transfers from fixed assets	-	159	159
	<hr/>	<hr/>	<hr/>
Balance at end of year	6,614	19,635	26,249
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Amortisation			
Balance at start of year	249	564	813
Amortised during the year	258	973	1,231
	<hr/>	<hr/>	<hr/>
Balance at end of year	507	1,537	2,044
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book amount			
Start of year	2,397	17,567	19,964
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
End of year	6,107	18,098	24,205
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Company	Customer Lists €'000		
Balance at start of year	74		
Amortised during the year	(4)		
	<hr/>		
Balance at end of year	70		
	<hr/> <hr/>		

(a) This reflects a revision to the original goodwill recognised on prior period acquisitions, in accordance with FRS 7, Fair Values in Acquisition Accounting.

Greenstar Limited
(formerly Greenstar Recycling Holdings Limited)

Notes (continued)

9 Tangible assets
Group

	Assets in development €'000	Land & buildings €'000	Landfill assets €'000	Leasehold improvements €'000	Motor vehicles €'000	Office equipment €'000	Restoration Plant assets €'000	Total €'000
<i>Cost</i>								
Start of year	21,552	22,235	28,188	904	3,649	1,427	16,806	94,761
Additions	8,799	167	1,092	876	820	459	4,169	19,074
Acquisitions (Note 18)	-	-	-	-	462	10	560	1,032
Disposals	-	(293)	-	-	(380)	(28)	(232)	(933)
Transfers	(4,671)	4,634	53	307	4,530	10	(5,062)	(199)
End of year	25,680	26,743	29,333	2,087	9,081	1,878	16,241	113,735
<i>Depreciation</i>								
Start of year	1,682	574	12,738	84	1,014	379	7,591	24,062
Charge for year	635	223	5,254	154	1,588	437	2,200	12,161
Disposals	-	(46)	-	-	(191)	(10)	(126)	(373)
Transfers	-	(23)	28	18	2,560	14	(2,637)	(40)
End of year	2,317	728	18,020	256	4,971	820	7,028	35,810
<i>Net book value</i>								
Start of year	19,870	21,661	15,450	820	2,635	1,048	9,215	70,699
End of year	23,363	26,015	11,313	1,831	4,110	1,058	9,213	77,925

The Group had capital commitments at 31 December 2003 of €20.8 million (2002: €4.0 million).

Greenstar Limited
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Notes (continued)

9 Tangible assets (continued)	2003	2002
	€'000	€'000
Fixed assets held under finance leases are as follows:		
Cost	6,911	4,735
Accumulated depreciation	(2,823)	(2,068)
	<hr/>	<hr/>
Net book value, end of year	4,088	2,667
	<hr/> <hr/>	<hr/> <hr/>

Depreciation of €0.8 million (2002: €0.6 million) was charged in the year on assets held under finance leases. Fixed assets held under finance leases consist principally of items of plant.

Company	Assets in development €'000	Land & buildings €'000	Office equipment €'000	Motor vehicles €'000	Leasehold improvements €'000	Total €'000
<i>Cost</i>						
Start of year	21,362	-	159	91	-	21,612
Additions	7,664	-	267	64	654	8,649
Transfers	(15,998)	1,788	-	34	-	(14,176)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
End of year	13,028	1,788	426	189	654	16,085
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>						
Start of year	1,682	-	75	26	-	1,783
Charge for year	635	-	86	55	17	793
Transfers	-	-	-	7	-	7
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
End of year	2,317	-	161	88	17	2,583
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>						
Start of year	19,680	-	84	65	-	19,829
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
End of year	10,711	1,788	265	101	637	13,502
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Greenstar Limited

(formerly Greenstar Recycling Holdings Limited)

Notes (continued)

10 Financial assets: Interest in subsidiaries

	2003 €'000	2002 €'000
Share capital – unlisted shares at cost	45,461	45,461
Movement for the year was as follows:		
	€'000	€'000
At start of year	45,461	25,632
Acquisition of subsidiaries	-	20,464
Reduction of consideration for subsidiary acquired in prior years	-	(635)
At end of year	45,461	45,461

At 31 December 2003, the Company had the following subsidiaries, all of which were incorporated in the Republic of Ireland and have their registered office at Burton Court, Burton Hall Road, Sandyford, Dublin 18 or Fassaroe, Bray, Co. Wicklow.

