APPENDIX 1

Greenstar Ltd - Detail

Number 325120

Certificate of Incorporation
on change of name

I hereby certify that

GREENSTAR MATERIALS RECOVERY LIMITED

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

GREENSTAR LIMITED

and I have entered such name on the Register accordingly.

Given under my hand at Dublin, this

Wednesday, the 28th day of April, 2004

for Registrar of Companies

Greenstar Holdings Limited

Directors' report and consolidated financial statements

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Greenstar Holdings Limited

Directors' and other information

Directors	M. Wynne (Non-Executive Chairman) (British) J. Barry (Non-Executive Deputy Chairman) A.G. Bailey S. Cowman J. Dempsey G. Dennison J. Dixon (Non-Executive Director) M. King (Non-Executive Director) W. Kitchen M. Walsh (Non-Executive Director)
Registered office	Burton Court Burton Hall Road Sandyford Dublin 18
Secretary	E. Bolger
Bankers	Allied Irish Banks Bank of Ireland Bank of Scotland (Ireland) Irish Intercontinental Bank Ulster Bank Barclays Bank Rabobank
Auditor	KPMG Chartered Accountants 1 Stokes Place St. Stephen's Green Dublin 2
Solicitors	Arthur Cox Earlsfort Centre Earlsfort Terrace Dublin 2 Whitney Moore Wilton Park House Wilton Place Dublin 2

Greenstar Holdings Limited

Directors' report

The Directors have pleasure in submitting their annual report for Greenstar Holdings Limited ("the Company") and its subsidiaries (together "the Group") together with the audited financial statements for the year ended 31 March 2007.

Principal activity and business review

The Group, through the Company's subsidiaries, provides services and infrastructure at each level of the waste management hierarchy. Throughout the year, the Group continued to make significant progress towards its objective of becoming Ireland's leading provider of integrated waste management solutions, and providing national coverage in the Republic of Ireland. The Group remains committed to the delivery of superior returns to its shareholders over the medium term.

Performance for the year and future developments

Revenue for the year ended 31 March 2007 increased by 3% to €135.9 million *(15 month period ended 31 March 2006: €131.6 million)*. Profit for the year grew by 75% to €22.1 million *(2006: €12.6 million)*. The main driver of the increase in revenue related to the half year operation of a new residual landfill facility in Co. Wicklow in addition to the expansion of the collection and transfer business through organic growth and acquisition. The increase in net operating margin from 14.7% to 23.4% reflects the delivery of expected returns on infrastructure development and the successful execution of a restructuring programme under which the Group rationalised and consolidated five sites.

During the year, the Group invested significantly in residual landfill development, recycling, materials separation and bio-waste treatment activities. The total cash investment on capital expenditure (including acquisitions) in the year exceeded €36.0 million. The Group's new state-of-the-art landfill in Wicklow commenced operations in October 2006. Our Kildare, Meath and East Galway residual landfills continued to perform strongly throughout the year. During the year, the Group continued to make substantial investments in its operations, of greatest significance was the opening of the Millennium Park facility at a total cost of €21.2 million which has a licensed capacity of 220,000 tonnes making it the largest material recycling facility in Ireland.

The Directors will continue to develop and enhance the current activities of the business. The business has aggressive growth targets and these will be delivered organically and through acquisition where they support the Group's objectives and are value enhancing.

The Group has a number of planning applications currently under consideration for additional infrastructural facilities around the country, which if obtained will require significant investment. The Group will continue to develop technology partnerships in the bio-waste area in readiness for the full implementation of the European landfill and bio-waste directives.

Principal risks and uncertainties and key performance indicators

Under Irish Company law (Statutory Instrument 116.2005 – European Communities (International Financial Reporting Standards and Miscellaneous Amendments) Regulations 2005), the Group and Company are required to give a description of the principal risks and uncertainties faced, as well as a listing of the key performance indicators used to monitor performance. The Company is the holding company for the Group, and thus the risks below apply to both the Company and the Group.

This section describes the key risks considered by the Directors to be applicable, however, it is not an exhaustive list of all possible risks associated with the Group's operations.

The principal risks and uncertainties that the business faces are as follows:

1 The profitability of the business is highly sensitive to landfill pricing. Landfill prices are subject to normal market fluctuations and in particular a short term softening in pricing may be expected as new landfills come on stream and certain landfill facilities reach the end of their life cycle resulting in pressure to fill remaining unused void space prior to closure.
2 The continued growth of the business is, in part, dependent on securing planning and licencing for new facilities and for facility extensions. The planning and licencing process is by its nature uncertain given that decisions lie with external agencies, namely An Bord Pleanála and the Environmental Protection Agency ("EPA").
3 The odour issues inherent in the materials that the Group handles, mean that odour control is an important issue for the Group in terms of both the cost of compliance and the risk of liability to prosecution over real or alleged infringements.
4 The issue of increased Government control over the flow of waste disposal, whereby Local Authorities are seeking to direct waste to specific facilities, poses a significant threat to the competitive landscape, and could act as a significant deterrent to future private sector investment.

The key performance indicators focused on by management include:

	2007 (12 months)	2006 (15 months)
Revenue	**€135.9m**	€131.5m
EBITDA	**€54.9m**	€40.0m
EBITDA margin	**40%**	30%
EBIT	**€31.9m**	€19.5m
EBIT margin	**23%**	15%
Profit for the year	**€22.1m**	€12.6m
EBITDA: interest	**13.1**	11.3
Net debt: EBITDA	**1.6**	2.3
Tonnage handled	**978,000**	822,539
Revenue per tonne	**€139**	€160

Key performance indicators are in line with Group targets.

Greenstar Holdings Limited

Directors' report *(continued)*

Research and development

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

Financial risk management policies

The main financial risks affecting the Group are public and employee liability, and credit and interest risk.

Public and employee liability
The Group holds insurance cover for public and employee liabilities of €6.5 million and €13.5 million respectively, for each and every claim.

Credit risk
The Group's objective is to ensure there are no significant risks to the Group from failure by customers to pay. To reduce this exposure, all landfill customers, which represent the largest debtor balances, are insured for credit risk. In addition, all customers must undergo a credit check before commencement of services. For all other customers, the Directors are of the opinion that the Group policy for provision against bad debts provides sufficient cover against any significant loss.

Interest risk
For details on interest risk and the Group hedging policy, please refer to note 22 to the consolidated financial statements.

Directors and Secretary

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

M. Wynne (Chairman)
S. Cowman (Chief Executive Officer)
J. Barry
A.G. Bailey
J. Dempsey
G. Dennison
J. Dixon
E. Joyce (resigned July 2006)
M. King
W. Kitchen
M. Walsh
E. Bolger (Secretary)

Directors' report *(continued)*

Directors' and Secretary's interests

The interests of the Directors and Secretary who held office at 31 March 2007 in the share capital of NTR plc (the ultimate parent company) at 31 March 2007 and 31 March 2006 were as follows:

Shares	31 March 2007		31 March 2006	
	Ordinary Shares of €0.00125 each	**Share Options**	Ordinary Shares €0.00125 each	Share Options
J. Barry	**2,913,737**	**-**	2,913,737	-
M. King	**1,515,502**	**-**	1,515,502	-
M. Walsh	**966,019**	**-**	966,019	-

The interests of the Directors and Secretary who held office at 31 March 2007 in the share capital of the Company (including options over shares) at 31 March 2007 and 31 March 2006 (or date of appointment if later) were as follows:

Share options	At 31 March 2006	Exercised during year	Forfeited during year	At 31 March 2007	Exercise price (€)	Exercise dates
A.G. Bailey	40,000	(20,803) *	-	19,197	1	2006-2010
S. Cowman	59,700	-	-	59,700	1	2006-2010
J. Dempsey	29,531	-	-	29,531	1	2006-2010
E. Joyce	29,719	(11,475) **	(18,244)	-	1	2006-2010
W. Kitchen	29,700	-	-	29,700	1	2006-2010

* During the year A. G. Bailey exercised 20,803 share options. The share price on the exercise date was €14.97 and the exercise price was €1.

** During the year E. Joyce exercised 11,475 share options. The share price on the exercise date was €16.89 and the exercise price was €1. The Company bought the shares back from E. Joyce immediately after the exercise.

Shares

A.G. Bailey is the beneifital owner of 20,803 'D' ordinary shares of €1 each *(31 March 2006: nil).*

Shareholdings

NTR plc is the beneficial owner of 3,800,000 "A" Ordinary Shares and 1 "C" Ordinary Share. Celtic Utilities Limited (of which NTR plc owns 76.95%) is the beneficial owner of 3,800,000 "B" Ordinary Shares.

Greenstar Holdings Limited

Directors' report *(continued)*

Subsidiaries

The information required by the Companies Acts, 1963 to 2006, in relation to subsidiary undertakings is set out in Note 25 to the consolidated financial statements.

Post balance sheets events

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

Political donations

The Group made no political donations during the year *(15 month period ended 31 March 2006: €Nil).*

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.

Auditor

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

On behalf of the board

S. Cowman *Director*	A. G. Bailey *Director*	2 August 2007

Greenstar Holdings Limited

Statement of directors' responsibilities
for the year ended 31 March 2007

The Directors are responsible for preparing the Annual Report and the Group and Company financial statements, in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU and to prepare the Company financial statements in accordance with Generally Accepted Accounting Practice in Ireland, comprising applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland.

The Group financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position and performance of the Group; the Companies Acts, 1963 to 2006 provide, in relation to such financial statements, that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing each of the Group and Company 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Acts, 1963 to 2006. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the board

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

Independent auditor's report to the members of Greenstar Holdings Limited

We have audited the Group and Company financial statements (the ''financial statements'') of Greenstar Holdings Limited for the financial year ended 31 March 2007, which comprise the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Statement of Cash Flows, the Consolidated Statement of Recognised Income and Expense and the related notes together with the Company Balance Sheet and related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

The Directors' responsibilities for preparing the Annual Report and the Group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU, and for preparing the Company financial statements in accordance with applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland), are set out in the Statement of Directors' Responsibilities on page 7.

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

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Acts, 1963 to 2006 and whether, in addition, the Group financial statements have been properly prepared in accordance with Article 4 of the IAS Regulation. We also report to you our opinion as to: whether 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 and explanations necessary for the purposes of our audit, and whether the Company balance sheet is in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding Directors' remuneration and Directors' transactions is not disclosed 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 misstatements or material inconsistencies within the financial statements. Our responsibilities do not extend to any other information.

