Appendix B

Company reports and accounts for 3 years

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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

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

greenstar Limited

(formerly greenstar Recycling Holdings Limited)

Directors' report *(continued)*

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.

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.

There have been no other 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

A. G. Bailey *Director*	S. Cowman *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

A. G. Bailey
Director

S. Cowman
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.

15 March 2004

Chartered Accountants
Registered Auditors

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

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 form 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.

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.

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.

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

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

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

A. G. Bailey
Director

S. Cowman
Director

greenstar Limited
(formerly greenstar Recycling Holdings Limited)

Consolidated balance sheet
at 31 December 2003

	Notes	**2003 €'000**	2002 €'000
Fixed assets			
Intangible assets	*8*	**24,205**	19,964
Tangible assets	*9*	**77,925**	70,699
		102,130	90,663
Current assets			
Stock – consumables		**5**	11
Debtors	*11*	**13,203**	14,046
Cash at bank and in hand		**-**	1,777
		13,208	15,834
Creditors: amounts falling due within one year	*12*	**(39,045)**	(59,408)
Net current liabilities		**(25,837)**	(43,574)
Total assets less current liabilities		**76,293**	47,089
Creditors: amounts falling due after one year	*13*	**(36,476)**	(17,088)
Provisions for liabilities and charges	*15*	**(5,134)**	(3,721)
Net assets		**34,683**	26,280
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
Equity shareholders' funds	*17*	**34,683**	26,280

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

On behalf of the board

A. G. Bailey
Director

S. Cowman
Director

greenstar Limited
(formerly greenstar Recycling Holdings Limited)

Company balance sheet
at 31 December 2003

	Notes	**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
		59,033	65,364
Current assets			
Debtors	*11*	**341**	10,542
Cash at bank and in hand		**2,603**	300
		2,944	10,842
Creditors: amounts falling due within one year	*12*	**(25,047)**	(45,363)
Net current liabilities		**(22,103)**	(34,521)
Total assets less current liabilities		**36,930**	30,843
Creditors: amounts falling due after one year	*13*	**(16,836)**	(15,177)
Net assets		**20,094**	15,666
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
Equity shareholders' funds		**20,094**	15,666

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

On behalf of the board

A. G. Bailey
Director

S. Cowman
Director

greenstar Limited
(formerly greenstar Recycling Holdings Limited)

Consolidated cash flow statement
for the year ended 31 December 2003

	Notes	**2003 €'000**	2002 €'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)
Cash outflow before financing		**(2,858)**	(36,857)
Financing	*24*	**1,081**	37,298
(Decrease)/increase in cash		**(1,777)**	441

Reconciliation of net cash flow to movement in net debt

	Notes	**2003**	2002
(Decrease)/increase in cash in the year		**(1,777)**	441
Cash inflow from debt		**(1,081)**	(37,298)
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)
Net debt at end of year	25	**(59,548)**	(56,690)

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

On behalf of the board

A. G. Bailey
Director

S. Cowman
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
	300	200

Staff costs comprise:

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

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)
	62,429	44,574

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**	-
	2,655	1,539

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

greenstar Limited

(formerly greenstar Recycling Holdings Limited)

Notes *(continued)*

6 Taxation on profit on ordinary activities

	2003	2002
	€'000	€'000
Analysis of tax charge in year		
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)
	2,479	2,382
Deferred tax: Origination and reversal of timing differences	**201**	79
	2,680	2,461

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	2002
	€'000	€'000
Profit on ordinary activities before taxation	**10,883**	9,731
Tax on group profit on ordinary activities at standard Irish corporation tax rate of 12.5% *(2002: 16%)*	**1,360**	1,557
Effects of:		
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)
Group current tax charge for period	**2,479**	2,382

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)*.

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
Balance at end of year	**6,614**	**19,635**	**26,249**
Amortisation			
Balance at start of year	249	564	813
Amortised during the year	258	973	1,231
Balance at end of year	**507**	**1,537**	**2,044**
Net book amount			
Start of year	2,397	17,567	19,964
End of year	**6,107**	**18,098**	**24,205**

Company	Customer Lists €'000
Balance at start of year	74
Amortised during the year	(4)
Balance at end of year	***70***

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

9 Tangible assets

Group	Assets in development €'000	Land & buildings €'000	Landfill assets €'000	Leasehold improvements €'000	Motor vehicles €'000	Office equipment €'000	Plant €'000	Restoration assets €'000	Total €'000
Cost									
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	2,692	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**	**2,692**	**113,735**
Depreciation									
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	1,670	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**	**1,670**	**35,810**
Net book value									
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**	**1,022**	**77,925**

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

9 Tangible assets *(continued)*

Fixed assets held under finance leases are as follows:

	2003 €'000	2002 €'000
Cost	**6,911**	4,735
Accumulated depreciation	**(2,823)**	(2,068)
Net book value, end of year	**4,088**	2,667

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**
Cost						
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)
End of year	**13,028**	**1,788**	**426**	**189**	**654**	**16,085**
Depreciation						
Start of year	1,682	-	75	26	-	1,783
Charge for year	635	-	86	55	17	793
Transfers	-	-	-	7	-	7
End of year	**2,317**	**-**	**161**	**88**	**17**	**2,583**
Net book value						
Start of year	19,680	-	84	65	-	19,829
End of year	**10,711**	**1,788**	**265**	**101**	**637**	**13,502**

10 Financial assets: Interest in subsidiaries

	2003	2002
	€'000	€'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.

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 Group €'000	**2003 Company €'000**	2002 Group €'000	2002 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
	13,203	**341**	14,046	10,542

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 Group €'000	**2003 Company €'000**	2002 Group €'000	2002 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	-
	39,045	**25,047**	59,408	45,363

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
	36,476	**16,836**	17,088	15,177

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
	55,542

(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.

14 Borrowings *(continued)*

(ii) Lease obligations

Lease obligations fall due as follows:

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

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)
Balance, end of year	**5,134**	3,721

The balance may be analysed as follows:

	2003 €'000	2002 €'000
Site restoration	**4,773**	3,463
Aftercare	**361**	258
	5,134	3,721

16 Share capital

	2003 €'000	2002 €'000
Authorised		
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
	15,300	15,300

16 Share capital *(continued)*

	2003	2002
	€'000	€'000
Allotted, called up and fully paid		
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	**-**	-
	7,600	7,600

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".

17 Movement in shareholders' funds

	2003	2002
	€'000	€'000
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
Balance, end of year	**34,683**	26,280

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)
Net assets acquired	4,912
Goodwill	515
Total consideration	5,427
Of which:	
Paid in cash	4,217
Deferred consideration	750
Acquisition expenses	460
Total consideration	5,427

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
Cash net inflow from operating activities	**27,229**	17,868

21 Returns on investments and servicing of finance

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

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
Capital expenditure and financial investment (18,070)		**(18,166)**

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)
Acquisitions	**(7,450)**	(32,341)

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 company	**287**	40,003
Financing	**1,081**	37,298

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)
	(56,690)	**(2,858)**	**(59,548)**

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	2002
	€'000	€'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
	634	117

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 Recycling Holdings Limited
(formerly Celtic Waste Limited)

Directors' report and financial statements

greenstar Limited
(formerly greenstar Recycling Holdings Limited)

Directors' report and financial statements

Year ended 31 December 2003

Registered number: 295816

greenstar Recycling Holdings Limited
(formerly Celtic Waste Limited)

Directors' report and financial statements

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greenstar Recycling Holdings Limited
(formerly Celtic Waste Limited)

Directors' and other information

Directors	J. Gallagher (Chairman) A.G. Bailey J.T. Barry G. Dennison M. King T. Kirwan J. Maher M. Walsh M. Wynne
Registered office	Burton Court Burton Hall Road Sandyford Dublin 18
Secretary	E.J. Bolger
Bankers	Bank of Ireland Greystones Co. Wicklow
Auditors	KPMG 1 Stokes Place St Stephen's Green Dublin 2
Solicitors	Arthur Cox Earlsfort Centre Earlsfort Terrace Dublin 2

greenstar Recycling Holdings Limited

Statement of directors' responsibilities
for the year ended 31 December 2002

The directors have pleasure in submitting their annual report for *greenstar* Recycling Holdings Limited ("the Company") and its subsidiaries (together "the Group") together with the audited financial statements for the year ended 31 December 2002.

