Company Registration No. 87980

Oxnard Enterprises Limited

OXNARD ENTERPRISES LIMITED

Consolidated Report and Financial Statements

30 September 2013

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

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Christina Sarris
Clive Stanford
Lambros Hajigeorghi

COMPANY SECRETARY

Christina Sarris

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2404 Engomi
Nicosia, Cyprus

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LEGAL ADVISORS

Polakis Sarris & Co
Nicosia Tower Center
36 Byron Avenue
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INDEPENDENT AUDITORS

Deloitte Limited
Certified Public Accountants and Registered Auditors
24 Spyrou Kyprianou Avenue
1075, Nicosia, Cyprus

DIRECTORS REPORT

The Board of Directors presents its report together with the audited consolidated financial statements of Oxnard Enterprises Limited and its subsidiaries (the Group) for the year ended 30 September 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Group are the supply of wood-based panels, timber and the provision of related transport and logistics services. The Group also has extensive industrial land holdings, including port facilities, which provide rental and service income.

REVIEW OF OPERATIONS

	2013 Euro'000	2012 Euro'000	Change %
Revenue	395,199	386,396	2.3
Operating Profit	11,557	11,046	4.6
EBITDA	21,668	22,632	(4.3)

Revenue for the year ended 30 September 2013 at Euro 395 million, is 2.3% higher compared to 2012 (Euro 386 million). The increase in revenue was driven by improving sales volumes of wood-based panel products.

The Group achieved an operating profit of Euro 11,6 million which is Euro 4.6% higher compared to 2012 (Euro 11 million).

INVESTMENT

	2013 Euro'000	2012 Euro'000	Change %
Total	24,769	13,304	86.2

Investments in property, plant and equipment during the year at Euro 24,8 million is 86.2% higher compared to 2012 (Euro 13,3 million). Major projects in the year include the acquisition of vehicles and machinery for timber transportation and recycling of timber (Belarus, Czech Republic and Poland) and the construction of office buildings in Warsaw (Poland).

SHARE CAPITAL

On 30 September 2013 the board of directors authorised the issue of 12,500 ordinary shares of nominal value of Euro 1.71 each at a total allotment price of Euro 640, thus giving rise to a premium of Euro 638.29 each or a total value of Euro 8,000,000.

DIRECTORS

The members of the Board of Directors as at the date of this report are shown on page 3. All directors were members of the board throughout the year ended 30 September 2013.

In accordance with the Articles of Association all directors who are presently members of the Board will continue in office.

OUTLOOK

- The Group expects the next 12 months to provide further opportunities to expand the business particularly in the area of timber distribution and waste wood recycling. The further development of the port facilities and logistics services are key targets for the future.

• DIRECTORS REPORT (continued)

AUDITORS

All of the current directors have taken all of the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

The Independent auditors, Deloitte Limited, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

Director
Nicosia, Cyprus,
Date: 18 December 2013

Deloitte.

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Independent auditor's report

To the Members of Oxnard Enterprises Ltd

Report on the consolidated financial statements

We have audited the consolidated financial statements of Oxnard Enterprises Ltd (the "Company") and its subsidiaries (together with the Company, the "Group") 8 to 42 which comprise the consolidated statement of financial position as at 30 September 2013, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

Independent auditor's report (continued)

To the Members of Oxnard Enterprises Ltd

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 30 September 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Report on other legal requirements

Pursuant to the requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The consolidated financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the consolidated financial statements.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Yiannos Ioannou
Certified Public Accountant and Registered Auditor
for and on behalf of
Deloitte Limited
Certified Public Accountants and Registered Auditors

Nicosia, 18 December 2013

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 September 2013

	Note	2013 Euro'000	2012 Euro'000
Revenue	4	395,199	386,396
Other operating income		10,853	11,859
Changes in inventories of finished goods and work in progress		1,542	772
Raw materials and consumables used		(346,982)	(341,998)
Employee benefit costs	5,6	(14,675)	(12,446)
Depreciation and amortisation expense	5,9,10	(9,918)	(8,711)
Impairment expense	5,9,10	(272)	(1,688)
Other operating expenses		(24,190)	(23,138)
Profit from operations	5	11,557	11,046
Finance income	7	140	138
Finance costs	7	(7,133)	(8,095)
Profit before tax		4,564	3,089
Income tax expense	8	(423)	(70)
Profit for the year		4,141	3,019
Other comprehensive income		-	-
Total comprehensive income for the year		4,141	3,019
Total comprehensive income attributable to:			
Equity holders of the parent		4,131	2,993
Non controlling interests		10	26
		4,141	3,019

All of the profit and comprehensive income for the year is attributable to equity holders of the company.