Independent auditor's report to the members of Greenstar Holdings Limited
(continued)

Basis of audit opinion

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

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 31 March 2007 and of its profit for the financial year then ended;
- the Group financial statements have been properly prepared in accordance with the requirements of the Companies Acts, 1963 to 2006 and Article 4 of the IAS Regulation.
- the Company financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Company's affairs at 31 March 2007; and
- the Company financial statements have been properly prepared in accordance with the Companies Acts, 1963 to 2006.

We have obtained all the information and explanations which we consider 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 is consistent with the financial statements.

The net assets of the Company, as stated in the Company balance sheet, 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 March 2007 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.

2 August 2007

Chartered Accountants
Registered Auditor
Dublin

Greenstar Holdings Limited

Consolidated income statement

for the year ended 31 March 2007

	Notes	**Year ended 31 March 2007 €'000**	15 month period ended 31 March 2006 €'000
Revenue, including share of joint venture		**135,941**	131,586
Less: share of joint venture's revenue		**(361)**	(482)
Group revenue		**135,580**	131,104
Cost of sales		**(87,330)**	(86,556)
Gross profit		**48,250**	44,548
Other operating income	*2*	**4,156**	1,013
Administration expenses		**(20,688)**	(26,235)
Operating profit before joint venture		**31,718**	19,326
Share of profit in joint venture		**162**	219
Profit before financing costs		**31,880**	19,545
Financial income	*4*	**31**	22
Financial expense	*4*	**(4,219)**	(3,531)
Profit before tax	*5*	**27,692**	16,036
Income tax expense	*6*	**(5,602)**	(3,404)
Profit for the financial period		**22,090**	12,632
Attributable to:			
Equity shareholders	*15*	**22,142**	12,631
Minority interest		**(52)**	1
		22,090	12,632

Notes 1 to 29 form part of these consolidated financial statements.

On behalf of the board

S. Cowman
Director

A. G. Bailey
Director

Greenstar Holdings Limited

Consolidated statement of recognised income and expense

for the year ended 31 March 2007

	Year ended 31 March 2007 €'000	15 month period ended 31 March 2006 €'000
Cashflow hedges:		
Dealt with in equity, net of deferred tax	**104**	973
Income taken directly to equity in the year	**104**	973
Recycled to income statement, net of deferred tax	**375**	(356)
Profit for the financial period	**22,090**	12,632
Total recognised income and expense for the financial period	**22,569**	13,249
Attributable to:		
Equity holders of the Company	**22,621**	13,248
Minority interests	**(52)**	1
	22,569	13,249
Transition adjustment at 1 January 2005 arising from first-time adoption of IAS 32/39		
Cash flow hedges		(443)
Deferred tax arising thereon		55
		(388)

Notes 1 to 29 form part of these consolidated financial statements.

Greenstar Holdings Limited

Consolidated balance sheet
at 31 March 2007

	Notes	**31 March 2007 €'000**	31 March 2006 €'000
Assets: non-current			
Property, plant and equipment	*7*	**145,407**	144,063
Intangible assets	*8*	**5,976**	3,438
Goodwill	*9*	**36,580**	26,790
Deferred tax assets	*20*	**109**	297
Investment in joint venture	*10*	**219**	267
Derivative financial asset	*22*	**809**	306
Total non-current assets		**189,100**	175,161
Current			
Inventories	*11*	**-**	8
Trade and other receivables	*12*	**32,945**	19,012
Cash and cash equivalents	*13*	**991**	1,254
Assets classified as held for sale	*14*	**3,405**	-
Total current assets		**37,341**	20,274
Total assets		**226,441**	195,435

Greenstar Holdings Limited

Consolidated balance sheet *(continued)*
at 31 March 2007

	Notes	31 March 2007 €'000	31 March 2006 €'000
Equity			
Called-up share capital	*15*	**7,621**	7,600
Share premium	*15*	**2,722**	2,432
Other reserves	*15*	**719**	229
Retained earnings	*15*	**68,742**	46,611
Total equity attributable to equity share holders of the parent		**79,804**	56,872
Minority interests	*15*	**(51)**	1
Total equity		**79,753**	56,873
Liabilities: non-current			
Interest-bearing loans and borrowings	*17*	**72,917**	76,934
Employee benefits	*16,18*	**6,914**	5,141
Provisions	*19*	**8,347**	5,493
Deferred tax liabilities	*20*	**1,169**	910
Derivative financial liability	*22*	**-**	45
Total non-current liabilities		**89,347**	88,523
Current			
Bank overdrafts	*13*	**2,731**	4,124
Interest-bearing loans and borrowings	*17*	**16,539**	16,630
Employee benefits	*18*	**128**	110
Trade and other payables	*21*	**31,450**	22,219
Corporation tax payable		**4,154**	3,546
Provisions	*19*	**2,339**	3,410
Total current liabilities		**57,341**	50,039
Total liabilities		**146,688**	138,562
Total equity and liabilities		**226,441**	195,435

Notes 1 to 29 form part of these consolidated financial statements.

On behalf of the board

S. Cowman
Director

A. G. Bailey
Director

Greenstar Holdings Limited

Consolidated statement of cash flows
for the year ended 31 March 2007

	Year ended 31 March 2007 €'000	15 month period ended 31 March 2006 €'000
Cash flows from operating activities		
Profit for the financial period	**22,090**	12,632
Adjustments for:		
Depreciation	**21,847**	20,024
Amortisation of intangible assets	**1,165**	593
Impairment of goodwill	**-**	213
Impairment of fixed assets	**384**	406
Aftercare charges	**1,308**	170
Discount interest charge	**458**	512
Gain on sale of property, plant and equipment	**(4,156)**	(656)
Share based payment expense	**1,773**	2,947
Restructuring provision	**(500)**	856
Interest	**3,730**	2,997
Share of profit in joint venture	**(162)**	(219)
Income tax expense	**5,602**	3,404
Operating cash flows before changes in working capital and provisions	**53,539**	43,303
Decrease in inventories	**8**	73
Increase in trade and other receivables	**(9,069)**	(4,122)
Increase in trade and other payables	**2,609**	2,841
Site restoration expenditure	**(792)**	(1,583)
Cash generated from operations	**46,295**	40,512
Income taxes paid	**(4,833)**	(2,228)
Interest paid	**(3,858)**	(2,748)
Interest received	**31**	22
Net cash from operating activities	**37,635**	35,558
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	**8,826**	1,405
Acquisition of property, plant and equipment and intangibles	**(25,498)**	(47,435)
Deferred consideration payments	**(1,237)**	-
Acquisition of subsidiaries, joint venture net of cash acquired	**(9,895)**	(5,146)
Investment in joint venture	**-**	(48)
Dividends received from joint venture	**210**	-
Net cash used in investing activities	**(27,594)**	(51,224)

Consolidated statement of cash flows *(continued)*
for the year ended 31 March 2007

	Notes	**Year ended 31 March 2007 €'000**	15 month period ended 31 March 2006 €'000
Cash flows from financing activities			
Payment of finance lease liabilities		**(1,294)**	(1,710)
Repayment of loans from related parties		**-**	(59,420)
(Repayment)/drawdown of bank loans		**(7,917)**	74,497
Issue of share capital		**311**	-
Repurchase of share capital		**(11)**	-
Net cash (used in)/generated from financing activities		**(8,911)**	13,367
Net increase/(decrease) in cash and cash equivalents		**1,130**	(2,299)
Cash and cash equivalents at beginning of year		**(2,870)**	(571)
Cash and cash equivalents at end of year	*13*	**(1,740)**	(2,870)

Notes 1 to 29 form a part of these consolidated financial statements.

Greenstar Holdings Limited

Notes

to the consolidated financial statements

1 Significant accounting policies

Greenstar Holdings Limited (the "Company") is a company incorporated and domiciled in the Republic of Ireland. The consolidated financial statements of the Company for the year ended 31 March 2007 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in a jointly controlled entity. The Group's year end date was changed during the prior period from 31 December 2005 to 31 March 2006 in order to align it with a change in financial year end made by the parent company, NTR plc. The consolidated financial statements were authorised for issue by the Directors on 2 August 2007.

(a) Statement of compliance

As required by the European Union (EU) law, the Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretation issued by the International Accounting Standards Board (IASB), as adopted by the EU.

The individual financial statements of the Company ("Company financial statements") have been prepared in accordance with Generally Accepted Accounting Practice in Ireland comprising applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland. The Company has taken advantage of the exemption in Section 148(8) of the Companies Act, 1963 from presenting to its members the Company income statement and related notes which form part of the approved Company financial statements as the Company publishes Company and Group financial statements together.

The date of transition to IFRS for the group was 1 January 2004. The IFRS, adopted by the EU, applied by the Group in the preparation of these Group financial statements are those that were effective at 31 March 2007.

Notes
to the consolidated financial statements (continued)

1 Significant accounting policies *(continued)*

(b) Basis of preparation

The consolidated financial statements are prepared on the historical cost basis, presented in euro and rounded to the nearest thousand except that the following assets and liabilities are stated at their fair values: derivative financial instruments and share-based employee benefits.

The accounting policies set out below have been applied consistently by all the Group's subsidiaries and jointly controlled entities to all periods presented in these consolidated financial statements.

(c) Estimates and uncertainties

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

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

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 27.

1 Significant accounting policies *(continued)*

(d) Basis of consolidation

Business combinations
The purchase method of accounting is employed in accounting for the acquisition of subsidiaries by the Group.

The cost of a business combination is measured as the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed and equity instruments issued in exchange for control together with any directly attributable costs. Where a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the amount of the estimated adjustment is included in the cost at the acquisition date if the adjustment can be reliably measured. Any changes to this estimate in subsequent periods are reflected in goodwill. Deferred consideration is included in the acquisition balance sheet on a discounted basis.

The assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. In the case of a business combination which is completed in stages, the fair values of the identifiable assets, liabilities and contingent liabilities are determined at the date of each exchange transaction. When the initial accounting for a business combination is determined provisionally, any adjustments to the provisional values allocated to the identifiable assets, liabilities and contingent liabilities are made within twelve months of the acquisition date.

The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the parent.

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of any entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. A list of subsidiaries consolidated within these financial statements is included at note 25.

The interest in a subsidiary undertaking included in the consolidation that is attributable to the shares held by or on behalf of persons other than the Company and its subsidiary undertakings are included within the minority interest in the balance sheet.

(ii) Joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's share of the assets, liabilities, revenue and expenses of its joint venture entity on an equity accounted basis from the date that joint control commences until the date that joint control ceases.