Principal activity and business review

The Group, in which NTR has an 88.45% interest, continued in 2002 to make significant progress towards its objective of being Ireland's leading provider of integrated waste management solutions. Revenues increased 75% to €55.7 million (€31.9 million in 2001). Profits after tax were €7.3 million (€7.4 million in 2001).

2002 saw the Group strengthen its market share position with the acquisition of the trade and assets of National Waste Management Limited, and all of the share capital of Burns Waste Recycling Limited, Sita Ireland Limited and Ahern Waste Management Limited.

Significant investment in recycling and composting activity 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 and the Company received planning permission from Meath County Council for a second residual landfill at Knockharley.

The Group has grown rapidly over the last three years with the acquisition of five businesses in Dublin alone. As a consequence of that dramatic growth, the second half of 2002 saw the management team placing greater emphasis on bringing all those businesses together to act as a cohesive Dublin wide organisation. As part of a total re-positioning, subsequent to the year-end, the Company launched its new brand and trading name, *greenstar*, a move that marks the start of a new era for the Group.

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 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 €7,270,068 *(2001: €7,377,151)*. No dividends are proposed by the directors.

Future developments

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

greenstar Recycling Holdings Limited

(formerly Celtic Waste Limited)

Directors' and other information

Employee health and safety

The well being of Group employees is safeguarded through the strict adherence to health and safety standards. The Safety, Health and Welfare at Work Act, 1989 imposes certain requirements on employers and the company has taken the necessary action to ensure compliance with the Act, including the adoption of a safety statement.

Directors and Secretary

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

J. Gallagher (Chairman)
A. G. Bailey (appointed 2 May 2002)
J.T. Barry
G. Dennison (appointed 2 May 2002)
J. Kearns (resigned 30 September 2002)
M. King
T. Kirwan
J. Maher
M. Walsh (appointed 26 February 2003)
M. Wynne (appointed 2 May 2002)
E. Bolger (Secretary)

Directors' and secretary's interests

The Directors and Secretary and their families have no interest in the share capital of the Company at 31 December 2002. The interests of the Directors and Secretary and their families in the share capital of NTR plc (the ultimate parent company of the Company) at 31 December 2002 and 31 December 2001 were as follows:

Shares	**2002**	2001
J. Barry	34,500	34,500
M. King	1,336	1,336
J. Gallagher (a)	1,840,377	725,004

Share Options	**At 31 December 2002 (or date of appointment if later)**	**Granted During Year**	**At 31 December 2001**	**Exercise Price €**	**Exercise Dates**
J. Barry	-	-	-	-	-
M. King	-	-	-	-	-
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

Directors' and other information

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.

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 8 to the financial statements.

Political donations

No political donations greater than €5,080 were made during the year.

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 Burton Court, Burton Hall Road, Sandyford, Dublin 18.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Auditors

During the year the auditors, Arthur Andersen, tendered their resignation. The Directors have appointed KPMG in accordance with Section 160 (7) of the Companies Act, 1963 and KPMG have expressed their willingness to continue in office in accordance with section 160 (2) of that Act.

On behalf of the board

J. Gallagher *Director*	J. Barry *Director*	27 May 2003

greenstar Recycling Holdings Limited

(formerly Celtic Waste Limited)

Directors' and other information

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 period. 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 company 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 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

J. Gallagher
Director

J. Barry
Director

27 May 2003

Independent auditors' report to the members of *greenstar* Recycling Holdings Limited

We have audited the financial statements on pages 8 to 34.

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, for the preparation of the financial statements in accordance with applicable Irish law and accounting standards. They are also responsible for safeguarding the assets of the company. 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 financial statements agree 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
- 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 company 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 company'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* 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 as at 31 December 2002 and of its 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 financial statements are 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 13, 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 2002 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.

KPMG
Chartered Accountants
Registered Auditors

27 May 2003

greenstar Recycling Holdings Limited

Statement of accounting policies
for the year ended 31 December 2002

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 as modified by the revaluation of land and landfill acquisitions and development costs 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 fixed assets

Financial fixed assets are stated at cost less provision for impairment.

Tangible fixed assets

Tangible fixed 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 fixed assets, at rates calculated to write off the cost, less estimated residual value, as follows:

- Landfill acquisition and development costs are deferred and are depreciated over the life of the landfill project based on the rate of fill of void space, commencing from the start of landfill operations. Available void space is measured annually, and any resulting impact on the depreciation charge is recognised prospectively.

- 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%
Equipment	10% - 33%
Motor vehicles	20% - 33%
Leasehold improvements	Over the life of the lease

Statement of accounting policies *(continued)*
for the year ended 31 December 2002

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. Goodwill is amortised over 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 7 years.

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.

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 form 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.

Restoration and aftercare costs

The net present value of restoration costs is provided for over the life of the related landfill sites based on the rate of fill of void space. On an ongoing basis, an interest charge is reflected in

Statement of accounting policies *(continued)*
for the year ended 31 December 2002

the profit and loss account, increasing the value of the provision so that the obligation will reflect its settlement value at the time of maturity.

Statement of accounting policies *(continued)*
for the year ended 31 December 2002

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.

Share options

In accordance with UITF Abstract 17 "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.

Leases

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed 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.

greenstar Recycling Holdings Limited

Consolidated profit and loss account
for the year ended 31 December 2002

	Notes	**2002** €	2001 €
Turnover	*1*	**55,740,590**	31,929,275
Of which			
Existing		**39,833,501**	31,929,275
Acquisitions		**15,907,089**	-
		55,740,590	31,929,275
Operating costs	*3*	**(44,574,349)**	(20,971,712)
Operating profit		**11,166,241**	10,957,563
Of Which			
Existing		**9,619,098**	10,957,563
Acquisitions		**1,547,143**	-
		11,166,241	10,957,563
Interest receivable and similar income		**104,172**	182,166
Interest payable and similar charges	*4*	**(1,539,345)**	(1,043,496)
Profit on ordinary activities before taxation	*5*	**9,731,068**	10,096,233
Taxation on profit on ordinary activities	*6*	**(2,461,000)**	(2,719,082)
Profit for the financial year	*7*	**7,270,068**	7,377,151
Profit and loss account, start of the year		**8,877,541**	1,400,390
Transfer in respect of share awards to employees		**100,000**	100,000
Profit and loss account, end of the year		**16,247,609**	8,877,541

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

On behalf of the board

J. Gallagher
Director

J. Barry
Director

greenstar Recycling Holdings Limited

Consolidated balance sheet
at 31 December 2002

	Notes	2002 €	2001 €
Fixed assets			
Tangible assets	9	**70,698,678**	52,917,922
Intangible assets	10	**19,964,249**	1,929,168
		90,662,927	54,847,090
Current assets			
Stock – consumables		**11,347**	195,549
Debtors	11	**14,045,894**	4,522,029
Cash at bank and in hand		**1,777,154**	1,335,779
		15,834,395	6,053,357
Creditors: amounts falling due within one year	12	**(59,328,693)**	(20,364,741)
Net current liabilities		**(43,494,298)**	(14,311,384)
Total assets less current liabilities		**47,168,629**	40,535,706
Creditors: amounts falling due after one year	13	**(17,168,436)**	(18,484,082)
Provisions for liabilities and charges	14	**(3,720,604)**	(3,142,103)
Net assets		**26,279,589**	18,909,521
Capital and reserves			
Called up share capital	16	**7,600,001**	7,600,001
Share premium		**2,431,979**	2,431,979
Profit and loss account		**16,247,609**	8,877,541
Equity shareholders' funds	17	**26,279,589**	18,909,521

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

On behalf of the board

J. Gallagher
Director

J. Barry
Director

greenstar Recycling Holdings Limited

Company balance sheet
at 31 December 2002

	Notes	2002 €	2001 €
Fixed assets			
Financial assets	8	**45,460,524**	25,632,302
Tangible assets	9	**19,828,740**	13,791,981
Intangible assets	10	**74,091**	-
		65,363,355	39,424,283
Current assets			
Debtors	11	**10,541,629**	6,610,815
Cash at bank and in hand		**300,562**	418,528
		10,842,191	7,029,343
Creditors: amounts falling due within one year	12	**(45,343,846)**	(17,958,578)
Net current liabilities		**(34,501,655)**	(10,929,235)
Total assets less current liabilities		**30,861,700**	28,495,048
Creditors: amounts falling due after one year	13	**(15,196,030)**	(16,997,629)
Net assets		**15,665,670**	11,497,419
Capital and reserves			
Called up share capital	16	**7,600,001**	7,600,001
Share Premium		**2,431,979**	2,431,979
Profit and loss account		**5,633,690**	1,465,439
Equity shareholders' funds		**15,665,670**	11,497,419