The notes on pages 12 to 42 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2013

	Note	30 September 2013 Euro'000	30 September 2013 Euro'000	30 September 2012 Euro'000	30 September 2012 Euro'000
ASSETS					
Non current assets					
Property, plant and equipment	9	205,014		186,752	
Intangible assets	10	9,928		10,293	
Investments	11	2,641		1,067	
Deferred tax asset	8	3,731		2,564	
			221,314		200,676
Current assets					
Inventories	12	25,522		12,531	
Trade and other receivables	13	50,458		50,973	
Prepayments		647		362	
Cash and cash equivalents	14	7,261		8,184	
			83,888		72,050
TOTAL ASSETS			305,202		272,726
LIABILITIES AND SHAREHOLDERS' EQUITY					
Equity attributable to equity shareholders of the Company					
Share capital	15	104		83	
Preference share capital	16	16		16	
Share premium	15, 16	44,144		36,165	
Merger capital reserve		10,285		10,285	
Other reserves		(68)		30	
Retained earnings		11,919		7,788	
			66,400		54,367
Non controlling interests			1,724		1,714
Total Equity			68,124		56,081
Non-current liabilities					
Loans financed or underwritten by the shareholders	18	109,765		100,881	
Long-term loans	17	7,672		9,580	
Deferred tax liability	8	4,520		3,625	
Obligations under finance leases	21	7,865		2,797	
Other long-term liabilities	26	4,701		3,681	
			134,523		120,564
Current liabilities					
Loans financed or underwritten by the shareholders	18	20,092		16,954	
Bank loans and overdrafts	17	17,400		17,755	
Trade and other payables	19	64,811		61,234	
Current tax payable		252		138	
Total current liabilities			102,555		96,081
Total liabilities			237,078		216,645
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			305,202		272,726

On 18 December, 2013 the consolidated financial statements of Oxnard Enterprises Limited were approved by the Board of Directors and authorised for issue.

Signed on behalf of the Board of Directors

L. C. Mangeghi

Director

Director

The notes on pages 12 to 42 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 September 2013

	Note	2013 Euro'000	2012 Euro'000
Cash flows from operating activities			
Profit for the year		4,141	3,019
Adjustment for:			
Depreciation and amortisation		9,918	8,711
Impairment of non-current assets		272	1,688
Finance income		(140)	(138)
Finance expense		7,133	8,095
Profit from the sale of non-current assets		(2,174)	(357)
Income tax expense		423	70
Cashflow from operating activities before changes in working capital and provisions		19,573	21,088
Increase in inventories		(13,021)	(3,087)
Decrease / (Increase) in trade and other receivables and prepayments		1,098	(8,059)
Increase in trade and other payables		1,516	9,655
Decrease in provisions		-	(318)
Cash generated from operations		9,166	19,279
Interest received		3,044	563
Interest expense		(9,501)	(7,898)
Income taxes paid		(850)	(557)
Net cash generated from operating activities		1,859	11,387
Cash flows from investing activities			
Proceeds from sales of property, plant and equipment		5,476	432
Purchase of property, plant and equipment		(22,316)	(11,292)
Purchase of intangible assets		(15)	(18)
Previously non consolidated subsidiary		-	3,919
Acquisition of investments		(2,060)	(487)
Net cash used in investing activities		(18,915)	(7,446)
Cash flows from financing activities			
Proceeds from issue of share capital		8,000	-
Proceeds from shareholders' loans		25,451	36,890
Repayments of shareholders' loans		(13,945)	(41,442)
Increase / (Decrease) in long term financial liabilities		740	(170)
Repayments of long-term loans		(2,465)	(3,315)
Repayment of finance lease obligations		(1,748)	(223)
Net cash from / (used in) financing activities		16,033	(8,260)
Net decrease in cash and cash equivalents		(1,023)	(4,319)
Cash and cash equivalents at the beginning of the year		(7,111)	(3,029)
Cash and cash equivalents upon first time consolidated		-	119
Effect of exchange rates changes		(102)	118
Cash and cash equivalents at the end of the year	14	(8,236)	(7,111)
Cash and cash equivalents are represented by:			
Cash in hand and at bank		7,261	8,184
Bank Overdrafts		(15,497)	(15,295)
		(8,236)	(7,111)