1 Significant accounting policies *(continued)*

(iii) Transactions eliminated on consolidation and equity accounting

Intra-group balances and unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised gains arising from transactions with joint ventures are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(e) Foreign currency

Foreign currency transactions

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

1 Significant accounting policies *(continued)*

(f) Derivative financial instruments

Derivate financial instruments are recognised initially at fair value, being their cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged and the hedge accounting model adopted (see accounting policy g).

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

Up to 31 December 2004, gains and losses on derivative financial instruments used to hedge foreign exchange and interest rate exposures arising on future planned transactions were recognised in the income statement when the hedged transactions occurred.

Land options

The Group holds certain options to acquire land for use as landfill sites. The option fee paid is non-refundable to the Group, non-transferable and cannot be settled net in cash. Accordingly, these options are exempt from being accounted for as derivatives.

(g) Hedging

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. When the forecasted transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into the income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement (i.e. when interest income or expense is recognised). For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects the income statement. The ineffective part of any gain or loss is recognised immediately in the income statement.

Notes
to the consolidated financial statements (continued)

1 Significant accounting policies *(continued)*

(g) Hedging *(continued)*

Cash flow hedges *(continued)*

When a hedging instrument expires or is sold, terminated or exercised, or the Group revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged forecast transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement.

(h) Share awards

Share-based payment transactions

The Group operates a cash settled share based programme which allows employees to acquire shares in the Group. The fair value of awards granted is recognised as an employee expense with a corresponding increase in liabilities.

The fair values of cash settled awards are initially measured at grant date and spread over the period during which the employee becomes unconditionally entitled to payment. The liability is re-measured to fair value at each balance sheet date until the awards vest and thereafter at settlement amount until settlement date. Any changes in the value of the liability are reflected in the income statement as an employee benefit expense.

(i) Property, plant and equipment

(i) Owned assets

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

Costs in relation to assets in development and construction are capitalised, where, in the opinion of the Directors, the related project will be successfully developed and the economic benefits arising from future operations will at least equal the amount of capitalised expenditure incurred to date. Costs capitalised to assets in development relate to costs incurred in bringing a project to the consent stage. Costs associated with reaching the consent stage include planning application costs and environmental impact studies. Depreciation commences when the asset is substantially complete and ready for its intended use. Full provision is made for any impairment in the value of the asset.

1 Significant accounting policies *(continued)*

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

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

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

(ii) Leased assets

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

(iii) Subsequent expenditure

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

(iv) Depreciation

Freehold land, assets in development and assets in construction are not depreciated. Depreciation is calculated to write off the cost, less estimated residual value of all other assets as follows:

- Landfill site acquisition, commissioning costs, engineering works and the discounted cost of final site restoration 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:

Material Recycling Facility assets	2% - 4%
Plant	15% - 33%
Office equipment	10% - 33%
Motor vehicles	20% - 33%
Leasehold improvements	Over the shorter of the life of the lease or the asset

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

1 Significant accounting policies *(continued)*

(j) Intangible assets

(i) Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on the acquisition of subsidiary undertakings and jointly controlled entities. In respect of acquisitions that have occurred since 1 January 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets, liabilities and contingent liabilities acquired.

In respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under Irish GAAP. The classification and accounting treatment of business combinations that occurred prior to 1 January 2004 has not been reconsidered in preparing the Group's opening IFRS balance sheet at 1 January 2004.

Goodwill is stated at cost or deemed cost less impairment losses. Negative goodwill arising on an acquisition is recognised directly in the income statement.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses (see accounting policy n).

(iii) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(iv) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

▪ Customer lists	7 - 10 years
▪ Software development costs	5 years

(k) Trade and other receivables

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

1 Significant accounting policies *(continued)*

(l) Inventories

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

(m) Cash and cash equivalents

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

(n) Impairment

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

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of goodwill allocated to cash-generating units (groups of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis. Goodwill was tested for impairment at 31 March 2006 and 2007 and no indication of impairment existed.

(i) Calculation of recoverable amount

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

Notes
to the consolidated financial statements (continued)

1 Significant accounting policies *(continued)*

(n) Impairment *(continued)*

(ii) Reversals of impairment

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

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

(o) Dividends

Dividends are recognised as a liability in the period in which they are declared and approved by those with authority to do so or, in the case of the interim dividend, when it has been approved by the Board of Directors and paid.

(p) Interest bearing borrowings

Interest bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis. Capitalised interest is described in accounting policy (t).

(q) Employee benefits - Defined contribution plans

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

(r) Provisions

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

1 Significant accounting policies *(continued)*

(r) Provisions *(continued)*

Site restoration and aftercare
Full provision is made for the net present value of the Group's costs in relation to restoration liabilities at its landfill sites. The net present value of the estimated costs is capitalised as property, plant and equipment. The unwinding of the discount element on the restoration provision is reflected as a finance cost in the income statement. Current cost estimates are revised each year and any resulting change is reflected in the carrying amount of the relevant assets. 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.

(s) Revenue

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

(t) Expenses

(i) Operating lease payments

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

(ii) Finance costs and finance income

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, dividend income, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in the income statement (see accounting policy g) and the unwinding of discounts on provisions. Interest payable on borrowings is shown as an operating activity in the consolidated statement of cash flows.

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset. Interest income is shown as an operating activity in the consolidated statement of cash flows. Dividend income is recognised in the income statement on the date that the Company becomes unconditionally entitled to the dividend.

The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

1 Significant accounting policies *(continued)*

(t) Expenses *(continued)*

(ii) Finance costs and finance income *(continued)*

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

(u) Income tax

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

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

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

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

(v) Deferred purchase consideration and earn out obligations

When a business combination agreement provides for an adjustment to the cost of a business acquired contingent on future events, the Group accrues the probable amount of any additional consideration payable in the cost of the combination as a liability at the acquisition date where this can be measured reliably. This amount is reassessed at each balance sheet date.

To the extent that deferred purchase consideration and earn out obligations are payable after one year from the date of acquisition, they are discounted at an appropriate 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 adjusted to reflect material conditions, is reflected in the income statement over the earnout period, increasing the value of the provision so that the obligation will reflect its settlement value at the time of maturity. Adjustments to the amount of the obligation relating to changes in the amount expected to be paid, the effective interest rate or the timing of the expected payments are accounted for as adjustments to the cost of the acquisition and reflected in goodwill.

Greenstar Holdings Limited

Notes

to the consolidated financial statements (continued)

1 Significant accounting policies *(continued)*

(w) Cost of sales

Cost of sales include those costs directly attributable to the Group's revenue streams including those direct costs associated with the Group's collection, transfer, recycling and landfill operations.

(x) Recent accounting pronouncements

The IFRSs and IFRIC Interpretations set out below have been adopted by the EU prior to date of sign off, are not yet effective and have not been early adopted in these financial statements. The Directors have formed the opinion that the adoption of these pronouncements will not have a significant effect on the Group's consolidated financial statements, except for IFRS 7 *Financial Instruments: Disclosures* and Amendment to IAS 1 *Capital disclosures.* Their likely impact is briefly outlined below:

- Amendment to IAS 1 – *Capital disclosures* (effective for annual periods beginning on or after 1 January 2007). This amendment will require additional disclosures regarding the capital structure of the Company
- IFRS 7 – *Financial Instruments: Disclosures* (effective for annual periods beginning on or after 1 January 2007). This standard updates and extends disclosure requirements of IAS 32 and will require significant additional disclosures relating to risk management policies and processes
- IFRIC 8 – Scope of IFRS 2 (effective for annual period beginning on or after 1 January 2007)
- IFRIC 9 – Reassessment of Embedded Derivatives (effective for annual period beginning on or after 1 January 2007)
- IFRIC 10 – Interim Financial Reporting and Impairment (effective for annual period beginning on or after 1 January 2007)
- IFRIC 11 – *IFRS 2 Group and Treasury Share Transactions* (effective for periods beginning on or after 1 March 2007)

Notes
to the consolidated financial statements (continued)

2 Other operating income

	Year ended 31 March 2007 €'000	15 month period ended 31 March 2006 €'000
Release of unused provisions	**-**	357
Gain on disposal of property, plant and equipment	**4,156**	656
	4,156	1,013

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

The average number of persons employed by the Group during the financial year was 456 *(15 month period ended 31 March 2006: 491)* and is analysed as follows:

	Year ended 31 March 2007	15 month period ended 31 March 2006
Operations	**314**	328
Administration and marketing	**170**	163
	484	491

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

Staff costs comprise:

	Year ended 31 March 2007 €'000	15 month period ended 31 March 2006 €'000
Wages and salaries	**19,694**	22,658
Social welfare costs	**2,169**	2,513
Pension costs	**673**	814
Share based payments	**2,064**	2,948
Other staff costs	**695**	801
Death and disability plan premiums	**141**	204
	25,436	29,938
Capitalised in property, plant and equipment	**(375)**	(921)
Charged to income statement	**25,061**	29,017

Transactions with key management personnel (excluding non-executive directors)

In the opinion of the Directors, executive directors comprise the key management of the Group.

Key management personnel compensation is as follows:

	Year ended 31 March 2007 €'000	15 month period ended 31 March 2006 €'000
Wages and salaries	**974**	1,668
Social security costs	**103**	179
Pension costs	**131**	191
Share based payments	**1,266**	1,451
Compensation for loss of office	**-**	167
Other staff costs	**95**	111
Death and disability plan premium	**12**	22
	2,581	3,789

The interests of the Directors and Secretary and their immediate relatives in the share capital of the Company at 31 March 2007 and 31 March 2006 are set out in the Directors' Report on page 5. There were no loans to Directors during the year ended 31 March 2007 *(15 month period ended 31 March 2006: €Nil).*

Notes
to the consolidated financial statements (continued)

4 Net financing costs

	Year ended 31 March 2007 €'000	15 month period ended 31 March 2006 €'000
Financial expense		
Interest expense		
On site restoration	**458**	515
Finance lease interest	**175**	251
On bank loans repayable by instalments, the last of which falls due within 5 years	**3,357**	224
On loans due to related parties	**91**	3,121
Amortisation of arrangement fees and commitment fees	**654**	628
	4,735	4,739
Interest capitalised within property, plant and equipment	**(516)**	(1,208)
	4,219	3,531

The Group used an average capitalisation rate of 4.17% *(15 month period ended 31 March 2006: 3.75%)* in determining the amount of interest capitalised.