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

On behalf of the board

J. Gallagher
Director

J. Barry
Director

greenstar Recycling Holdings Limited

Consolidated cash flow statement

for the year ended 31 December 2002

	Notes	2002 €	2001 €
Net cash inflow from operating activities	20	**17,867,605**	18,502,849
Returns on investments and servicing of finance	21	**(1,166,969)**	(147,716)
Taxation		**(3,147,129)**	(1,652,806)
Capital expenditure	22	**(18,069,622)**	(9,773,016)
Acquisitions and disposals	23	**(32,340,483)**	(5,999,953)
Cash (outflow)/inflow before use of liquid resources and financing		**(36,856,598)**	929,358
Financing	24	**37,297,973**	(3,701,417)
Increase/(decrease) in cash		**441,375**	(2,772,059)

Reconciliation of net cash flow to movement in net debt

	Notes	2002 €	2001 €
Increase/(decrease) in cash in the period		**441,375**	(2,772,059)
Cash (inflow)/outflow from debt		**(37,297,973)**	3,701,417
Change in net debt resulting from cash flows		**(36,856,598)**	929,358
Debt acquired on acquisition		**(4,241,612)**	(579,102)
Net debt at beginning of year		**(414,893)**	(765,149)
Net debt at end of year	25	**(41,513,103)**	(414,893)

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

On behalf of the board

J. Gallagher
Director

J. Barry
Director

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, 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 76.9 percent owned subsidiary of NTR plc.

2 Employees and staff costs

The average number of persons employed by the Group during the financial year was 200 (2001:112) and is analysed as follows:

	2002	2001
Operations	**149**	69
Administration and marketing	**51**	43
	200	112

Staff costs comprise:

	2002	2001
	€	€
Wages and salaries	**7,679,776**	3,478,556
Social welfare costs	**690,326**	417,426
Pension costs	**204,632**	71,549
	8,574,734	3,967,531

3 Operating costs

	2002 €	2001 €
Collection and transfer operations	**26,476,363**	10,277,225
Administration costs	**8,814,429**	4,328,996
Depreciation of tangible fixed assets	**8,521,184**	6,359,287
Amortisation of intangible fixed assets	**782,764**	30,145
Profit on sale of fixed assets	**(20,391)**	(23,941)
	44,574,349	20,971,712

4 Interest payable and similar charges

	2002 €	2001 €
On site restoration and aftercare	**72,000**	72,000
On deferred purchase consideration	**196,204**	641,613
Lease interest	**116,990**	146,082
On bank loans repayable by instalments, the last of which falls due within 5 years	**85,694**	183,801
On loans due to parent company	**1,068,457**	-
	1,539,345	1,043,496

5 Profit on ordinary activities before taxation

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

	2002 €	2001 €
Directors' remuneration	**351,605**	204,111
Auditors' remuneration	**175,000**	40,000
Depreciation of tangible fixed assets	**8,521,184**	6,359,287
Amortisation of intangible fixed assets	**782,764**	30,145

All profits arose in respect of continuing operations.

greenstar Recycling Holdings Limited

Notes *(continued)*

6 Taxation on profit on ordinary activities

	2002	2001
	€	€
The tax charge comprises:		
Current tax: Corporation tax at 16% (2001: 20%)		**2,382,449**
2,899,082		
Deferred tax: Origination and reversal of timing differences	**78,551**	(180,000)
	2,461,000	2,719,082

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

	2002	2001
	€	€
The tax charge comprises:		
Profit on ordinary activities before taxation	**9,731,068**	10,096,233
Tax on group profit on ordinary activities at standard Irish corporation tax rate of 16% (2001: 20%)	**1,556,971**	2,019,247
Effects of:		
Expenses not deductible for tax purposes	**1,234,590**	704,322
Capital allowances (greater)/less than depreciation		**(31,968)**
464,800		
Utilisation of tax losses	**(305,154)**	(289,287)
Adjustment to tax charge in respect of previous period	**(71,990)**	-
Group current tax charge for period	**2,382,449**	2,899,082

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 €4,934,970 (2001: €1,637,569).

8 Financial assets: Interest in subsidiaries

	2002	2001
	€	€
Share capital – unlisted shares at cost	**45,460,524**	25,632,302

Movement for the year was as follows:

	€
At start of year	25,632,302
Shares transferred to *greenstar* Finance Company Limited	(127)
Acquisition of subsidiaries	20,462,954
Reduction of consideration for subsidiary acquired in prior years	(634,605)
At end of year	**45,460,524**

8 Financial assets: Interests in subsidiaries *(continued)*

At 31 December 2002, 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 (formerly KGT Properties Limited)	Property holding	100%
greenstar Materials Recovery Limited (formerly Murphy Waste Limited)	Waste Collection and recycling	100%
greenstar Finance Company Limited (formerly Dale Cargo Limited)	Treasury operations	100%
Celtic Waste Recycling Limited	Non trading	100%
Noble Waste Disposal Limited	Waste Collection and recycling	100%
Green Valley Recycling and Trading Limited	Waste Collection and recycling	100%
Wicklow Waste Disposal Limited	In liquidation	100%
Bray Waste Disposal Limited	In liquidation	100%
Bray Recycling Limited	In liquidation	100%
Burns Waste Recycling Limited	Waste collection and recycling	100%
greenstar Recycling (Munster) Limited	Waste collection and recycling	100%
greenstar Distribution Limited	Waste collection and recycling	100%
greenstar Recycling Limited	Waste collection and recycling	100%
greenstar Products Limited	Non trading	100%
Green Sunrise Industries Limited	Non trading	100%
AA Abate Limited	Non trading	100%

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

Notes *(continued)*

9 Tangible fixed assets

Group	**Assets in development**	**Operating landfill assets**	**Freehold land & buildings**	**Plant**	**Equipment**	**Motor vehicles**	**Leasehold Improvements**	**Total**
	€	**€**	**€**	**€**	**€**	**€**	**€**	**€**
Cost								
Start of year	13,645,230	25,699,593	16,205,411	8,444,124	441,027	373,601	772,085	65,581,071
Additions	7,906,649	2,489,112	3,633,976	3,916,788	240,954	1,103,755	132,291	19,423,525
Acquisitions (Note 18)	-	-	2,401,906	6,180,619	773,318	2,386,972	-	11,742,815
Disposals	-	-	(6,967)	(1,735,864)	(28,351)	(214,998)	-	(1,986,180)
End of year	**21,551,879**	**28,188,705**	**22,234,326**	**16,805,667**	**1,426,948**	**3,649,330**	**904,376**	**94,761,231**
Depreciation								
Start of year	-	8,743,519	336,516	3,392,626	86,135	93,630	10,723	12,663,149
Charge for year	1,681,826	3,995,068	138,115	1,933,378	163,673	535,679	73,445	8,521,184
Acquisitions (Note 18)	-	-	99,422	2,467,897	135,076	523,046	-	3,225,441
Disposals	-	-	(369)	(202,680)	(6,063)	(138,109)	-	(347,221)
End of year	**1,681,826**	**12,738,587**	**573,684**	**7,591,221**	**378,821**	**1,014,246**	**84,168**	**24,062,553**
Net book value								
Start of year	13,645,230	16,956,074	15,868,895	5,051,498	354,892	279,971	761,362	52,917,922
End of year	**19,870,053**	**15,450,118**	**21,660,642**	**9,214,446**	**1,048,127**	**2,635,084**	**820,208**	**70,698,678**

The Group had capital commitments at 31 December 2002 of €4,040,000 (2001 – €Nil).

9 Tangible fixed assets *(continued)*

	2002 €
Fixed assets held under finance leases are as follows:	
Cost at 31 December 2002	**4,734,797**
Accumulated depreciation at 31 December 2002	**(2,068,436)**
Net book value at 31 December 2002	**2,666,361**

Depreciation of €588,542 (2001: €621,323) was charged in the year on assets held under finance leases.
Fixed assets held under finance leases consist principally of items of plant and equipment.