Name	Activity	Interest in ordinary share capital
KTK Landfill Limited	Landfill operation	100%
Greenstar Properties Limited	Property holding	100%
Greenstar Materials Recovery Limited	Waste collection and recycling	100%
Greenstar Finance Company Limited	Treasury operations	100%
Celtic Waste Recycling Limited	Non trading	100%
Noble Waste Disposal Limited	Non trading	100%
Green Valley Recycling and Trading Limited	Non trading	100%
Burns Waste Recycling Limited	Non trading	100%
Greenstar Recycling (Munster) Limited	Waste collection and recycling	100%
Greenstar Distribution Limited	Non trading	100%
Greenstar Recycling Limited	Waste collection and recycling	100%
Greenstar Products Limited	Non trading	100%
Celtic Waste Limited (formerly Green Sunrise Industries Limited)	Non trading	100%
AA Abate Limited	Being reinstated	100%

In the opinion of the Directors, the interests in subsidiaries have carrying values in excess of cost.

Greenstar Limited
(formerly Greenstar Recycling Holdings Limited)

Notes (continued)

10 Financial assets: Interest in subsidiaries (continued)

Financial assets: Interest in associate

Name	Activity	Interest in ordinary share capital
Leeway 20/20 Limited	Non trading	25%

11 Debtors

	2003		2002	
	Group €'000	Company €'000	Group €'000	Company €'000
Trade debtors	11,983	-	11,699	-
Other debtors and prepayments	916	71	1,933	30
VAT receivable	304	270	319	296
Deferred tax asset	-	-	95	2
Corporation tax	-	-	-	572
Amounts due from subsidiaries	-	-	-	9,642
	<u>13,203</u>	<u>341</u>	<u>14,046</u>	<u>10,542</u>

Amounts due from subsidiary undertakings are unsecured, interest free and repayable on demand. All of the above amounts fall due within one year.

12 Creditors: amounts falling due within one year

	2003		2002	
	Group €'000	Company €'000	Group €'000	Company €'000
Bank borrowings	74	119	319	-
Trade creditors	2,978	1,438	3,095	304
Accruals	7,316	2,220	9,133	2,952
Prepaid revenue	1,226	-	-	-
VAT payable	1,059	-	837	-
Deferred purchase consideration	750	-	2,503	2,078
Corporation tax	2,350	530	2,377	-
Deferred tax liability	106	18	-	-
Amounts due to group undertakings	188	20,315	84	25
Loans due to group undertakings 14(i)(b))	21,800	-	40,004	40,004
Lease obligations (Note 14 (ii))	1,198	407	1,056	-
	<u>39,045</u>	<u>25,047</u>	<u>59,408</u>	<u>45,363</u>

Greenstar Limited
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Notes (continued)

13 Creditors: amounts falling due after more than one year

	2003		2002	
	Group €'000	Company €'000	Group €'000	Company €'000
Loans due to group undertakings (14(i)(a))	18,491	-	-	-
Lease obligations (Note 14 (ii))	2,808	1,659	1,911	-
Shareholder loans (Note 14 (i)(c))	15,177	15,177	15,177	15,177
	<u>36,476</u>	<u>16,836</u>	<u>17,088</u>	<u>15,177</u>

14 Borrowings

(i) Bank and intergroup borrowings fall due as follows

	€'000
- within one year (Note 12)	21,874
- two to five years (Note 13)	18,491
- no fixed repayment date (shown as greater than one year) (Note 13)	15,177
	<u>55,542</u>

(a) During the year, the Group negotiated a €100 million facility with its bankers, of which €19.0 million was drawn down, via an NTR group company, as at 31 December 2003. It is shown net of unamortised arrangement fees of €0.509 million.

€9m of the loan bears interest at a floating rate related to Euribor, while €10m of the loan bears interest at a fixed rate, and is repayable within two to five years. The loan is secured by way of a floating charge over the assets of the Group.

(b) NTR plc, via a group company, has advanced €21.8 million to the Group. This loan bears interest at a floating rate related to Euribor, is unsecured and has no fixed repayment date, although it is probable that payment will be requested in 2004.

(c) These loans are interest free, unsecured, and have no fixed repayment date. However, it is not the intention of the shareholder to seek repayment prior to 1 January 2005. These loans are subordinated to the loans drawn down under 14 (i)(a) above.