Financial income

Interest received in respect of loan to a related party	**31**	22

5 Statutory and other information

	Year ended 31 March 2007 €'000	15 month period ended 31 March 2006 €'000
Directors' remuneration	**2,581**	3,789
Auditor's remuneration		
- audit	**223**	173
- other, principally tax fees	**145**	161
Depreciation of property, plant and equipment	**21,847**	19,618
Impairment of property, plant and equipment	**384**	406
Amortisation of intangible assets	**1,165**	593
Impairment of goodwill	**-**	213
Operating lease rentals	**2,475**	1,730

As permitted by Section 148(8) of the Companies Act, 1963 no separate profit and loss account is presented in respect of the Company. The Company recorded a loss for the year of €955,000 *(15 month period ended 31 March 2006: loss of €1,653,000).*

6 Income tax expense

	Year ended 31 March 2007 €'000	15 month period ended 31 March 2006 €'000
Recognised in the income statement		
Current tax	**5,558**	3,307
Over provision in respect of previous periods	**(115)**	(52)
Total current tax charge	**5,443**	3,255
Deferred tax	**159**	149
Total income tax charge	**5,602**	3,404
Deferred tax recognised in equity		
Relating to cash flow hedges	**(69)**	(32)

No significant changes are expected to statutory tax rates in the future.

Notes
to the consolidated financial statements (continued)

6 Income tax expense *(continued)*

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

	Year ended 31 March 2007 €'000	15 month period ended 31 March 2006 €'000
Profit before taxation	**27,692**	16,036
Tax on Group profit on ordinary activities at standard Irish corporation tax rate of 12.5% *(2006: 12.5%)*	**3,461**	2,005
Effects of:		
Expenses not deductible for tax purposes	**2,256**	1,559
Income not taxable	**-**	(135)
Adjustment to tax charge in respect of previous period	**(115)**	(52)
Income taxable at higher rate	**-**	27
Total income tax charge for period	**5,602**	3,404

Notes
to the consolidated financial statements (continued)

7(a) Property, plant and equipment

	Assets in development €'000	Assets in construction €'000	Landfill assets €'000	Material recycling facility assets €'000	Land €'000	Leasehold improvements €'000	Plant €'000	Motor vehicles €'000	Office equipment €'000	Office buildings €'000	Total €'000
Cost											
At 31 March 2006	15,560	13,996	91,912	31,697	9,539	2,897	31,339	7,452	3,589	-	207,981
Additions	8,044	2,469	7,572	1,456	-	48	5,850	645	716	198	26,998
Site restoration	-	-	1,524	-	-	-	-	-	-	-	1,524
Disposals	(1,561)	-	-	-	(3,055)	(1,199)	(98)	(1,147)	(90)	-	(7,150)
Transfers	(14,266)	(14,696)	13,525	16,104	(6,484)	(2)	3,294	208	667	1,650	-
Transfers to intangible assets	-	-	-	-	-	-	-	-	(329)	-	(329)
Additions through business combinations	-	-	-	1,788	-	-	2,203	702	155	-	4,848
Transfer to current assets held for sale	-	-	-	(3,181)	-	(407)	-	-	-	-	(3,588)
Transfer to receivables	(1,387)	-	-	-	-	-	-	-	-	-	(1,387)
At 31 March 2007	**6,390**	**1,769**	**114,533**	**47,864**	**-**	**1,337**	**42,588**	**7,860**	**4,708**	**1,848**	**228,897**

7(a) Property, plant and equipment *(continued)*

	Assets in development €'000	Assets in construction €'000	Landfill assets €'000	Material recycling facility assets €'000	Land €'000	Leasehold improvements €'000	Plant €'000	Motor vehicles €'000	Office equipment €'000	Office buildings €'000	Total €'000
Depreciation and impairment											
At 31 March 2006	2,764	-	35,567	1,928	-	1,477	14,568	5,678	1,936	-	63,918
Charge for year	76	-	12,622	576	-	85	5,955	1,636	896	1	21,847
Impairment	384	-	-	-	-	-	-	-	-	-	384
Disposals	-	-	-	-	-	(1,199)	(134)	(1,049)	(98)	-	(2,480)
Transfers (note 8)	28	-	6	(24)	-	-	(20)	10	-	-	-
Transfers to intangible assets	-	-	-	-	-	-	-	-	4	-	4
Transfers to current assets held for sale	-	-	-	(113)	-	(70)	-	-	-	-	(183)
At 31 March 2007	**3,252**	**-**	**48,195**	**2,367**	**-**	**293**	**20,369**	**6,275**	**2,738**	**1**	**83,490**
Net book value											
At 31 March 2006	12,796	13,996	56,345	29,769	9,539	1,420	16,771	1,774	1,653	-	144,063
At 31 March 2007	**3,138**	**1,769**	**66,338**	**45,497**	**-**	**1,044**	**22,219**	**1,585**	**1,970**	**1,847**	**145,407**

Notes

to the consolidated financial statements (continued)

7(b) Property, plant and equipment

	Assets in development €'000	Assets in construction €'000	Landfill assets €'000	Material recycling facility assets €'000	Land €'000	Leasehold improvements €'000	Plant €'000	Motor vehicles €'000	Office equipment €'000	Total €'000
Cost										
At 1 January 2005	14,106	38,852	33,000	29,795	9,539	2,384	20,489	8,792	2,511	159,468
Additions	19,215	-	17,726	2,447	-	79	7,642	760	745	48,614
Site restoration	-	-	1,839	-	-	-	-	-	-	1,839
Disposals	-	-	(9)	(569)	-	-	(749)	(2,089)	(20)	(3,436)
Transfers	(17,761)	(24,856)	39,356	24	-	434	2,461	(11)	353	-
Additions through business combinations	-	-	-	-	-	-	1,496	-	-	1,496
At 31 March 2006	**15,560**	**13,996**	**91,912**	**31,697**	**9,539**	**2,897**	**31,339**	**7,452**	**3,589**	**207,981**

Notes

to the consolidated financial statements (continued)

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

	Assets in development €'000	Assets in construction €'000	Landfill assets €'000	Material recycling facility assets €'000	Land €'000	Leasehold improvements €'000	Plant €'000	Motor vehicles €'000	Office equipment €'000	Total €'000
Depreciation and impairment										
At 1 January 2005	2,431	-	25,321	1,213	-	735	9,655	6,079	1,148	46,582
Charge for period	-	-	10,241	797	-	713	5,566	1,508	793	19,618
Impairment	406	-	-	-	-	-	-	-	-	406
Disposals	-	-	-	(82)	-	-	(694)	(1,909)	(3)	(2,688)
Transfers	(73)	-	5	-	-	29	41	-	(2)	-
At 31 March 2006	**2,764**	**-**	**35,567**	**1,928**	**-**	**1,477**	**14,568**	**5,678**	**1,936**	**63,918**
Net book value										
At 1 January 2005	11,675	38,852	7,679	28,582	9,539	1,649	10,834	2,713	1,363	112,886
At 31 March 2006	**12,796**	**13,996**	**56,345**	**29,769**	**9,539**	**1,420**	**16,771**	**1,774**	**1,653**	**144,063**

Notes

to the consolidated financial statements (continued)

7 Property, plant and equipment *(continued)*

At 31 March 2007, the Group held land options which could potentially result in a capital spend of €4.1 million subsequent to 31 March 2007 *(31 March 2006: €6.2 million).*

During the year ended 31 March 2007, the Directors considered the carrying value of certain assets in development and in the opinion of the Directors an amount of €384,000 *(31 March 2006: €406,000)* was impaired relating to costs capitalised for projects that will ultimately not be constructed. The Directors do not consider there to be any impairment in respect of the remaining carrying value of assets in development, assets in construction and land balances at 31 March 2007, all of which are not depreciated, based on expected future successful outturn in respect of these assets and the related projects.

Assets in development related to those costs capitalised on landfill projects, which have not yet commenced construction. Assets in construction represent assets in the course of constructions that have not been commissioned. In the opinion of the Directors, these capitalised costs are appropriately presented within property, plant and equipment.

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

Details of the key sources of estimated uncertainty and judgement in determining the carrying value of property, plant and equipment are set out in Note 27.

Leased plant and machinery

The Group leases equipment, principally items of plant, under a number of finance lease agreements. At the end of each lease term the Group has the option to purchase the equipment at a beneficial price. At 31 March 2007, the net carrying amount of leasehold plant was as follows:

	31 March 2007 €'000	31 March 2006 €'000
Net book value, start of year	**3,533**	5,104
Additions through business combinations	**538**	623
Depreciation for year	**(1,331)**	(2,194)
Net book value, end of year	**2,740**	3,533

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

Notes
to the consolidated financial statements (continued)

8 Intangible assets

The movements during the year in respect of intangible assets, which comprise computer software and customer lists, were as follows:

	Computer software €'000	Customer lists €'000	Total €'000
Cost			
Balance at 1 January 2005	1,047	-	1,047
Additions during period - through business combinations	-	2,448	2,448
- other	633	-	633
Balance at 31 March 2006	1,680	2,448	4,128
Additions during year - through business combinations	-	3,200	3,200
- other	170	-	170
Disposals	(22)	-	(22)
Transfers	329	-	329
Balance at 31 March 2007	**2,157**	**5,648**	**7,805**
Amortisation			
Balance at 1 January 2005	97	-	97
Amortisation for period	283	310	593
Balance at 31 March 2006	380	310	690
Amortisation for year	372	793	1,165
Disposals	(22)	-	(22)
Transfers	(4)	-	(4)
Balance at 31 March 2007	**726**	**1,103**	**1,829**
Net book value			
At 1 January 2005	950	-	950
At 31 March 2006	1,300	2,138	3,438
At 31 March 2007	**1,431**	**4,545**	**5,976**

The amortisation charge is recognised within administration expenses in the income statement.

Notes
to the consolidated financial statements (continued)

9 Goodwill

Goodwill has arisen on the acquisition of various collection and transfer businesses across the Republic of Ireland, in respect of the following cash generating units:

	Leinster €'000	Munster €'000	Southeast €'000	Connaught €'000	Total €'000
Balance at 31 March 2006	18,697	6,709	1,188	196	26,790
Additions arising through					
- business combinations	-	-	9,690	-	9,690
- other	-	-	100	-	100
Balance at 31 March 2007	**18,697**	**6,709**	**10,978**	**196**	**36,580**

Impairment tests for cash-generating units containing goodwill

The recoverable amount of the underlying collection and transfer cash generating units was estimated based on value in use calculations. These calculations use cash flow projections based on actual operating results and financial budgets approved by management covering a 5 year period. A terminal value has been included based on normalised year 5 cash flows, a growth rate in perpetuity of 2% and a pre-tax weighted average cost of capital of 9.5% which are based on experience and are consistent with management's expectations for market development and growth in market share where applicable.