Company

	Assets in development €	Equipment €	Motor vehicles €	Total €
Cost				
Start of year	13,645,230	129,692	58,868	13,833,790
Additions	7,716,838	29,564	64,650	7,811,052
Disposals	-	-	(33,013)	(33,013)
End of year	**21,362,068**	**159,256**	**90,505**	**21,611,829**
Depreciation				
Start of year	-	30,023	11,786	41,809
Charge for year	1,681,826	45,538	24,920	1,752,284
Disposals	-	-	(11,004)	(11,004)
End of year	**1,681,826**	**75,561**	**25,702**	**1,783,089**
Net book value				
Start of year	13,645,230	99,669	47,082	13,791,981
End of year	**19,680,242**	**83,695**	**64,803**	**19,828,740**

10 Intangible assets

Group

	Customer Lists	Other Goodwill	Total
	€	€	€
Balance, start of year	757,308	1,202,005	1,959,313
On acquisitions during the year	1,800,000	16,929,036	18,729,036
Additions	88,809	-	88,809
	---------	---------	---------
Balance, end of year	2,646,117	18,131,041	20,777,158
	---------	---------	---------
Amortisation			
Balance, start of year	18,139	12,006	30,145
Amortised during the year	230,696	552,068	782,764
	---------	---------	---------
Balance, end of the year	248,835	564,074	812,909
	---------	---------	---------
Net book amount			
Start of year	739,169	1,189,999	1,929,168
	=====	=====	=====
End of year	2,397,782	17,566,967	19,964,749
	=====	=====	=====

Company

	Customer Lists
	€
Balance, start of year	-
Additions	88,809
Amortised during the year	(14,718)

Balance, end of year	74,091
	---------

11 Debtors

	2002 Group €	2002 Company €	2001 Group €	2001 Company €
Trade debtors	**11,699,090**	**-**	3,787,642	253,280
Other debtors and prepayments	**1,932,770**	**30,292**	441,387	-
VAT receivable	**319,034**	**295,474**	-	83,473
Deferred tax asset	**95,000**	**2,000**	293,000	15,000
Corporation tax	**-**	**571,513**	-	-
Amounts due from subsidiaries	**-**	**9,642,350**	-	6,259,062
	14,045,894	**10,541,629**	4,522,029	6,610,815

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

	2002 Group €	2002 Company €	2001 Group €	2001 Company €
Bank overdraft (Note 13 (ii))	**257,491**	**-**	-	-
Trade creditors	**3,094,635**	**304,316**	1,936,728	602,090
Accruals and provisions	**8,924,409**	**2,742,933**	5,551,472	2,452,231
VAT payable	**837,113**	**-**	301,696	-
Deferred purchase consideration and earnout obligations (Note 13 (i))	**2,503,120**	**2,077,629**	8,563,657	7,177,444
Corporation tax	**2,376,918**	**-**	3,148,047	2,340
Deferred tax liability	**-**	**-**	113,000	-
Amounts due to parent undertaking	**-**	**-**	84,176	84,176
Amounts due to group undertakings (a)	**40,087,894**	**40,028,497**	-	7,640,297
Lease obligations (Note 13 (iii))	**1,056,642**	**-**	665,965	-
Purchase options payments (Note 13(iv))	**190,471**	**190,471**	-	-
	59,328,693	**45,343,846**	20,364,741	17,958,578

(a) These loans are unsecured and have no fixed repayment date. The loans are subject to an interest rate at the Euribor plus a margin. The margin will be 0.95% per annum up to 31 December 2004 and 1% thereafter. The loans are repayable within one year.

13 **Creditors:** Amounts falling due after more than one year

	2002		2001	
	Group	**Company**	Group	Company
	€	**€**	€	€
Deferred purchase consideration and earnout obligations (i)	**-**	**-**	2,222,391	1,820,645
Bank borrowings (ii)	**61,029**	**-**	65,338	-
Lease obligations (iii)	**1,911,377**	**-**	1,019,369	-
Purchase option payments (iv)	**19,046**	**19,046**	-	-
Shareholder loans (Note 15)	**15,176,984**	**15,176,984**	15,176,984	15,176,984
	17,168,436	**15,196,030**	18,484,082	16,997,629

(i) Deferred purchase consideration and earnout obligations

Deferred purchase consideration and earnout obligations arise in respect of acquisitions and fall
due as follows:

	2002	2001
	€	€
Between one and two years	**-**	2,222,391
	-	2,222,391
Due within one year (Note 12)	**2,503,120**	8,563,657
	2,503,120	10,786,048

Deferred purchase consideration falls due in February, October and November 2003. Earnout obligations are payable up to and including November 2003 and will be based upon the operating results of the trades acquired as part of the acquisition of Noble Waste Disposal Limited, Burns Waste Management Limited and Murphy Waste Limited (Note 18). The amount included above in respect of earnout obligations represents the directors' best estimate of the final amount that will become payable by the Group.

13 **Creditors:** Amounts falling due after more than one year *(continued)*

(ii) Bank borrowings

Bank borrowings fall due as follows:

	2002	2001
	€	€
Between one and two years	**4,400**	4,000
Between two and five years	**17,600**	8,000
After 5 years	**39,029**	53,338
	61,029	65,338
Due within one year (Note 12)	**257,491**	-
	318,520	65,338

The bank borrowings comprise a mortgage secured on the assets of *greenstar* Properties Limited. The loan is subject to fixed interest rate.

(iii) Lease obligations

Lease obligations fall due as follows:

	2002	2001
	€	€
Between one and two years	**806,980**	473,946
Between two and five years	**1,104,397**	533,015
After five years	**-**	12,408
	1,911,377	1,019,369
Due within one year (Note 12)	**1,056,642**	665,965
	2,968,019	1,685,334

13 **Creditors:** Amounts falling due after more than one year *(continued)*

(iv) Purchase option payments for land

Provisions for option payments for land not yet paid at the year end are as follows:

	2002		2001	
	Group	**Company**	Group	Company
	€	**€**	€	€
Between one and five years	**19,046**	**19,046**	-	-
Due within one year (Note 12)	**190,471**	**190,471**	-	-
	209,517	**209,517**	-	-

Provisions for purchase option payments relate to land that the Group currently has options to purchase and where it is intended to take up these options.

14 **Provision for liabilities and charges – site restoration and aftercare**

	2002	2001
	€	€
Balance, start of year	**3,142,103**	2,102,173
Charge for year	**678,839**	1,039,930
Acquisitions	**350,000**	-
Expenditure on restoration and aftercare	**(450,338)**	-
Balance, end of year	**3,720,604**	3,142,103

15 **Shareholder loans**

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 2004.

16 Share capital

	2002	2001
	€	€
Authorised:		
4,999,999 ordinary shares of €1 each	**4,999,999**	4,999,999
5,000,000 'A' ordinary shares of €1 each	**5,000,000**	5,000,000
5,000,000 'B' ordinary shares of €1 each	**5,000,000**	5,000,000
1 'C' ordinary share of €1 each	**1**	1
300,000 'D' ordinary shares of €1 each	**300,000**	300,000
	15,300,000	15,300,000

	2002	2001
	€	€
Allotted, called up and fully paid:		
3,800,000 'A' ordinary shares of €1 each	**3,800,000**	3,800,000
3,800,000 'B' ordinary shares of €1 each	**3,800,000**	3,800,000
1 'C' ordinary share of €1 each	**1**	1
	7,600,001	7,600,001

During 2002 and 2001 the Company 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 €100,000 arises in the respect of these share awards was recorded during the year ended 31 December 2002 (2001 - €100,000). A corresponding transfer has been made to the profit and loss account in accordance with requirements of UITF Abstract 17 "Employee Share Schemes".

17 Movement in shareholders' funds

	2002	2001
	€	€
Balance, start of year	**18,909,521**	11,432,370
Profit for financial year	**7,270,068**	7,377,151
Transfer in respect of share awards to employees (Note 16)	**100,000**	100,000
Balance, end of year	**26,279,589**	18,909,521

Notes *(continued)*

18 Acquisitions

The Company made a number of acquisitions during the year. Each of the acquired entities is involved in the waste collection business and most had licensed transfer facilities. The acquisitions made were:

- all of the ordinary share capital of *greenstar* Recycling (Munster) Limited (formerly Ahern Waste Management Limited) on 6 March 2002
- all of the ordinary share capital of *greenstar* Distribution Limited (formerly Sita Ireland Limited) on 18 July 2002
- all of the ordinary share capital of Burns Waste Recycling Limited ("Burns") on 4 September 2002
- the trade and assets of National Waste Management Limited ("National") on 5 July 2002

Notes *(continued)*

18 Acquisitions *(continued)*

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

	greenstar Recycling Munster	*greenstar* Distribution	Burns	National	Total
	€	€	€	€	€
Tangible fixed assets	1,880,900	3,493,494	375,859	2,767,121	8,517,374
Customer lists	-	-	-	1,800,000	1,800,000
Debtors	1,900,596	2,566,205	695,508	-	5,162,309
Cash	-	429,000	498,449	-	927,449
Creditors	(753,255)	(1,439,000)	(373,107)	(755,789)	(3,321,151)
Bank debt	(2,061,305)	(1,028,000)	-	-	(3,089,305)
Finance leases	(404,020)	(499,000)	(249,287)	-	(1,152,307)
Restoration provision	-	-	-	(350,000)	(350,000)
Net assets acquired	562,916	3,522,699	947,422	3,461,332	8,494,369
Goodwill	5,977,084	5,740,801	3,712,032	1,499,119	16,929,036
Total consideration	6,540,000	9,263,500	4,659,454	4,960,451	25,423,405
	=======	=======	=======	=======	========

Of which:	
Paid in cash	23,865,113
Deferred consideration	300,000
Acquisition expenses	1,258,292
Total consideration	25,423,405
	========

The only fair value adjustments made to book values on acquisition were in respect of the purchase of the trade and assets of National Waste Management Limited, and were to increase the value of tangible fixed assets by €656,853; increase the value of customer lists by €1,800,000; and increase the restoration provision by €350,000.