Greenstar Limited
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Notes *(continued)*

14 Borrowings *(continued)*

(ii) Lease obligations

Lease obligations fall due as follows:

	2003 €'000	2002 €'000
Between one and two years	958	807
Between two and five years	1,850	1,104
	<hr/>	<hr/>
	2,808	1,911
Due within one year (Note 12)	1,198	1,056
	<hr/>	<hr/>
	4,006	2,967
	<hr/> <hr/>	<hr/> <hr/>

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Greenstar Limited
(formerly Greenstar Recycling Holdings Limited)

Notes *(continued)*

15 Provision for liabilities and charges – site restoration and aftercare provisions

	2003 €'000	2002 €'000
Balance, start of year	3,721	3,142
Fixed assets transfer	1,505	-
Interest charge for the year	403	679
Released during the year	(253)	-
Acquisitions	-	350
Expenditure in the year	(242)	(450)
	<hr/>	<hr/>
Balance, end of year	5,134	3,721
	<hr/> <hr/>	<hr/> <hr/>

The balance may be analysed as follows:

	2003 €'000	2002 €'000
Site restoration	4,773	3,463
Aftercare	361	258
	<hr/>	<hr/>
	5,134	3,721
	<hr/> <hr/>	<hr/> <hr/>

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16 Share capital

	2003 €'000	2002 €'000
<i>Authorised</i>		
4,999,999 ordinary shares of €1 each	5,000	5,000
5,000,000 'A' ordinary shares of €1 each	5,000	5,000
5,000,000 'B' ordinary shares of €1 each	5,000	5,000
1 'C' ordinary share of €1 each	-	-
300,000 'D' ordinary shares of €1 each	300	300
	<hr/>	<hr/>
	15,300	15,300
	<hr/> <hr/>	<hr/> <hr/>

Greenstar Limited
(formerly Greenstar Recycling Holdings Limited)

Notes *(continued)*

16 Share capital *(continued)*

	2003 €'000	2002 €'000
<i>Allotted, called up and fully paid</i>		
3,800,000 'A' ordinary shares of €1 each	3,800	3,800
3,800,000 'B' ordinary shares of €1 each	3,800	3,800
1 'C' ordinary share of €1 each	-	-
	<hr/>	<hr/>
	7,600	7,600
	<hr/>	<hr/>

The Company has entered into commitments to grant share options to certain Directors and employees. Having regard to the conversion terms associated with these options, together with the fair value of the related shares of the Company, a fair value charge of €200,000 arises in respect of these share awards during the year ended 31 December 2003 (2002: €100,000). A corresponding transfer has been made to the profit and loss account in accordance with requirements of UITF Abstract 17 (revised) "Employee Share Schemes".

	2003 €'000	2002 €'000
17 Movement in shareholders' funds		
Balance, start of year	26,280	18,910
Profit for the year	8,203	7,270
Transfer in respect of share awards to employees (Note 16)	200	100
	<hr/>	<hr/>
Balance, end of year	34,683	26,280
	<hr/>	<hr/>

Greenstar Limited

(formerly Greenstar Recycling Holdings Limited)

Notes (continued)

18 Acquisitions

The Company acquired the trade and certain assets of Swalcliffe Limited, trading as "Dublin Waste" in May 2003. This company was involved in the waste collection business.

The table below sets out the fair values of the assets and liabilities acquired and the consideration paid:

	Dublin Waste €'000
Tangible assets	1,032
Intangible assets - customer lists	3,968
Creditors	(88)
	<hr/>
Net assets acquired	4,912
Goodwill	515
	<hr/>
Total consideration	5,427
	<hr/> <hr/>
Of which:	
Paid in cash	4,217
Deferred consideration	750
Acquisition expenses	460
	<hr/>
Total consideration	5,427
	<hr/> <hr/>

No adjustments to the carrying values of assets and liabilities acquired were required.

The results of Dublin Waste prior to the acquisition of its assets are not available.

19 Pensions

The Company's total pension costs in respect of its defined contribution plan for the year to 31 December 2003 were €0.2 million (2002: €0.2 million). No significant amounts were outstanding at 31 December 2003 (2002: €Nil).