Based on the reviews as described above there is sufficient headroom in respect of each cash generating unit's recoverable amount and therefore, no impairment has arisen.

Notes
to the consolidated financial statements (continued)

10 Investment in joint venture

Details of the Group's joint venture is provided in note 25.

The movement in the Group's joint venture balance during the year is as follows:

	€'000
At 31 March 2006	267
Share of profit for the financial year	162
Dividend received in year	(210)
At 31 March 2007	**219**

The Group's proportionate share of its joint venture's assets and liabilities at 31 March 2007 and 31 March 2006 was as follows:

	31 March 2007 €'000	31 March 2006 €'000
Non-current assets	**89**	77
Current assets	**370**	313
Share of gross assets	**459**	390
Current liabilities, being share of gross liabilities	**(240)**	(123)
Investment in joint venture (net)	**219**	267

11 Inventories

	31 March 2007 €'000	31 March 2006 €'000
Consumables	**-**	8

There is no material difference between the carrying values of the Group's inventories and the fair value less costs to sell.

Notes
to the consolidated financial statements (continued)

12 Trade and other receivables

	31 March 2007 €'000	31 March 2006 €'000
All falling due within one year		
Trade receivables	**25,820**	15,677
Other receivables and prepayments	**4,957**	2,871
Amounts due from related parties	**2,168**	464
	32,945	19,012

Trade receivables are shown net of impairment losses amounting to €2.9 million *(2006: €1.5 million)*. The impairment charge for trade receivables for the year was €277,000 *(2006: €206,000)*.

13 Cash and cash equivalents

	31 March 2007 €'000	31 March 2006 €'000
Bank balances, being cash and cash equivalents	**991**	1,254
Bank overdrafts	**(2,731)**	(4,124)
Cash and cash equivalents in the consolidated statement of cashflows	**(1,740)**	(2,870)

14 Assets classified as held for sale

Assets held for sale represents a property which the Group plans to sell in the next twelve months. In the opinion of the Directors, the sale of this property at above its carrying value is highly probable.

Notes

to the consolidated financial statements (continued)

15 Capital and reserves

Reconciliation of movement in capital and reserves

	Share Capital €'000	Share Premium €'000	Retained Earnings €'000	Cash flow hedge reserve €'000	Share capital redemption reserve €'000	Total €'000	Minority interests €'000	Total equity €'000
Balance at 1 January 2005 - before application of IAS 39	7,600	2,432	33,980	-	-	44,012		44,012
Effect of adoption of IAS 39	-	-		(388)	-	(388)	-	(388)
Balance at 1 January - with adoption of IAS 39	7,600	2,432	33,980	(388)	-	43,624	-	43,624
Total recognised income and expense	-	-	12,631	617	-	13,248	1	13,249
Balance at 31 March 2006	**7,600**	**2,432**	**46,611**	**229**	**-**	**56,872**	**1**	**56,873**
Balance at 1 April 2006	7,600	2,432	46,611	229	-	56,872	1	56,873
Total recognised income and expense	-	-	22,142	479	-	22,621	(52)	22,569
Share options exercised	21	290	(11)	-	11	311	-	311
Balance at 31 March 2007	**7,621**	**2,722**	**68,742**	**708**	**11**	**79,804**	**(51)**	**79,753**

Notes
to the consolidated financial statements (continued)

15 Capital and reserves *(continued)*

Share capital	**31 March 2007 €'000**	31 March 2006 €'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	**-**	-
500,000 'D' ordinary shares of €1 each	**500**	500
	15,500	15,500
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 shares of €1 each	**-**	-
20,803 'D' ordinary shares of €1 each	**21**	-
	7,621	7,600

The A, B and D ordinary shares carry an entitlement to the same dividend per share while the C ordinary share carries no rights to dividends. The A, B, and C shares carry one vote per share while the D shares carry no right to vote except in the event of an offer being made to acquire the entire issued shares in the capital of the Company or if the shares of the Company become listed. All shares rank pari passu in a winding up of the Company except that the C share has no right to participate in any surplus assets.

Notes
to the consolidated financial statements (continued)

16 Share based payments

During 2003, the Group established a share option programme that conditionally grants share options in the Company to management personnel.

All options are settled by physical delivery of shares or their cash equivalent value at the exercise date. The terms and conditions of the grants are as follows:

Grant date	**Number of instruments**	**Vesting conditions**	**Earliest exercise date**
25 April 2003	180,000	Service, EPS growth target, personal milestones	1 January 2006
15 March 2004	225,000	Service, EPS growth target, personal milestones	1 January 2006
11 May 2005	65,000	Service, EPS growth target, personal milestones	1 January 2007
25 May 2006	50,000	Service, EPS growth target, personal milestones	1 May 2008

The number and weighted average exercise prices of share options is as follows:

	Weighted average exercise price 2007 €	**31 March 2007 Number of options**	**31 March 2007 Employee benefit liability €'000**	Weighted average exercise price 2006 €	31 March 2006 Number of options	2006 Employee benefit liability €'000
Outstanding at beginning of year	**1**	**418,168**	**5,141**	1	385,000	2,194
Forfeited during year	**1**	**(18,244)**	**(290)**	1	(31,832)	(494)
Granted during year	**1**	**50,000**	**699**	1	65,000	303
Exercised during the year	**1**	**(32,278)**	**(473)**		-	-
Uplift in fair value during year		**n/a**	**1,837**		n/a	3,138
Outstanding at end of year		**417,646**	**6,914**		418,168	5,141
Exercisable at end of year		**274,872**			123,585	

Notes
to the consolidated financial statements (continued)

16 Share based payments *(continued)*

The options outstanding at 31 March 2007 all have an exercise price of €1 and a weighted average contractual life of 5.1 years.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a binomial lattice model. The contractual life of the option (4-7 years) is used as an input into this model.

There is no expectation of early exercise incorporated into the model as the scheme only provides for an exit mechanism at the end of the scheme in 2010. Employees who leave the Company ahead of the closing date may exercise those shares which have vested at that time. The Company fully expects all members of the scheme to remain in the employment of the Company until the scheme's closing date.

Key assumptions	**Options granted during year ended 31 March 2007 €**	Options granted during 15 month period ended 31 March 2006 €
Fair value at measurement date	**20.48**	16.53
Share price	**21.37**	17.50
Exercise price	**1.00**	1.00
Expected volatility (expressed as weighted average volatility used in the model)	**30%**	30%
Option life (expressed as weighted average life used in the modelling under binomial lattice model)	**5.1 years**	5.2 years
Expected dividends	**-**	-
Risk-free interest rate (based on national government bonds)	**5%**	5%

The expected volatility is based on the historic volatility of similar companies (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

As the Company's shares are not publicly listed, the share price used to determine the fair value of options granted during the year and prior period arises from periodic valuations of the Company's shares performed by external experts engaged by the Directors.

Notes

to the consolidated financial statements (continued)

17 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. IAS 32 *Financial Instruments: Presentation and Disclosure* and IAS 39 *Financial Instruments: Recognition and Measurement* have been applied from 1 January 2005. The impact of adoption of these standards on 1 January 2005 is reflected in the Statement of Recognised Income and Expense. This note and note 22 set out the disclosures in accordance with IAS 32 and 39 for the year ended 31 March 2007 and for the period ended 31 March 2006.

	31 March 2007 €'000	31 March 2006 €'000
Non-current liabilities		
Bank loans (Note 17 (i) (a))	**71,683**	74,497
Finance lease liabilities (Note 17 (ii))	**1,234**	2,437
	72,917	76,934

Current liabilities	**31 March 2007 €'000**	31 March 2006 €'000
Finance lease obligations (Note 17 (ii))	**1,362**	1,453
Shareholder loans (Note 17 (i) (b))	**15,177**	15,177
	16,539	16,630

17 Interest-bearing loans and borrowings *(continued)*

(i) Bank and related party borrowings fall due as follows	**31 March 2007 €'000**	31 March 2006 €'000
- within one year	**-**	-
- one to two years	**-**	-
- two to five years (a)	**71,683**	74,497
- no fixed repayment date (shown as less than one year) (b)	**15,177**	15,177
	86,860	89,674

(a) The Group refinanced its bank facilities in February 2006. The new facility consists of €150.0 million to facilitate ongoing investment and a €50.0 million acquisition tranche. At 31 March 2007, €72.1 million of the new facility was drawn down and is shown net of unamortised fees of €0.4 million.

The €72.1 million drawn down at 31 March 2007 bears interest at a floating rate related to Euribor. The loan is repayable within two to five years from the balance sheet date and is secured by way of a floating charge over the assets of the Group. See note 22 for details of interest rate swaps.

(b) These loans are due 50:50 to NTR plc and Celtic Utilities Limited, and are interest free, unsecured and repayable on demand.

(ii) Finance lease obligations

Finance lease obligations fall due as follows:

	31 March 2007 €'000	31 March 2006 €'000
Between one and two years	**900**	1,265
Between two and five years	**334**	1,172
	1,234	2,437
Due within one year	**1,362**	1,453
	2,596	3,890

Notes
to the consolidated financial statements (continued)

18 Employee benefits

	31 March 2007 €'000	31 March 2006 €'000
Greater than 1 year		
Share based payments accrual	**6,914**	5,141
Less than 1 year		
Pension costs outstanding	**128**	110

The Group's total pension costs in respect of its defined contribution plan for the year to 31 March 2007 was €0.6 million *(15 month period ended 31 March 2006: €0.7 million)*. Pension costs outstanding at 31 March 2007 were €0.1 million *(31 March 2006: €0.1 million)*.

19 Provisions

	Site Restoration €'000	**Aftercare €'000**	**Restructuring €'000**	**Deferred consideration €'000**	**Other €'000**	**Total €'000**
Balance, start of year	6,043	767	856	1,237	-	8,903
Provision made during the year	2,815	-	-	-	-	2,815
Aftercare charges for the year		1,308	-	-	-	1,308
Released during the year	(1,069)	-	-	-	-	(1,069)
Expenditure in the year	(792)	-	(500)	(1,237)	-	(2,529)
Unwinding of discount in the year	326	132	-	-	-	458
Acquisitions during year	-	-	-	500	300	800
Balance, end of year	**7,323**	**2,207**	**356**	**500**	**300**	**10,686**

Notes
to the consolidated financial statements (continued)

19 Provisions *(continued)*

	31 March 2007 €'000	31 March 2006 €'000
Payable within one year	**2,339**	3,410
Payable after more than one year	**8,347**	5,493
	10,686	8,903

In accordance with Accounting Policy (r), the Group makes provision for the costs expected to be incurred in order to restore and care for its landfill and other sites. The provisions are based on management's experience as to a best estimate of the costs that will ultimately be incurred and the timing of those costs. These estimates are reviewed annually.