18 Acquisitions *(continued)*

In the most recent accounting periods prior to acquisition, the results of the acquired entities were:

Entity	Period	Profit after Tax
		€
Ahern Waste Management Limited	1 August 2000 to 31 July 2001	24,898
		=====
Sita Ireland Limited	1 January to 31 December 2001	1,063,128
		=======
Burns Waste Recycling Limited	1 July 2001 to 31 August 2002	488,032
		=====

The results of National Waste Management Limited prior to the acquisition of its assets are not available.

The results of the acquired entities from the end of their last accounting periods to the effective dates of acquisition, with the exception of Burns Waste Recycling Limited, where their last accounting period ended immediately prior to the acquisition date, were:

	Ahern	Sita
	€	€
Turnover	2,310,983	4,159,201
	=======	=======
Operating profit	135,880	183,225
	======	======
(Loss)/Profit before taxation	(1,088)	150,872
Taxation credit/(charge)	76,420	(40,000)
	--------	--------
Profit after taxation	75,332	110,872

Notes *(continued)*

The results of the acquisitions are included in the current year profit and loss account in aggregate. None of the results are individually material.

19 Pensions

The Company's total pension costs in respect of its defined contribution plan for the year to 31 December 2002 were €204,632 (2001 - €71,549). Amounts outstanding at 31 December 2002 amounted to €11,377 (2001 - €2,800).

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

	2002	2001
	€	€
Operating profit	**11,166,241**	10,957,563
Depreciation of tangible fixed assets	**8,521,184**	6,359,287
Amortisation of intangible fixed assets	**782,764**	30,145
Gain on disposal of fixed assets	**(20,391)**	(23,941)
Decrease/(increase) in stocks	**184,202**	(129,486)
Increase in debtors	**(4,559,556)**	(1,433,781)
Increase in creditors	**1,327,143**	1,850,132
Site restoration provision	**606,839**	792,930
Site restoration expenditure	**(450,338)**	-
Option payment provisions	**209,517**	-
Share option fair value charge	**100,000**	100,000
Cash net inflow from operating activities	**17,867,605**	18,502,849

21 Returns on investments and servicing of finance

		2002 2001
	€	€
Interest received	**104,172**	182,166
Interest paid	**(1,154,151)**	(183,801)
Interest element of finance leases	**(116,990)**	(146,081)
Returns on investments and servicing finance		**(1,166,969)**
(147,716)		

Notes *(continued)*

22 Capital expenditure and financial investment

	2002 €	2001 €
Purchase of tangible fixed assets	**(19,640,163)**	(10,088,857)
Purchase of intangible fixed assets	**(88,809)**	-
Receipts from sales of tangible fixed assets	**1,659,350**	315,841
Capital expenditure	**(18,069,622)**	(9,773,016)

23 Acquisitions

	2002 €	2001 €
Purchase of subsidiary undertakings	**(25,123,405)**	(1,523,686)
Related cash acquired	**927,449**	-
Deferred consideration payments on subsidiaries acquired in previous years	**(8,144,527)**	(4,476,267)
Acquisitions and disposals	**(32,340,483)**	(5,999,953)

24 Financing

	2002 €	2001 €
Repayment of loans	**(2,836,123)**	(2,745,268)
Repayment of finance leases	**(1,558,021)**	(956,149)
Drawdown of finance leases	**1,688,398**	-
Drawdown of loans from group company	**40,003,719**	-
Financing	**(37,297,973)**	(3,701,417)

25 Analysis of net debt

	1 January 2002 €	Cash flow €	Acquired €	31 December 2002 €
Cash in hand and at bank	1,335,779	441,375	-	1,777,154
Debt due within 1 year	-	2,831,814	(3,089,305)	(257,491)
Debt due after 1 year	(65,338)	4,309	-	(61,029)
Finance leases	(1,685,334)	(130,377)	(1,152,307)	(2,968,018)
Loan from group company	-	(40,003,719)	-	(40,003,719)
Total	**(414,893)**	**(36,856,598)**	**(4,241,612)**	**(41,513,103)**

26 Operating lease commitments

At 31 December 2002, the Group had operating lease commitments payable during the next 12 months in respect of premises as follows:

	2002 €	2001 €
Payable on leases in which the commitment expires after 5 years	**117,250**	117,250

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 2002.

Subsidiaries guaranteed

KTK Landfill Limited
Noble Waste Disposal Limited
greenstar Properties Limited (formerly KGT Properties Limited)
greenstar Materials Recovery Limited (formerly Murphy Waste Limited)
greenstar Finance Company Limited (formerly Dale Cargo Limited)
Green Valley Recycling and Trading Limited

28 Prior period 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 27 May 2003.

greenstar Recycling Holdings Limited

(formerly Celtic Waste Limited)

Directors' report and financial statements

Year ended 31 December 2002

Registered number: 295816

Celtic Waste Limited

Consolidated Financial Statements – 31 December 2001
Together with Directors' and Auditors' Reports

Celtic Waste Limited

Consolidated Financial Statements – 31 December 2001

Together with Directors' and Auditors' Reports

Index **Page**

Celtic Waste Limited
Company Information

Directors
J. Gallagher - Chairman
J.T. Barry
T. Kirwan
J. Kearns
M. King
J. Maher

Secretary
E.J. Bolger

Registered Office
Burton Court
Burton Hall Road
Sandyford
Dublin 18

Auditors
Arthur Andersen
Andersen House
International Financial Services Centre
Dublin 1

Solicitors
Arthur Cox
Earlsfort Centre
Earlsfort Terrace
Dublin 2

Bankers
Bank of Ireland plc
Greystones
Co. Wicklow

Celtic Waste Limited
Directors' Report
For the Year Ended 31 December 2001

The Directors present their annual report for Celtic Waste Limited ("the Company") and its subsidiaries (together "the Group") together with the audited financial statements for the year ended 31 December 2001.

Principal Activity and Business Review

The Company is a subsidiary of National Toll Roads plc, which holds 50% of the issued share capital plus one voting share. National Toll Roads plc also controls Celtic Utilities Limited, the other 50% shareholder through a 76.92% ownership interest. The Company was established with Celtic Utilities Limited for the purpose of developing business opportunities in the area of waste management. During the year the Group has engaged in the operation and development of a landfill site and two transfer stations.

Acquisitions

During the year the Company acquired the trade of N. Murphy Waste Disposal Limited. N. Murphy Waste Disposal Limited is a waste disposal business in the North Dublin area and operates a transfer and recycling station in Sandyhill, St. Margaret's, Co. Dublin. The acquisition, which has been successfully integrated with the existing operations, represents an important step in the development of Celtic Waste Limited as a national waste management and recycling business.

Results for the Year

The Group made a profit for the financial year of €7,377,151 (2000 – €1,758,426).

Dividends

No dividends are proposed by the Directors.

Future Development

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

Employee 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.