The notes on pages 12 to 42 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2013

Changes in equity for 2013	Share Capital Euro '000	Preference Share Capital Euro '000	Share Premium Euro '000	Merger Capital Reserve Euro '000	Foreign currency translation Euro '000	Other Reserve Euro '000	Retained Earnings Euro '000	Total Euro '000	Non controlling interest Euro '000	Total Equity Euro '000
Balance at 1 October 2012	83	16	36,165	10,285	73	(43)	7,788	54,367	1,714	56,081
Translation of foreign operations	-	-	-	-	(114)	-	-	(114)	-	(114)
Transfer between reserves	-	-	-			16	(16)	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	4,131	4,131	10	4,141
Issue of share capital	21	-	7,979	-	-	-	-	8,000	-	8,000
Other movements	-	-	-	-	-	-	16	16	-	16
Balance at 30 September 2013	**104**	**16**	**44,144**	**10,285**	**(41)**	**(27)**	**11,919**	**66,400**	**1,724**	**68,124**
Changes in equity for 2012										
Balance at 1 October 2011	83	-	26,181	10,285	88	(55)	4,841	41,423	1,688	43,111
Translation of foreign operations	-	-	-	-	(15)	-	-	(15)	-	(15)
Transfer between reserves	-	-	-	-	-	12	(12)	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	2,993	2,993	26	3,019
Issue of share capital	-	16	9,984	-	-	-	-	10,000	-	10,000
Other movements	-	-	-	-	-	-	(34)	(34)	-	(34)
Balance at 30 September 2012	**83**	**16**	**36,165**	**10,285**	**73**	**(43)**	**7,788**	**54,367**	**1,714**	**56,081**

The following describes the nature of each reserve within owners' equity;

Reserve	**Description**
Share premium	Amount subscribed for any categories of share capital in excess of nominal value.
Merger capital reserve	Consists of capital reserve arising from merger.
Foreign currency translation reserve	Gains/losses arising on re-translating the net assets prior to adoption of the Euro as measurement currency
Retained earnings	Profit/losses for the year and prior years.
Other reserve	These consist of compulsory legal reserves.
Non-controlling interest	This consist of the portion of subsidiaries net assets that do not belong to the equity holders.

The notes on pages 12 to 42 form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 September 2013

1. **PRINCIPAL ACTIVITIES**

The principal activities of the Group are the supply of wood-based panels, timber and the provision of related transport and logistics services. The Group also has extensive industrial land holdings, including port facilities, which generate rental and service income. The parent company Oxnard Enterprises Ltd is incorporated in Cyprus.

2. **ACCOUNTING POLICIES**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted for use in the European Union, including International Accounting Standards (IAS) and Interpretations issued by the International Accounting Standards Board (IASB), (collectively IFRSs) and in accordance with the Cyprus Companies Law, Cap. 113.

The Directors are of the opinion that preparation of the consolidated financial statements on the going concern basis is appropriate.

The principal accounting policies adopted for dealing with items which are considered material or critical in determining the results for the year and in stating the financial position, are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Changes in accounting policies

(i) New standards, amendments to published standards and interpretations to existing standards effective in the current financial year adopted by the Group.