Restoration provisions will become payable as landfill sites near their end of life.

The deferred consideration relates to conditional obligations in respect of certain acquisitions and is payable within one year of the acquisition date.

The restructuring provision is in relation to the cost of redundancy and remuneration restructuring programmes. It is expected that all costs will be payable within one year.

The other provision of €300,000 is in relation to a court case pending against one of the companies acquired during the year.

Notes
to the consolidated financial statements (continued)

20 Deferred tax assets/(liabilities)

	31 March 2007 Assets €'000	**31 March 2007 Liabilities €'000**	**31 March 2007 Total €'000**	31 March 2006 Assets €'000	31 March 2006 Liabilities €'000	31 March 2006 Total €'000
Property, plant and equipment	**29**	**(394)**	**(365)**	144	(260)	(116)
Intangible assets	**5**	**(269)**	**(264)**	-	(274)	(274)
Employee benefits	**8**	**-**	**8**	12	-	12
Provisions	**67**	**-**	**67**	96	-	96
Capitalised expenses	**-**	**(405)**	**(405)**	-	(338)	(338)
Tax value of tax losses carried forward recognised	**-**	**-**	**-**	39	-	39
Derivative financial assets/ liabilities	**-**	**(101)**	**(101)**	6	(38)	(32)
	109	**(1,169)**	**(1,060)**	297	(910)	(613)

At 31 March 2007 there were no unrecognised deferred tax assets.

Notes
to the consolidated financial statements (continued)

20 Deferred tax assets/(liabilities) *(continued)*

Movement in temporary differences during the year

	Balance 1 January 2005 €'000	IAS 39 adoption 1 January 2005 €'000	Recognised in income €'000	Recognised in equity €'000	Business combinations €'000	Balance 31 March 2006 €'000	Recognised in income €'000	Recognised in equity €'000	Business combi-nations €'000	Balance 31 March 2007 €'000
Property, plant and equipment	(82)	-	(34)	-	-	(121)	(20)	-	(219)	(365)
Employee benefits	12	-	-	-	-	12	(4)	-	-	8
Provisions	41	-	55	-	-	96	(29)	-	-	67
Capitalised expenses	(173)	-	(165)	-	-	(338)	(67)	-	-	(405)
Tax value of loss carried forward recognised	39	-	-	-	-	39	(39)	-	-	-
Derivative financial assets/(liabilities)	-	55	-	(87)	-	(32)	-	(69)	-	(101)
Intangible assets	-	-	(5)	-	(269)	(274)	10	-	-	(264)
	(163)	55	(149)	(87)	(269)	(613)	(159)	(69)	(219)	(1,060)

21 Trade and other payables

	31 March 2007 €'000	31 March 2006 €'000
Trade payables	**4,172**	4,971
Accruals	**23,595**	14,939
Deferred revenue	**2,847**	2,065
VAT payable	**812**	159
Amounts due to related parties	**24**	85
	31,450	22,219

22 Financial instruments

Exposure to credit and interest rate risk arises in the normal course of the Group's business. Derivative financial instruments are used to hedge exposure to fluctuations in interest rates.

Credit risk
Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

Transactions involving derivative financial instruments are with counterparties with sound credit ratings. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Interest rate risk

Hedging
The Group adopts a policy of ensuring that between 50 and 60 percent of its exposure to changes in interest rates on borrowings is on a fixed rate basis. Interest rate swaps, denominated in euro, have been entered into to achieve an appropriate mix of fixed and floating rate exposure within the Group's policy. The swaps mature between October 2007 and July 2010 and have fixed swap rates ranging from 2.76 per cent to 3.89 per cent. At 31 March 2007 the Group had interest rate swaps with a notional contract amount of €50 million.

The net fair value of interest rate swaps including deferred taxation at 31 March 2007 was an asset of €809,000 *(31 March 2006: €261,000)* comprising assets of €809,000 *(31 March 2006: €306,000)* and liabilities of €nil *(31 March 2006: €45,000).* The net deferred taxation liability on the interest rate swaps at 31 March 2007 was €101,000 *(31 March 2006: €32,000).* The cash flow hedge reserve comprises the effective provision of the cumulative net change in the fair value of cash flow hedging instruments related to the fair value of hedging transactions that have not yet occurred.

22 Financial instruments *(continued)*

Nature of derivative financial instruments

Nature of derivative as at 31 March 2007

Type of hedge	Hedge period	Underlying hedge	Notional payable amount of contracts outstanding €'000	Notional receivable amount of contracts outstanding €'000	Fair value asset €'000	Fair value liability €'000
Corporate debt facility	5 years	Interest rate	42,500	42,500	809	-

Nature of derivative as at 31 March 2006

Type of hedge	Hedge period	Underlying hedge	Notional payable amount of contracts outstanding €'000	Notional receivable amount of contracts outstanding €'000	Fair value asset €'000	Fair value liability €'000
Corporate debt facility	5 years	Interest rate	35,000	37,500	306	45

Greenstar Holdings Limited

Notes
to the consolidated financial statements (continued)

22 Financial instruments *(continued)*

Effective interest rates and re-pricing analysis

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

31 March 2007

	Next repricing date	Effective interest rate*	Total	6 months or less	6-12 months	1-2 years	2-5 years
Cash and cash equivalents							
Bank balances		0.00%	991	991	-	-	-
Bank overdrafts		3.80%	(2,731)	(2,731)	-	-	-
			(1,740)	(1,740)	-	-	-
Secured bank loans							
Non current bank loan	19/04/2007	4.70%	(72,100)	-	-	-	(72,100)
Prepaid arrangement fees			417	-	-	275	142
Shareholder loans		0.00%	(15,177)	(15,177)	-	-	-
Finance lease liabilities		6.39%	(2,596)	-	(1,362)	(900)	(334)
			(89,456)	(15,177)	(1,362)	(625)	(72,292)

31 March 2006

	Next repricing date	Effective interest rate*	Total	6 months or less	6-12 months	1-2 years	2-5 years
Cash and cash equivalents							
Bank balances		0.00%	1,254	1,254	-	-	-
Bank overdrafts		2.92%	(4,124)	(4,124)	-	-	-
			(2,870)	(2,870)	-	-	-
Secured bank loans							
Non current bank loan	24/04/2006	3.55%	(75,105)	-	-	-	(75,105)
Prepaid arrangement fees			608	-	-	466	142
Shareholder loans		0.00%	(15,177)	(15,177)	-	-	-
Finance lease liabilities		7.48%	(3,890)	-	(1,453)	(1,265)	(1,172)
			(93,564)	(15,177)	(1,453)	(799)	(76,135)

* Post interest rate swaps, if applicable

The non current bank loan and bank overdraft bear interest at floating rates. In connection with the non current bank loan, interest rate swaps have been entered into, in order to fix the interest rate.

22 Financial instruments *(continued)*

Foreign currency risk

The Group incurs no foreign currency risk on sales and borrowings as they are all denominated in euro. The Group incurs immaterial foreign exchange currency risk on purchases.

Sensitivity analysis

In managing interest rate risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the long term, however, permanent changes in interest rates would have an impact on consolidated earnings.

At 31 March 2007 it is estimated that a general increase of one percentage point in interest rates would decrease the Group's profit before tax by approximately €0.7 million *(31 March 2006: €0.3 million*). Interest rate swaps have been included in this calculation.

Fair value

Fair values of foreign exchange derivatives have been determined with reference to closing exchange rates at the balance sheet date.

Fair values of interest rate derivatives have been determined with reference to closing interest rates at the balance sheet date.

Derivative financial instruments	**31 March 2007 €000**	31 March 2006 €000
Included in non-current assets		
Fair value of interest rate swaps	**809**	306
Included in non-current liabilities		
Fair value of interest rate swaps	**-**	(45)
Balance at end of year/period	**809**	261

23 Commitments and guarantees

Operating lease commitments

At 31 March 2007, the Group had the following operating lease commitments payable in respect of plant, premises and motor vehicles, where the lease term expires as follows:

	31 March 2007		31 March 2006	
	Annual commitment €'000	**Total commitment €'000**	Annual commitment €'000	Total commitment €'000
Less than 1 year (premises)	**416**	**416**	327	327
Less than 1 year (motor vehicle)	**109**	**81**	87	54
Less than 1 year (plant)	**-**	**-**	225	225
Between 2 and 5 years (premises)	**310**	**1,240**	468	1,545
Between 2 and 5 years (motor vehicle)	**2,530**	**9,785**	316	626
After 5 years (premises)	**548**	**7,842**	163	1,458
	3,913	**19,364**	1,586	4,235

The operating leases tend to have terms ranging from 1 to 20 years and all leases have standard lease terms and conditions. The property leases tend to have periodic rent reviews to reflect market rentals.

Capital commitments

	31 March 2007 €'000	31 March 2006 €'000
The Group had the following capital commitments:		
Contracted for	**766**	1,239
Committed but not contracted for	**11,188**	10,903
	11,954	12,142

Financial guarantee contracts

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other parties including companies within the Group or joint ventures, the Company considers these to be insurance arrangements and accounts for them as such. The Company treats the guarantee contract as an insurance contract until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

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24 Control of the Group and related party transactions

Identity of related parties

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 thus has a total interest in the Company of 88.45%.