Directors

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

J. Gallagher – Chairman
J. T. Barry
C.N. Blair (resigned 30 January 2001)
N. McNamara (resigned 30 March 2001)
J. Maher
J. Kearns (appointed 30 January 2001)
M. King (appointed 30 January 2001)
P. Priestley (resigned 16 December 2001)
T. J. Roche (resigned 30 January 2001)
T. Kirwan (appointed 28 November 2001)

Directors' and Secretary's Interests

Interests of the Directors and Secretary and their families in the ordinary share capital of National Toll Roads plc at 31 December 2001 and 2000 respectively (or date of appointment if later) were as follows:

Shares	**31 December 2001**	**31 December 2000**
J.T Barry	34,500	34,500
J. Gallagher	725,004	-
J. Kearns	2,000	2,000
M. King	1,336	1,336

Share Options	**At 31 December 2001**	**At 31 December 2000**	**Exercise Price**	**Exercise Dates**
J. Gallagher	25,000	-	€8.4	2004-2011

No other options were granted, lapsed or exercised during the year.

Shareholdings

National Toll Roads 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.

Close Company Status

In the opinion of the Directors the Company is not a close company as defined in the Corporation Tax Act 1976, as it is a subsidiary of National Toll Roads plc.

Subsidiaries

The information required by the Companies Acts, 1963 to 2001, in relation to subsidiary undertakings is set out in Note 9 to the financial statements.

Political Donations

No political donations greater than €5,080 (IR£4,000) were made during the year.

Directors' Responsibility Statement

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 period. 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 Company and Group 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 which enable them to ensure that the financial statements comply with the Companies Acts 1963 to 2001 and the European Communities (Companies: Group Accounts) Regulations, 1992. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Books of Account

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 financial personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account of the Company and Group are maintained at Burton Court, Burton Hall Road, Sandyford, Dublin 18.

Going Concern

After making enquiries, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Auditors

The auditors, Arthur Andersen, have expressed their willingness to continue in office in accordance with Section 160(2) of the Companies Act, 1963.

On Behalf of the Board

Jim Barry
------------------------------------ Director

John Gallagher
------------------------------------ Director

2 May, 2002

Independent Auditors' Report to the Shareholders of Celtic Waste Limited:

We have audited the financial statements of Celtic Waste Limited for the year ended 31 December 2001 on pages 8 to 28. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and Irish Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and Auditing Standards promulgated by the Auditing Practices Board in Ireland and the United Kingdom.

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. We also report to you whether, in our opinion: proper books of account have been kept by the Company; whether, at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the Company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information necessary for the purposes of our audit and whether the Company's balance sheet and its profit and loss account are in agreement with the books of account.

We report to the shareholders if, in our opinion, any information required by law regarding directors' remuneration and directors' transactions is not given and, where practicable, include such information in our report.

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

Basis of 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 judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Group, 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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2001.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the Company. The Company's financial statements are in agreement with the books of account.

In our opinion, the information given in the Directors' report is consistent with the financial statements.

The net assets of the Company, as stated in the balance sheet on page 9, 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 2001 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 and Registered Auditor
Dublin
2 May 2002

Celtic Waste Limited

Consolidated Profit and Loss Account
For the Year Ended 31 December 2001

	Notes	2001 €	2000 €
Turnover	2	31,929,275	10,996,553
Operating Costs	3	(20,971,712)	(6,925,566)
Operating Profit		10,957,563	4,070,987
Interest receivable and similar income		182,166	45,748
Interest payable and similar charges	5	(1,043,496)	(479,369)
Profit on Ordinary Activities before Taxation		10,096,233	3,637,366
Taxation on profit on ordinary activities	7	(2,719,082)	(1,878,940)
Profit for the Financial Year	8	7,377,151	1,758,426
Profit and Loss Account, *beginning of year*		1,400,390	(358,036)
Transfer in respect of share awards to employees	22	100,000	-
Profit and Loss Account, end of year		8,877,541	1,400,390

There are no recognised gains or losses other than the profit for the year.

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

Celtic Waste Limited

Consolidated Balance Sheet - 31 December 2001

	Notes	2001	2000
		€	€
Fixed Assets			
Tangible assets	10	53,657,091	47,944,594
Intangible assets	11	1,189,999	-
		54,847,090	47,944,594
Current Assets			
Stock – consumables		195,549	66,063
Debtors	12	4,522,029	2,685,105
Cash at bank and in hand		1,335,779	4,107,838
		6,053,357	6,859,006
Creditors: Amounts falling due within one year	13	(20,364,741)	(10,684,637)
Net Current Liabilities		(14,311,384)	(3,825,631)
Total Assets Less Current Liabilities		40,535,706	44,118,963
Creditors: Amounts falling due after more than one year	14	(18,484,082)	(30,584,420)
Provision for Liabilities and Charges	15	(3,142,103)	(2,102,173)
Net Assets		18,909,521	11,432,370
Capital and Reserves			
Called up share capital	17	7,600,001	7,600,001
Share premium		2,431,979	2,431,979
Profit and loss account		8,877,541	1,400,390
Equity Shareholders' Funds	18	18,909,521	11,432,370

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

Jim Barry
-------------------------------- Director

John Gallagher
-------------------------------- Director

Approved by the Directors on 2 May, 2002.

Celtic Waste Limited

Company Balance Sheet - 31 December 2001

	Notes	2001 €	2000 €
Fixed Assets			
Financial assets	9	25,632,302	25,632,272
Tangible assets	10	13,791,981	6,959,832
		39,424,283	32,592,104
Current Assets			
Debtors	12	6,610,815	2,688,394
Cash at bank and in hand		418,528	4,091,260
		7,029,343	6,779,654
Creditors: Amounts falling due within one year	13	(17,958,578)	(3,126,853)
Net Current (Liabilities)/Assets		(10,929,235)	3,652,801
Total Assets Less Current Liabilities		28,495,048	36,244,905
Creditors: Amounts falling due after more than one year	14	(16,997,629)	(26,485,055)
Net Assets		11,497,419	9,759,850
Capital and Reserves			
Called up share capital	17	7,600,001	7,600,001
Share premium		2,431,979	2,431,979
Profit and loss account		1,465,439	(272,130)
Equity Shareholders' Funds		11,497,419	9,759,850

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

Jim Barry
-------------------------------- Director

John Gallagher
-------------------------------- Director

Approved by the Directors on 2 May, 2002.

Celtic Waste Limited
Consolidated Cash Flow Statement
For the Year Ended 31 December 2001

	Notes	2001 €	2000 €
Net cash inflow from operating activities	21a	18,502,849	7,471,144
Returns on investments and servicing of finance	21b	(147,716)	2,791
Taxation		(1,652,806)	(2,148)
Capital expenditure and financial investment	21c	(9,773,016)	(6,335,962)
Acquisitions and disposals	21d	(5,999,953)	(11,485,745)
Cash inflow/(outflow) before use of liquid resources and financing		929,358	(10,349,920)
Financing - Repayment of debt and financing leases	21e	(3,701,417)	(1,074,782)
- Increase in Shareholder loans		- -	15,176,984
(Decrease)/increase in cash at bank		(2,772,059)	3,752,282

Reconciliation of net cash flow to movement in net debt

	Notes	2001 €	2000 €
(Decrease) increase in cash in the period		(2,772,059)	3,752,282
Cash outflow from decrease in debt		2,745,268	1,074,782
Repayment of finance leases		956,149	-
Leases acquired as part of acquisition		(579,102)	(2,062,361)
Debt acquired as part of acquisition		-	(3,806,249)
Change in net debt		350,236	(1,041,546)
Net (debt)/funds at beginning of year		(765,129)	276,417
Net debt at end of year	21f	(414,893)	(765,129)

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

Jim Barry
-------------------------------- Director

John Gallagher
-------------------------------- Director

Approved by the Directors on 2 May, 2002.

1. *Statement of Accounting Policies*

The principal accounting policies adopted by the Group are summarised below. They have all been applied consistently throughout the year and the preceding year with the exception of the policy for income taxes, which is explained in Note 7.

(a) *Basis of Accounting*

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and landfill acquisition and development costs. The consolidated financial statements include the financial statements of the Company and all of its subsidiaries (Note 9) drawn up to 31 December each year. All intercompany transactions and balances have been eliminated in the preparation of the consolidated financial statements. The results of subsidiaries acquired during the year are included from the date of acquisition.

(b) *Financial Fixed Assets*

Financial assets are stated at cost, less provision for impairment.

(c) *Tangible Fixed Assets*

Tangible fixed assets are stated at cost, net of depreciation. Land is not depreciated. Costs in relation 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 calculated to write off the cost, less estimated residual value, of all other assets as follows:

- Landfill acquisition and development costs are deferred and are depreciated over the life of the landfill project based on the rate of fill of void space, commencing from the start of landfill operations. Available void space is measured annually, and any resulting impact on the depreciation charge is recognised prospectively.