- *Deferred Tax: Recovery of Underlying Assets (amendments to IAS 12).*
- *Presentation of Items of Other Comprehensive Income: Amendment to IAS 1.*

(ii) Standards, amendments and interpretations to published standards effective in 2013 but which are not relevant to the Group.

There have been new standards, amendments and interpretations to published standards effective in 2013 but which are not relevant to the Group.

(iii) Standards, amendments and interpretations to published standards not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning after 1 October 2012 or later periods and which the Group has decided not to adopt early. These are:

- *IFRS 9 Financial Instruments.*
- *IFRS 11 Joint Arrangements.*
- *IFRS 12 Disclosure of Interests in Other Entities.*
- *IAS 27 Separate Financial Statements.*
- *IFRS 13 Fair Value Measurement.*
- *IFRS 10 Consolidated Financial Statements.*
- *Annual Improvements to IFRSs (2009-2011 Cycle) (Issued 17 May 2012).*
- *Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (Issued October 2012).*
- *IAS 28 Investments in Associates and Joint Ventures.*
- *IAS 19 Employee Benefits.*

2. ACCOUNTING POLICIES (continued)

(iii) Standards, amendments and interpretations to published standards not yet effective (continued)

- *IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine.*
- *Disclosures-Offsetting Financial Assets and Financial Liabilities: Amendments to IFRS 7.*
- *Government Loans: Amendments to IFRS 1.*
- *Offsetting Financial Assets and Financial Liabilities: Amendments to IAS 32*

It is not expected that the adoption of these standards will have a material effect.

(b) Significant judgements and estimates

The preparation of consolidated financial statements, in conformity with Generally Accepted Accounting Principles (GAAP) under IFRS, requires management to make estimates and assumptions that affect the amounts of assets and liabilities at the date of the financial statements and the amounts of revenues and expenses recognised during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

On an on going basis, the Group evaluates its estimates using historical experience, consultation with experts and other methods considered reasonable in the particular circumstances. Actual results may differ significantly from the estimates, the effect of which is recognised in the period in which the facts that give rise to the revision become known.

The following paragraphs detail the estimates and judgements the Group believes to have the most significant impact on the annual results under IFRS.

- *Provision for doubtful receivables.* At each statement of financial position date, the Group evaluates the collectability of trade receivables to assess whether there is any objective evidence that a provision for impairment is required. These provisions for an impairment loss incurred are based on, amongst other things, insurance cover, comparisons of the relative age of accounts and consideration of actual write-off history. The actual level of receivables collected may differ from the estimated levels of recovery, which could impact operational results positively or negatively. Further detail of the level of provisions for doubtful receivables is included in note 13.
- *Accounting for provisions and contingencies.* The Group is subject to a number of claims incidentals to the normal conduct of its business, relating to and including commercial, contractual and employment matters, which are handled and defended in the ordinary course of business. The Group routinely assesses the likelihood of any adverse judgements or outcomes to these matters as well as ranges of probable and reasonable estimated losses. Reasonable estimates involve judgement made by management after considering information including notifications, settlements, estimates performed by independent parties and legal counsel, available facts, identification of other potentially responsible parties and their ability to contribute, and prior experience. A provision is recognised when it is probable that an obligation exists for which a reliable estimate can be made of the obligation after careful analysis of the individual matter. The required provision may change in the future due to new developments and as additional information becomes available. Matters that are either possible obligations or do not meet the recognition criteria for a provision are disclosed, unless the possibility of transferring economic benefits is remote.

2. ACCOUNTING POLICIES (continued)

(b) Significant judgements and estimates (continued)

- *Goodwill.* The Group records all assets and liabilities acquired in purchase acquisitions, including goodwill, at fair value. Goodwill is not amortised but is subject, at a minimum, to annual tests for impairment. The initial goodwill recorded and subsequent impairment analysis requires management to make subjective judgements concerning the fair value of cash generating units. Estimates of fair value are consistent with market information and the Group's plans and forecasts.

- *Carrying value of property, plant and equipment.* The estimated useful economic lives of property, plant and equipment (PPE) are based on management's judgements and experience. When management identifies that actual useful lives differ materially from the estimates used to calculate depreciation that charge is adjusted prospectively. Due to the significance of PPE investment to the Group, variations between actual and estimated useful lives could impact operating results both positively and negatively, although few changes to estimated useful lives have been required historically.