During the year and previous period, the Group incurred expenses and earned income from the following related parties (NTR plc and subsidiary companies), which resulted in the following amounts being charged/(credited) to the income statement:

		Year ended 31 March 2007 €'000	15 month period ended 31 March 2006 €'000
NTR Finance Luxembourg Sarl	Interest	**-**	69
NTR Treasury Luxembourg Sarl	Interest & commitment fees	**-**	2,587
NTR plc	Expenses incurred on behalf of the Group	**22**	74
NTR plc	Central services	**93**	101
NTR plc	Management fees	**5**	26
NTR plc	Expenses incurred on behalf of the Parent	**(115)**	-
NTR Leasing Limited	Rent	**25**	-
Airtricity Limited	Revenue earned	**(1,032)**	(506)
Bioverda Limited	Transfer of development assets	**1,600**	-
Bioverda Limited	Expenses incurred on behalf of group	**64**	-
Bioverda Limited	Interest charged on loans	**(73)**	-

Notes

to the consolidated financial statements (continued)

25 Subsidiaries

At 31 March 2007, 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:

Name	Activity	Ownership
KTK Landfill Limited	Landfill operation	100%
Greenstar Connaught Limited	Landfill operation	100%
Greenstar North East Limited	Landfill operation	100%
Greenstar South East Limited	Waste collection and recycling	100%
Greenstar Properties Limited	Property holding and development	100%
Greenstar Finance Company Limited	Treasury operations	100%
Celtic Waste Recycling Limited	Non trading	100%
Greenstar Limited	Waste collection and recycling	100%
Greenstar Recycling (Munster) Limited	Waste collection and recycling	100%
Greenstar Recycling Limited	Non trading	100%
Leeway 20/20 Limited*	Non trading	50%
Greenstar Gas Energy Limited	Landfill gas electricity generation	75%
KSP Recycling Services Limited	Non trading	100%
Greenbed Holdings Limited *(formerly Arklumber Limited)*	Non trading	100%
Glyntown Enterprises Limited	Waste collection and recycling	100%
Greenstar Waterford Limited *(formerly Ormonde Waste Limited)*	Waste collection and recycling	100%
Greenstar Wexford Limited *(formerly Ormonde Waste Holdings Limited)*	Waste collection and recycling	100%
South East Recycling Limited	Non-trading	100%
Sewmar Limited	Non-trading	100%
Waterford Utility Services (Waste Disposal) Limited	Non-trading	100%

During the year, Casa Sandy Downes One Limited, Casa Sandy Downes Two Limited and Completion Limited were liquidated.

* Treated as a subsidiary because the Group has the power to control more than 50% of the share capital of the entity.

25 Subsidiaries *(continued)*

Joint venture

At 31 March 2007, the Company had the following joint venture which was incorporated in the Republic of Ireland.

Name	Activity	Registered office	Ownership
Milltown Composting Systems Limited	Composting facility	Sarsfield House Sarsfield Road Wilton Cork	50%

26 Business combinations

On 1 October 2006, the Group acquired 100% of the ordinary share capital of Ormonde Waste Limited; a holding company with three subsidiaries in the collection and transfer business: Sewmar Limited, South East Recycling Limited and Waterford Utility Services Limited.

The profit after tax in respect of the companies acquired, for the period from date of acquisition to 31 March 2007, was €501,000.

If the acquisition had occurred on 1 April 2006, Group revenue and profit after tax for the year ended 31 March 2007 would have increased by €18,575,000 and €1,056,000 respectively.

Greenstar Holdings Limited

Notes
to the consolidated financial statements (continued)

26 Business combinations *(continued)*

The Group acquired the following aggregate assets and liabilities during the year:

	Carrying value €'000	Fair value adjustments €'000	Fair value €'000
Intangible assets	-	3,200	3,200
Property, plant & equipment	3,771	1,077	4,848
Trade receivables	4,096	(619)	3,477
Cash and cash equivalent acquired	-	-	(395)
Interest bearing loans	(5,103)	-	(5,103)
Trade payables	(4,568)	(162)	(4,730)
Other payables	-	(468)	(468)
Restoration provision	-	(300)	(300)
Deferred tax		(219)	(219)
Net identifiable assets/(liabilities)	(1,804)	2,977	310
Goodwill			9,690
Consideration			10,000
Less: deferred consideration			(500)
Consideration paid, satisfied in cash			9,500
Cash and cash equivalent acquired			395
Net cash outflow			9,895

During the prior period the Group made a number of acquisitions of collection and transfer businesses as follows:

- 100% of the trade and assets of Seamus A. Kelly & Sons on 31 March 2005
- 75% of the ordinary share capital of KSP Recycling Services Limited on 24 February 2005 and the remaining 25% on 13 March 2006.
- 50% of the ordinary share capital of Milltown Composting Systems Limited on 30 May 2005
- 100% of the trade and assets of Waste Disposal Sligo on 23 September 2005
- 100% of the ordinary share capital of Glyntown Enterprises Limited on 27 February 2006

26 Business combinations *(continued)*

The profit or loss after tax in respect of each of the acquisitions, for the period from date of acquisition to 31 March 2006, is detailed below:

Seamus A. Kelly & Sons	€54,000 loss
KSP Recycling Services Limited	€352,000 loss
Milltown Composting Systems Limited	€222,000 profit
Waste Disposal Sligo	€12,000 profit
Glyntown Enterprises Limited	€70,000 profit

If the acquisitions had occurred on 1 January 2005, Group revenue and profit after tax for the 15 month period ended 31 March 2006 would have increased by €7,883,000 and €1,116,000 respectively.

The Group acquired the following aggregate assets and liabilities during the 15 month period ended 31 March 2006:

	Carrying value €'000	**Fair value adjustments €'000**	**Fair value €'000**
Intangible assets	-	2,448	2,448
Property, plant & equipment	1,991	-	1,991
Inventories	30	-	30
Trade receivables	1,013	(148)	865
Cash and cash equivalents	108	-	108
Interest bearing loans	(453)	-	(453)
Trade payables	(277)	-	(277)
Restoration provision	-	(150)	(150)
Deferred tax	-	(269)	(269)
Net identifiable assets and liabilities	2,412	1,881	4,293

Notes
to the consolidated financial statements (continued)

26 Business combinations *(continued)*

The prior period acquisitions had the following effect on the Group's assets and liabilities:

Name of entity/trade and assets acquired	**Seamus A. Kelly & Sons €'000**	**KSP Recycling Services Limited €'000**	**Milltown Composting Systems Limited €'000**	**Waste Disposal Sligo €'000**	**Glyntown Enterprises Limited €'000**	**Total €'000**
Intangible assets	1,296	-	-	752	400	2,448
Property, plant & equipment	268	48	495	588	592	1,991
Inventories	-	30	-	-	-	30
Trade receivables	-	-	24	-	841	865
Cash and cash equivalents	-	(56)	50	-	114	108
Interest bearing loans	-	-	-	-	(453)	(453)
Trade payables	-	(148)	(68)	-	(61)	(277)
Restoration provision	-	-	-	(150)	-	(150)
Deferred tax	-	-	-	19	(288)	(269)
Net identifiable assets and liabilities	1,564	(126)	501	1,209	1,145	4,293
Goodwill	1,188	213	-	196	1,201	2,798
Consideration	2,752	87	501	1,405	2,346	7,091
Less deferred consideration	-	-	-	-	(1,237)	(1,237)
Less other payables	(600)	-	-	-	-	(600)
Consideration paid, satisfied in cash	2,152	87	501	1,405	1,109	5,254
Cash and cash equivalents acquired (including bank overdraft)	-	56	(50)	-	(114)	(108)
Net cash outflow	**2,152**	**143**	**451**	**1,405**	**995**	**5,146**

Goodwill acquired represents the premium paid for entry into new geographic and product markets and for synergystic opportunities that will deliver enhanced Group profitability.

Assets and liabilities have been fair valued at date of acquisition. The intangible assets acquired above represent the significant fair value adjustments made to the carrying value of assets acquired.

27 Accounting estimates and judgements

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

Landfill depreciation

In the year ended 31 March 2007, the Group charged landfill depreciation of €12,622,000 to the income statement. Landfill assets 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 is recognised prospectively.

Share based payments

See note 16 to the consolidated financial statements.

Intangible assets

Customer Lists
At 31 March 2007, the net book value of customer lists was €4,545,000. The cost of customer lists acquired through business combinations is stated at fair value at the date of acquisition less accumulated amortisation and impairment losses. Customer lists are amortised on a straight line basis, based on predicted churn rate for customer classes acquired.

Computer Software
At 31 March 2007, the net book value of computer software was €1,431,000. Costs that are directly attributable to the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Goodwill

See Note 9 to the consolidated financial statements.

27 Accounting estimates and judgements *(continued)*

Provisions

Deferred consideration
At 31 March 2007, the provision for deferred consideration was €500,000, which relates to conditional obligations in respect of certain acquisitions. Provision has been made for the likely future payment.

Restoration & aftercare
At 31 March 2007, the site restoration and aftercare provisions were €9,530,000. The provisions are made for the net present value of the Group's costs in relation to restoration liabilities at its landfill sites and of post-closure costs based on the quantity of waste input into the landfill during the period. Current cost estimates are supported by external engineering consultant studies and revised each period. Any resulting change is reflected in the carrying amount of the relevant assets.

Assets in development

At 31 March 2007 the Group had capitalised the costs of assets in development with a net book value of €3,138,000. Costs in relation to assets in development are capitalised where, in the opinion of the directors, the related project will be successfully developed and the economic benefits arising from future operations will at least equal the amount of capitalised expenditure incurred to date.

In the opinion of the Directors, assets in development are appropriately presented within property, plant and equipment – see note 7 to the consolidated financial statements.

28 Post balance sheet events

There have been no significant events since the balance sheet date.

29 Approval of financial statements

The consolidated financial statements were approved by the Directors on 2 August 2007.

Greenstar Holdings Limited

Company balance sheet
at 31 March 2006

	Notes	**31 March 2007 €'000**	31 March 2006 €'000
Fixed assets			
Tangible assets	*2*	**8,071**	20,127
Financial assets	*3*	**39,544**	47,840
		47,615	67,967
Current assets			
Debtors	*4*	**9,090**	796
Cash at bank and in hand		**2,150**	941
		11,240	1,737
Creditors: amounts falling due within one year	*5*	**(34,697)**	(45,921)
Net current liabilities		**(23,457)**	(44,184)
Total assets less current liabilities		**24,158**	23,783
Creditors: amounts falling due after one year	*6*	**(7,874)**	(7,077)
Provisions for liabilities and charges	*7*	**(345)**	(123)
Net assets		**15,939**	16,583
Capital and reserves			
Called up share capital	*10*	**7,621**	7,600
Share premium account		**2,722**	2,432
Profit and loss account		**5,596**	6,551
Shareholders' funds	11	**15,939**	16,583

Notes 1 to 17 form part of these Company financial statements.

On behalf of the board

S. Cowman
Director

A. G. Bailey
Director

Greenstar Holdings Limited

Notes
to the Company financial statements

1 Basis of preparation and summary of significant accounting policies

The financial statements have been prepared in euro in accordance with generally accepted 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. The accounting policies have been applied consistently throughout the year and the preceding period in dealing with items which are considered material in relation to the Company's financial statements.

Financial assets

Interests in subsidiary undertakings are stated in the Company balance sheet as financial fixed assets, at cost less, where necessary, provisions for impairment.

Tangible assets

Tangible assets are stated at original cost, net of accumulated depreciation and any provisions for impairment.