Greenstar Limited
(formerly Greenstar Recycling Holdings Limited)

Notes *(continued)*

20 Reconciliation of operating profit to net cash inflow from operating activities

	2003 €'000	2002 €'000
Operating profit	13,449	11,166
Depreciation of tangible assets	10,974	8,521
Amortisation of intangible assets	1,231	783
Loss/(gain) on disposal of fixed assets	29	(20)
Decrease in stocks	7	184
(Increase) in debtors	(84)	(4,560)
Increase in creditors	1,845	1,538
Site restoration and aftercare charge, net	(180)	606
Site restoration expenditure	(242)	(450)
Share option fair value charge	200	100
	<hr/>	<hr/>
Cash net inflow from operating activities	27,229	17,868
	<hr/> <hr/>	<hr/> <hr/>

21 Returns on investments and servicing of finance

	2003 €'000	2002 €'000
Interest received	89	104
Interest paid	(1,877)	(1,154)
Interest element of finance leases	(177)	(117)
	<hr/>	<hr/>
Returns on investments and servicing finance	(1,965)	(1,167)
	<hr/> <hr/>	<hr/> <hr/>

22 Capital expenditure and financial investment

	2003 €'000	2002 €'000
Purchase of tangible assets	(18,696)	(19,640)
Purchase of intangible assets	-	(89)
Receipts from sales of tangible assets	530	1,659
	<hr/>	<hr/>
Capital expenditure and financial investment	(18,166)	(18,070)
	<hr/> <hr/>	<hr/> <hr/>

Greenstar Limited
(formerly Greenstar Recycling Holdings Limited)

Notes (continued)

23 Acquisitions

	2003 €'000	2002 €'000
Purchase of subsidiary undertakings and businesses	(4,677)	(25,123)
Related cash acquired	-	927
Deferred consideration payments on subsidiaries and businesses acquired in previous years	(2,773)	(8,145)
	<hr/>	<hr/>
Acquisitions	(7,450)	(32,341)
	<hr/> <hr/>	<hr/> <hr/>

24 Financing

	2003 €'000	2002 €'000
Repayment of loans	(245)	(2,836)
Repayment of finance leases	(1,111)	(1,558)
Drawdown of finance leases	2,150	1,689
Repayment of loans from group companies	287	40,003
	<hr/>	<hr/>
Financing	1,081	37,298
	<hr/> <hr/>	<hr/> <hr/>

25 Analysis of net debt

	1 January 2003 €'000	Cashflow €'000	31 December 2003 €'000
Cash in hand and at bank and bank overdrafts	1,777	(1,777)	-
Shareholder loans	(15,177)	-	(15,177)
Bank borrowings due within one year	(319)	245	(74)
Finance leases	(2,967)	(1,039)	(4,006)
Loans from group companies	(40,004)	(287)	(40,291)
	<hr/>	<hr/>	<hr/>
	(56,690)	(2,858)	(59,548)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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Greenstar Limited

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Notes (continued)

26 Operating lease commitments

At 31 December 2003, the Group had operating lease commitments payable during the next 12 months in respect of plant and premises as follows:

	2003 €'000	2002 €'000
Payable on leases in which the commitment expires:		
Less than 1 year (premises)	7	-
Between 2 and 5 years (plant)	118	-
Between 2 and 5 years (premises)	306	-
After 5 years (premises)	203	-
After 5 years (plant)	-	117
	<hr/>	<hr/>
	634	117
	<hr/> <hr/>	<hr/> <hr/>

27 Guarantees in respect of subsidiaries

The Company has guaranteed the liabilities of the subsidiaries listed below for the purpose of obtaining the exemptions allowed under Section 17 of the Companies (Amendment) Act 1986, in relation to the filing of financial statements. This irrevocable guarantee covers the financial year ending 31 December 2003.

Subsidiaries guaranteed

KTK Landfill Limited
 Greenstar Properties Limited
 Greenstar Materials Recovery Limited
 Greenstar Finance Company Limited
 Greenstar Recycling (Munster) Limited
 Greenstar Recycling Limited

28 Prior year financial statements

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

29 Approval of financial statements

The financial statements were approved by the Directors on 15 March 2004.

Greenstar Limited
(formerly Greenstar Recycling Holdings Limited)

**Directors' report and
financial statements**

Year ended 31 December 2003

Registered number: 295816

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