- All other assets are depreciated on a straight line basis over their expected useful lives at the following annual rates:

Buildings	4%
Office and other equipment	20%
Plant and equipment	20%
Bins and compactors	20%
Motor vehicles	20%
Leasehold improvements	Over the remaining life of the lease

(d) 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 on 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 nominal value at the time of maturity.

(e) *Turnover*

Turnover represents revenue received from collection services provided to commercial and domestic customers, from recycling operations and from landfill operations.

(f) *Taxation*

Current 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.

(g) Restoration and Aftercare Costs

The net present value of restoration costs is provided for over the life of the related landfill sites based on the rate of fill of void space (see (c) above). On an ongoing basis, an interest charge is reflected in the profit and loss account, increasing the value of the provision so that the obligation will reflect its nominal value at the time of maturity.

(h) Stock

Stock of consumables is stated at the lower of cost and net realisable value.

(i) Pension Costs

The Group provides for pensions to certain employees on a defined contribution basis. The amount charged in the profit and loss account represents contributions payable in respect of the financial year.

Differences between contributions payable in the year and contributions actually paid are included in either debtors or creditors in the consolidated balance sheet.

(j) 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. Goodwill is amortised over 20 years. Provision is made for any impairment.

(k) Share Options

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 vesting period of the option. In accordance with UITF Abstract 17 "Employee Share Schemes", a corresponding amount is transferred to the profit and loss reserve.

(l) Leases

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of 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.

(m) Debt

Debt is initially stated at the amount of 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. Convertible debt is reported as a liability unless conversion actually occurs. No gain or loss is recognised on conversion.

2. Turnover, Ownership and Operations

Turnover arose from third party sales within the Republic of Ireland.

The Company is a subsidiary of National Toll Roads plc, which hold 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 76.9 percent owned subsidiary of National Toll Roads plc.

3. Operating Costs

	2001 €	2000 €
Landfill and collection operations	10,277,225	2,266,817
Goodwill amortisation	12,006	-
Administration costs	4,305,055	917,188
Depreciation	6,377,426	3,741,561
	20,971,712	6,925,566

4. *Employees and Staff Costs*

The average number of persons employed by the Group during the financial year was 112 (2000 – 22) and is analysed as follows:

2001	2000

Operations	69	11
Administration and marketing	43	11
	-----	-----
	112	22
	===	===

Staff costs comprise:	2001	2000
	€	€
Wages and salaries	3,478,556	808,430
Social welfare costs	417,426	17,898
Pension costs	71,549	51,271
	-------------	-----------
	3,967,531	877,599
	=======	======

5. *Interest Payable and Similar Charges*

	2001	2000
	€	€
On deferred purchase consideration	713,613	436,412
Lease Interest	146,082	-
On bank loans repayable by instalments, the last of which falls due within 5 years	183,801	42,957
	----------	----------
	1,043,496	479,369
	========	=======

6. *Profit on Ordinary Activities before Taxation*

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

	2001	2000
	€	€
Directors' remuneration	204,111	116,716
Auditors' remuneration	40,000	18,774
	=======	=======

All profits arose in respect of continuing operations.

7. *Taxation on Profit on Ordinary Activities*

Deferred tax: Origination and reversal of timing differences	(180,000)	-
	-----------	-----------
	2,719,082	1,878,940
	=======	=======

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

7. Taxation on Profit on Ordinary Activities (contd.)

The tax charge comprises:	2001 €'000	2000 €'000
Profit on Ordinary activities before tax	10,096,233	3,637,366
Tax on group profit on ordinary activities at standard Irish corporation tax rate of 20% (2000:24%)	2,019,247	872,968
Effects of:		
Expenses not deductible for tax purposes	704,322	602,899
Capital allowances in excess of depreciation	464,800	403,073
Utilisation of tax losses	(289,287)	-
	--------------	-------------
Group current tax charge for period	2,899,082	1,878,940
	========	=======

8. 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 €1,637,569 (loss in 2000: €4,801).

9. Financial Assets: Interest in Subsidiaries

	2001 €	2000 €
Share capital – unlisted shares at cost	25,632,302	25,632,272
		=========

========
=

Movement for the year was as follows:

	€
At start of year	25,632,272
Investment in Murphy Waste Limited	15
Investment in Dale Cargo Limited	15

At end of year	25,632,302
	=========

9. *Financial Assets: Interest in Subsidiaries (contd.)*

At 31 December 2001, 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%
KGT Properties Limited	Property holding	100%
Murphy Waste Limited	Waste Collection and Recycling	100%
Dale Cargo Limited	Non trading	100%
Celtic Waste Recycling Limited	Non trading	100%
Noble Waste Disposal Limited	Waste Collection and Recycling	100%
Green Valley Recycling and	Waste Collection and	100%

Trading Limited	Recycling	100%
Wicklow Waste Disposal Limited	Non trading	100%
Bray Waste Disposal Limited	Non trading	100%
Bray Recycling Limited	Non trading	

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

10. Tangible Fixed Assets

Group	**Freehold Land & Buildings €**	**Landfill Assets €**	**Plant €**	**Assets in Development €**	**Equipment €**	**Motor Vehicles €**	**Leasehold Improvements €**	**Total €**
Cost								
Start of year	16,056,247	23,791,667	7,286,111	6,918,547	183,443	90,745	-	54,326,760
Additions	149,164	1,907,926	824,748	6,726,683	224,908	147,450	200,704	10,181,583
Acquisitions (Note 18)	-	-	1,460,775	-	32,676	135,406	571,381	2,200,238
Disposals	-	-	(370,202)	-	-	-	-	(370,202)
End of year	16,205,411	25,699,593	9,201,432	13,645,230	441,027	373,601	772,085	66,338,379
Depreciation								
Start of year	266,441	***3,653,609***	***2,407,517***	-	***36,976***	***17,623***	-	***6,382,166***
Charge for year	70,075	***5,089,910***	***1,081,552***	-	***49,159***	***76,007***	***10,723***	***6,377,426***
Disposals	-	-	(78,304)	-	-	-	-	(78,304)
End of year	336,516	***8,743,519***	***3,410,765***	-	***86,135***	***93,630***	***10,723***	***12,681,288***
Net Book Value								
Start of year	15,789,806	20,138,058	4,878,594	6,918,547	146,467	73,122	-	47,944,594
End of year	15,868,895	16,956,074	5,790,667	13,645,230	354,892	279,971	761,362	53,657,091

At 31 December 2001, the Group had no capital commitments (2000 - €Nil).

Fixed assets held under finance leases are as follows:

Cost at 31 December 2001		5,485,296
Accumulated Depreciation at 31 December 2001		(3,045,762)
Net Book Value at 31 December 2001	2,439,534	

Depreciation of €621,323 (2000 - €194,500) was charged in the year on assets held under finance lease

0. *Tangible Fixed Assets*

Company	**Assets in Development**	**Equipment**	**Motor Vehicles**	**Total**
	€	€	€	€
Cost				
Start of year	6,918,547	46,556	-	6,965,103
Additions	6,726,683	83,136	58,868	6,868,687
End of year	13,645,230	129,692	58,868	13,833,790
Depreciation				
Start of year	-	5,271	-	5,271
Charge for year	-	24,752	11,786	36,538
End of year	-	30,023	11,786	41,809
Net Book Value				
Start of year	6,918,547	41,285	-	6,959,832
End of year	13,645,230	99,669	47,082	13,791,981

Intangible Assets - Goodwill

	€
Balance at 31 December 2000	-
Additions (Note 19)	1,202,005
Amortisation in the year	(12,006)
Balance at 31 December 2001	1,189,999

2. *Debtors*

	2001		**2000**	
	Group	**Company**	**Group**	**Company**
	€	€	€	€
Trade debtors	3,787,642	253,280	2,596,816	30,494
Other debtors and prepayments	441,387	-	88,289	8,274
VAT receivable	-	83,473	-	149,306
Deferred tax asset	293,000	15,000	-	-
Amounts due from subsidiaries	-	6,259,062	-	2,500,320
	4,522,029	6,610,815	2,685,105	2,688,394

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

3. Creditors: ***Amounts falling due within one year***

	2001		2000	
	Group	Company	Group	Company
	€	€	€	€
Bank borrowings (Note 14 (ii))	-	-	646,402	-
Trade creditors	1,936,728	602,090	2,020,378	453,523
Accruals and provisions	5,551,472	2,452,231	3,384,545	2,185,195
Deferred payments (Note 14 (i))	8,563,657	7,177,444	1,523,999	-
Corporation tax	3,148,047	2,340	1,901,770	-
VAT repayable	301,696	-	127,165	-
Deferred tax liability	113,000	-	-	-
Amounts due to parent undertaking	84,176	84,176	15,664	-
Amounts due to group undertakings	-	7,640,297	-	488,135
Lease obligations (Note 14 (iii))	665,965	-	1,064,714	-
	------------	------------	------------10	------------
	20,364,741	17,958,578	=========	-
	=========	=========		3,126,853
				=========
				=

4. Creditors: ***Amounts falling due after more than one year***

	2001		2000	
	Group	Company	Group	Company
	€	€	€	€
Deferred purchase consideration and earnout obligations (i)	2,222,391	1,820,645	12,245,585	11,308,071
Bank borrowings (ii)	65,338	-	2,164,204	-
Lease obligations (Note 14 (iii))	1,019,369	-	997,647	-
Shareholder loans (Note 16)	15,176,984	15,176,984	15,176,984	15,176,984
	------------	------------	------------	------------
	18,484,082	16,997,629	30,584,420	26,485,055
	=========	=========	=========	=========

Creditors: Amounts falling due after more than one year (contd.)