  The Group is required to evaluate the carrying values of PPE for impairment whenever circumstances indicate, in management's judgement, that the carrying value of such assets may not be recoverable.

  An impairment review requires management to make subjective judgements concerning the cash flows, growth rates and discount rates of the cash generating units under review. Movements on property, plant and equipment during the year have been included within note 9.

- *Income taxes.* Significant judgement is required in determining the provision for income taxes and deferred tax. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- *Financial instruments.* Whenever a company issues financial instruments, judgement is required to determine the appropriate accounting treatment. In the case of the issued redeemable preference shares, due to the voting rights attached, judgement was exercised and it was determined that these instruments are, in substance, equity.

(c) Consolidated financial statements

The consolidated financial statements include the financial statements of the holding company and its subsidiaries which are collectively referred to as the "Group". The results of the companies acquired are accounted for from the date of their acquisition to the date of their disposal. All subsidiaries except excluded subsidiaries have been consolidated using the acquisition method of accounting. Subsidiaries are excluded on the basis of being dormant and not material during the period under review. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All significant intra-company transactions and balances between group enterprises are eliminated on consolidation.

Where the company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 September 2013

2. ACCOUNTING POLICIES (continued)

(d) Revenue and profit from operations

Revenue represents amounts invoiced for goods sold or services rendered net of discounts, returns and value added tax. Sales revenue is recognised only when the relevant goods have been delivered or services rendered, i.e. when the risk has been transferred to the customer. Profit from operations is stated after charging all operating costs including those separately disclosed by virtue of their size or unusual nature or to facilitate a more helpful understanding of the Group's results. It is stated before investment income and finance costs.

(e) Property, plant and equipment

All property, plant and equipment is initially recognised at cost. Borrowing costs that are directly attributable to the acquisition, construction or production of property, plant and equipment are capitalised as part of the cost of the property, plant and equipment (applicable only for qualifying assets). Where property, plant and equipment are to be revalued they would be subsequently stated at valuation less subsequent depreciation. Any future revaluations of property, plant and equipment would be undertaken in a period not exceeding five years.

When the carrying amount is increased as a result of a revaluation, the increase is credited to the revaluation reserve, except to the extent it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to other comprehensive income to the extent of the decrease previously charged. When the carrying amount decreases as a result of a revaluation, the decrease is recognised as an expense except to the extent that the decrease does not exceed a previous related surplus, in which case the decrease is charged directly to equity.

Where an asset that was previously revalued is disposed of, its book value is eliminated and an appropriate transfer made from the revaluation reserve to retained earnings.

The commissioning date of a significant asset, such as a production line, is when the machine commences to produce economic quantities. There will normally be a short period before this when test production is made and this is not considered to represent commissioning.

Depreciation of property, plant and equipment is calculated by the straight-line method so as to reduce cost or valuation to their estimated residual value over their expected useful lives. The annual depreciation rates applicable are as follows:

Buildings and structures	3.3%
Machinery and technical equipment	5% - 6.7 %
Transportation equipment and other	25%

Land is not depreciated.

Gains or losses on the disposal of property, plant and equipment are determined as the difference between the sale price (net of selling expenses) and the net book value of the asset at the date of disposal.

Repairs and maintenance costs are charged directly to profit and loss. Costs for significant renovation and improvement of property, plant and equipment are capitalised.

Assets under construction are recorded at the cost incurred in their purchase or manufacture including the cost of financing each project until it is commissioned.

At each statement of financial position date, the Group reviews the carrying value of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any indication exists, the asset's recoverable value is estimated, being the greater of its value in use and the net sale price. Where the carrying value is more than the recoverable value, the asset's carrying value is reduced to the recoverable value.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

2. ACCOUNTING POLICIES (continued)

(f) Goodwill and Other Intangibles

Goodwill on acquisition is initially measured at cost being the excess of fair value of consideration over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill on acquisitions is not amortised. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Other Intangible assets are shown at historical cost and are amortised on a straight line basis up to a maximum of 5 years with the exception of land rights, which are amortised over the period these concessions are granted and the cost of new technologies on acquired assets are amortised on a straight line basis over their expected useful life. Intangibles are subject to impairment reviews whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Where the carrying value is more than the recoverable value, the asset's carrying value is reduced to the recoverable value.