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. Interest incurred up to the time that separately identifiable major assets in development are ready for service is capitalised on a gross basis as part of the cost of the assets.

Assets in development and assets in construction are not depreciated. Depreciation is provided on all other tangible assets, at rates calculated to write off the cost, less estimated residual value on a straight line basis over their expected useful lives, as follows:

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

Notes
to the Company financial statements (continued)

1 Basis of preparation and summary of significant accounting policies *(continued)*

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 or a right to pay less 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.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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.

Pensions

The Company 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 period. Differences between contributions payable in the period and the contributions actually paid are included in either debtors or creditors in the balance sheet.

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.

Notes

to the Company financial statements (continued)

1 Basis of preparation and summary of significant accounting policies *(continued)*

Share-based payment transactions

The Company operates a cash settled share based programme which allows employees of the Group to acquire shares in the Company. The fair value of awards granted is recognised as an employee expense with a corresponding increase in liabilities.

The fair values of cash settled awards are initially measured at grant date and spread over the period during which the employee becomes unconditionally entitled to payment. The liability is re-measured to fair value at each balance sheet date until the awards vest and thereafter at settlement amount until settlement date. Any changes in the fair value of the liability are reflected in profit or loss as an employee benefits expense.

Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into euro at the rates of exchange ruling at the balance sheet date. The resulting profits and losses are dealt with in the profit and loss account.

Dividends

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders, or, in the case of an interim dividend, when it has been approved by the Board of Directors and paid.

Cash flow statement

Under the provisions of Financial Reporting Standard No. 1, 'Cash Flow Statements', a cash flow statement has not been prepared as the Company is a wholly owned subsidiary of a company which publishes consolidated financial statements.

Related party transactions

Under the exemption granted by Financial Reporting Standard No. 8, 'Related Party Disclosures', the Company as a wholly owned subsidiary of a group which publishes consolidated financial statements in which the Company is included, is not required to, and does not, disclose transactions with fellow members, associated undertakings and joint ventures of that group.

Notes
to the Company financial statements (continued)

2 Tangible assets

	Assets in development €'000	Assets in construction €'000	Leasehold improvements €'000	Equipment €'000	Motor vehicles €'000	Total €'000
Cost						
Start of year	14,705	4,972	911	3,911	173	24,672
Additions	4,284	1,698	42	331	6	6,361
Disposals	(12,934)	(4,332)	(152)	(243)	(92)	(17,753)
Transfers	-	(640)	-	640	-	-
End of year	**6,055**	**1,698**	**801**	**4,639**	**87**	**13,280**
Depreciation						
Start of year	2,751	-	248	1,398	148	4,545
Charge for year	93	-	38	881	11	1,023
Disposals	-	-	(152)	(129)	(78)	(359)
End of year	**2,844**	**-**	**134**	**2,150**	**81**	**5,209**
Net book value						
Start of year	11,954	4,972	663	2,513	25	20,127
End of year	**3,211**	**1,698**	**667**	**2,489**	**6**	**8,071**

The Company bears obligations under finance leases in relation to assets held by certain subsidiaries.

Notes

to the Company financial statements (continued)

3 Financial assets

	31 March 2007	31 March 2006
Interest in subsidiaries	**€'000**	€'000
Share capital – unlisted shares at cost	**39,544**	47,840
Movement for the year was as follows:		
	€'000	€'000
At start of year	**47,338**	44,846
Additions (a)	**10,468**	2,566
Transfer to group company	**-**	(74)
Write off of investment (b)	**(18,764)**	-
At end of year	**39,042**	47,338
Interest in joint venture		
At start of year	**502**	-
Additions	**-**	502
At end of year	**502**	502
Total	**39,544**	47,840

(a) Additions represent the investment made during the year in Ormonde Waste Limited. Refer to Note 26 to the consolidated financial statements.

(b) The write off of the investments arises as a number of dormant subsidiary companies were liquidated during the current and previous accounting periods.

In the opinion of the Directors, the value to the Company of the unlisted investments in subsidiary companies and joint venture is not less than the carrying amount. The Company's subsidiaries and joint venture are listed in note 25 to the Group financial statements.

Notes
to the Company financial statements (continued)

4 Debtors

	31 March 2007 €'000	31 March 2006 €'000
Sundry debtors and prepayments	**2,176**	796
Amounts due to group company with respect to the share based payments (note 8)	**6,914**	-
	9,090	796

5 **Creditors:** amounts falling due within one year

	31 March 2007 €'000	31 March 2006 €'000
Finance lease obligations (note 9)	**979**	945
Shareholder loans	**15,177**	15,177
Accruals	**7,595**	4,901
Corporation tax	**260**	162
Amounts due to related parties/ group undertakings	**10,186**	24,736
Deferred consideration	**500**	-
	34,697	45,921

Deferred consideration arises on the acquisition of Ormonde Waste Limited and is payable within one year.

6 **Creditors:** amounts falling due after more than one year

	31 March 2007 €'000	31 March 2006 €'000
Finance lease obligations (note 9)	**960**	1,936
Share based payments (note 8)	**6,914**	5,141
	7,874	7,077

Notes

to the Company financial statements (continued)

7 Provisions for liabilities and charges

	31 March 2007 €'000	31 March 2006 €'000
Deferred tax	**45**	123
Provision for legal fees	**300**	-
	345	123

The movement on deferred tax liability during the year was as follows:

	Asset €'000	**Liability €'000**	**Total €'000**
At 31 March 2006	-	(123)	(123)
Income statement charge	-	78	78
At 31 March 2007	**-**	**(45)**	**(45)**

The deferred tax liability relates to timing difference resulting in an excess of capital allowances claimed and finance lease obligations met over the depreciation charged in relation to the company's fixed assets.

The provision for the legal fees relates to a legal proceeding which is pending against one of the company's subsidiaries acquired during the year.

8 Share based payments

The employees entitled to share based payments were transferred to another group company at the beginning of the year. The cost of such options was borne by the group company. All options are settled by physical delivery of shares in the company or their cash equivalent at the exercise date. The share based payment liability was €6.9m at 31 March 2007 *(31 March 2006: €5.1m).* At 31 March 2007, a corresponding intergroup receivable has been recognised within debtors as the ultimate liability will be borne by the group company.

See note 16 to the consolidated financial statements for further details of the share based payments.

Notes
to the Company financial statements (continued)

9 Finance lease obligations

Finance lease obligations fall due as follows:	**31 March 2007 €'000**	31 March 2006 €'000
Between one and two years	**737**	976
Between two and five years	**223**	960
	960	1,936
Due within one year (Note 5)	**979**	945
	1,939	2,881

10 Called up share capital

See note 15 to the consolidated financial statements.

11 Movement on reserves

(a) Reconciliation of movement on shareholders' funds	**31 March 2007 €'000**	31 March 2006 €'000
Balance at start of year – as originally stated	**16,583**	20,430
Prior year adjustment	**-**	(2,194)
Balance at start of year – as restated	**16,583**	18,236
Loss for the year	**(955)**	(1,653)
Transactions with shareholders		
Shares issued including premium	**505**	-
Shares redeemed including premium	**(194)**	-
Balance at end of year	**15,939**	16,583

11 Movement on reserves *(continued)*

(b) Movement on reserves	**share Premium Account €'000**	**Capital Redemption Reserve €'000**	**Profit and loss account €'000**	**Total €'000**
Opening balance	2,432	-	6,551	8,983
Loss for the year	-		(955)	(955)
Share premium on issue of shares	473	-	-	473
Share premium on redemption of shares	(183)	-	-	(183)
Transfer to capital redemption reserve	-	11	(11)	-
Closing balance	2,722	11	5,585	8,318

12 Pensions

The Company's total pension costs in respect of its defined contribution plan for the year to 31 March 2007 were €0.6 million *(15 month period ended 31 March 2006: €0.7 million)*. Pension costs outstanding at 31 March 2007 were €0.1 million *(31 March 2006: €0.1 million)*.

13 Operating lease commitments

At 31 March 2007, the Company had operating lease commitments payable during the next 12 months in respect of premises and motor vehicles, where the lease term expires as follows:

	31 March 2007 €'000	31 March 2006 €'000
Less than 1 year (premises)	**49**	91
Less than 1 year (motor vehicles)	**110**	86
Between 2 and 5 years (premises)	**310**	203
Between 2 and 5 years (motor vehicle)	**223**	316
After 5 years (premises)	**-**	-
	692	696

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14 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 ended 31 March 2007.

Subsidiaries guaranteed
KTK Landfill Limited
Greenstar Properties Limited
Greenstar Limited
Greenstar Finance Company Limited
Greenstar Recycling (Munster) Limited
Greenstar Recycling Limited
Greenstar North East Limited
Greenstar Connaught Limited
Greenstar South East Limited
Glyntown Enterprises Limited
Greenstar Waterford Limited
Greenstar Wexford Limited
South East Recycling Limited
Sewmar Limited
Waterford Utility Services (Waste Disposal) Limited

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other parties including companies within its Group or joint ventures, the Company considers these to be insurance arrangements and accounts for them as such. The Company treats the guarantee contract as an insurance contract until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Notes
to the Company financial statements (continued)

15 Employee numbers and expenses

	Year ended 31 March 2007 €'000	15 month period ended 31 March 2006 €'000
Wages and salaries	**2,177**	4,125
Social security costs	**249**	518
Defined contribution pension and life assurance costs	**196**	417
Share based payments	**-**	2,948
Other staff costs	**117**	182
	2,739	8,190

The directors' emoluments were borne by another group company during the year. The employees entitled to share based options were transferred to another group company at the beginning of the year. The cost of such options were borne by the group company.

The average number of persons employed by the Company was 25. At the year end there were no employees in the company as all employees were transferred to another group company during the year. The group company has recharged the company for the wages and salaries borne by the group company during the year.

Details of other employee benefits, including transactions with Directors, are set out in note 3 to the Group financial statements.

16 Statutory information

	Year ended 31 March 2007 €'000	15 month period ended 31 March 2006 €'000
Auditor's remuneration	**145**	161
Directors' remuneration	**-**	3,600
Depreciation	**992**	1,449

See Note 25 to the Group financial statements for details of the Company's subsidiaries.

As permitted by Section 148(8) of the Companies Act, 1963 no separate profit and loss account is presented in respect of the Company. The Company recorded a loss for the year of €955,000 *(15 month period ended 31 March 2006: loss of €1,653,000).*

17 Approval of financial statements

The Company financial statements were approved by the Directors on 2 August 2007.

Greenstar Holdings Limited

Directors' report and consolidated financial statements

Year ended 31 March 2007

Registered number: 295816