(i) Deferred purchase consideration and earnout obligations

Deferred purchase consideration and earnout obligations arise in respect of acquisitions made fall due as follows:

	2001 €	2000 €
Between one and two years	2,222,391	9,258,615
Between two and five years	-	2,986,970
	2,222,391	12,245,585
Due within one year (Note 14)	8,563,657	1,523,999
	10,786,048	13,769,584

Deferred purchase consideration falls due in June and December 2002 and December 2003. Earnout obligations are payable up to and including November 2003 and will be based on the operating results of KTK Landfill Limited, Noble Waste Disposal Limited and Murphy Waste Limited (Note 19). The amount included above in respect of earnout obligations represents the Directors' best estimate of the final amount that will become payable by the Group. To the extent that deferred consideration and earn-out obligations are payable after one year from the date of acquisition, they are discounted at a loan interest rate so that the obligation will reflect its nominal value at the time of maturity.

(ii) Bank Borrowings

Bank borrowings fall due as follows:

	2001 €	2000 €
Between one and two years	4,000	394,868
Between two and five years	8,000	1,361,703
After five years	53,338	407,633
	65,338	2,164,204
Due within one year (Note 13)	-	646,402
	65,338	2,810,606

The bank borrowings comprise a mortgage secured on the assets of KGT Limited. The loan is subject to floating interest rates and are based on Euribor.

(iii) Lease Obligations

Lease obligations fall due as follows:

	2001	2000
	€	€
Between one and two years	473,946	322,559
Between two and five years	533,015	675,088
After five years	12,408	-
	1,019,369	997,647
Due within one year (Note 13)	665,965	1,064,714
	1,685,334	2,062,361

5. *Provision for Liabilities and Charges – Site Restoration nd Aftercare*

	2001	2000
	€	€
Balance, start of year	2,102,173	-
Charge for the year	1,039,930	2,102,173
Balance, end of year	3,142,103	2,102,173

6. *Shareholder Loans*

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 2003.

7. Share Capital

Authorised	**2001**	**2000**
	€	€
4,999,999 ordinary shares of €1 each	4,999,999	4,999,999
5,000,000 'A' Ordinary shares of €1 each	5,000,000	5,000,000
5,000,000 'B' Ordinary shares of €1 each	5,000,000	5,000,000
1 'C' Ordinary share of €1	1	1
	15,000,000	15,000,000

Allotted, called up and fully paid		
3,800,000 'A' ordinary shares of €1 each	3,800,000	3,800,000
3,800,000 'B' ordinary shares of €1 each	3,800,000	3,800,000
1 'C' Ordinary share of €1	1	1
	7,600,001	7,600,001

During 2001 the company issued share options to Directors and employees of certain subsidiaries of the company. Having regard to the conversion terms associated with these options, together with the fair value of the ordinary shares of the company on the date of allotment or issue of the options, a fair value charge of €100,000 arises in the respect of these share awards. A corresponding transfer has been made to the profit and loss account in accordance with requirements of UITF Abstract 17 "Employee Share Schemes".

8. Movement in Shareholders' Funds

	2001	**2000**
	€	€
Balance, start of year	11,432,370	9,673,944
Profit for financial year	7,377,151	1,758,426
Transfer in respect of short awards to employees (Note	100,000	-
Balance, end of year	18,909,521	11,432,370

9. Acquisitions

On 16 October 2001, Murphy Waste Limited (a 100% subsidiary of Celtic Waste Limited) acquired the trade of N Murphy Waste Disposal Limited for a total net consideration of €2,686,265. The principal assets of this company are a licensed transfer facility, leasehold property, a waste collection business and plant and equipment.

An element of the purchase consideration comprises obligations payable between 2002 and 2003 based on the operating results of the Murphy Waste collection and recycling business. The relevant amounts included in the purchase consideration represent the Directors' best estimate of the present value of the final amount which will become payable by the Group.

Assets and Liabilities Acquired

	Book Value on Acquisition €	Fair Value Adjustments €	Fair Value €
Tangible assets – net	1,170,804	1,029,434	2,200,238
Prepayments	110,144	-	110,144
Creditors	(579,122)	(247,000)	(826,122)
Net Assets	701,826	782,434	1,484,260

The fair value adjustments comprise principally a revaluation of leasehold property and certain other fixed assets and the recognition of previously unprovided for liabilities.

Consideration paid and payable is as follows:

	€
Paid in cash	1,523,686
Deferred consideration	838,027
Acquisition expenses	383,461
	2,745,174
Discount to Net Present Value	(58,909)
Total Consideration	2,686,265

Fair Value of assets acquired	(1,484,260)
Goodwill	1,202,005

20. Pensions

The Company's total pension costs for the year to 31 December 2001 were €71,549 (2000 - €51,271). Amounts outstanding at 31 December 2001 amounted to €2,800 (2000 – €25,939). The Company's pension scheme is a defined contribution plan.

21. Notes to Cashflow Statement

(a) Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	2001 €	2000 €
Operating Profit	10,957,563	4,070,987
Depreciation charges	6,377,426	3,741,561
Goodwill amoritsation	12,006	-
Gain on disposal of fixed assets	(23,941)	-
Increase in stocks	(129,486)	(66,063)
Increase in debtors	(1,433,781)	(974,375)
Increase/(Decrease) in creditors	1,850,132	(1,403,139)
Site restoration provision	792,930	2,102,173
Share option fair value charge	100,000	-
Net cash inflow from operating activities	18,502,849	7,471,144

(b) Return on Investments and Servicing of Finance

	2001 €	2000 €
Interest received	182,166	45,748
Interest paid	(183,801)	(42,957)
Interest element of finance leases	(146,081)	-
Returns on investments and servicing of finance	(147,716)	2,791

(c) Capital Expenditure and Financial Investment

	2001 €	2000 €
Purchase of tangible fixed assets	(10,088,857)	(6,335,962)
Receipts from sales of tangible fixed assets	315,841	-
Capital expenditure	(9,773,016)	(6,335,962)

(d) Acquisitions

	2001 €	2000 €
Purchase of subsidiary undertaking (Note 19)	(1,523,686)	(9,225,298)
Deferred consideration payments on subsidiaries acquired in previous years	(4,476,267)	(2,260,447)
Acquisitions & Disposals	(5,999,953)	(11,485,745)

(e) Financing

	2001 €	2000 €
Repayment of loans	(2,745,268)	(1,074,782)
Capital element of finance leases	(956,149)	-
Financing	(3,701,417)	(1,074,782)

(f) Analysis of Net Debt

	€ 1 January 2001	€ Cash Flow	€ Acquired	€ 31 December 2001
Cash in hand and at bank	4,107,838	(2,772,059)	-	1,335,779
Debt due within 1 year	(646,402)	646,402	-	-
Debt due after 1 year	(2,164,204)	2,098,866	-	(65,338)
Finance leases	(2,062,361)		(579,122)	(1,685,334)

Total (765,129)
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Operating lease Commitments

Operating lease commitments for 2002 amount to €335,942 (2000: Nil) in respect to plant.

	2001
	€
Due within 1 year	665,343
Due between 2-5 years	1,330,686

Total	1,996,029
	=========

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 2001.

Subsidiaries guaranteed:

KTK Landfill Limited
Murphy Waste Limited
Noble Waste Disposal Limited