Land concessions	2%
Other	20 - 25%

(g) Impairment of non-financial assets (excluding inventories, investment properties and deferred tax assets).

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable since they have a finite useful life. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Impairment charges are shown separately in the profit from operations section of the statement of comprehensive income.

(h) Foreign currency transactions

The books and records of the majority Group subsidiaries are maintained in local currency to comply with local legal requirements. However, for the purpose of IFRS Group reporting, the Euro was treated as the presentation (functional) currency because of its significance to the operations of the vast majority of companies in the Group. Consequently, the following translation was done:

1) Statement of comprehensive income items (excluding foreign exchange differences, non-current asset depreciation and disposal expense) were translated into Euro at the average monthly exchange rate for the year.
2) Equity, non-monetary assets and liabilities were re-measured into Euro at historical exchange rates prevailing on the transaction dates. Non-current assets depreciation and disposal expense were re-measured accordingly.
3) All monetary assets and liabilities were translated into Euro at the exchange rate prevailing on the financial position date.

All foreign exchange gains or losses resulting from the above translation were credited or debited to the Statement of comprehensive income in accordance with IAS 21.

For certain smaller subsidiaries the Euro cannot be considered the functional currency but is more correctly treated as the reporting currency. In respect of these subsidiaries the following translation was done:

1. Statement of comprehensive income items were translated into Euro at the average monthly exchange rate for the year.
2. All assets and liabilities were translated into Euro at the exchange rate prevailing on the statement of financial position date.

All foreign exchange gains or losses resulting from the above translation were credited or debited to the translation reserve within equity in accordance with IAS 21.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 September 2013

2. ACCOUNTING POLICIES (continued)

(i) Non Current assets held for sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than continuing use, and where the criteria are met.

(j) Investments in non consolidated subsidiaries

Investments in non consolidated subsidiaries are stated at cost. Provision is only made where, in the opinion of the Directors, there has been a permanent diminution in value and is recognised in the statement of comprehensive income.

(k) Taxation

Corporation tax is provided on the taxable profit for the year at the applicable tax rate.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs to its tax base, except for differences arising on;

- The initial recognition of an asset or liability in a transaction which is not a business combination and the time of the transaction affects neither accounting or taxable profits.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. A deferred tax asset is recognised for tax exemptions and tax credits to the extent that the future tax saving can be reasonably estimated.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the statement of financial position date and expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

(l) Inventories

Inventories are valued at the lower of cost and net realisable value. Materials are valued at cost which consists of purchase price, freight inwards, and customs duties and are decreased by discounts received. The value of materials used and trading goods dispatched is calculated on a weighted average cost basis.

Finished goods produced are valued at average cost of materials and direct labour plus depreciation of plant and equipment used in production based on the normal level of activity of the Group and a share of production overheads. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and sale. Trading goods are valued at purchase price. Provisions are also made for slow moving and obsolete finished goods and spare parts.

2. ACCOUNTING POLICIES (continued)

(m) Leasing and sale and leaseback

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, the present value of the minimum lease payments, each being determined at the date of acquisition. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the statement of comprehensive income over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Sale and leaseback arrangements, by means of a finance lease, are accounted for in the same manner as a standard finance lease agreement. On sale, the asset is not removed from property, plant and equipment and any profit or loss on disposal is deferred and amortised over the shorter of the lease term or the useful life of the asset.

(n) Employee Benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan. Termination benefits in accordance with legislation are payable to employees. Management does not believe that the probability of occurrence poses a material impact on the financial statements, and only recognises termination benefits when it is demonstrably committed to payment.

The Group makes provisions for bonuses where contractual obligations exist for payment.

(o) Research and Development

The Group does not undertake any research and development on its own behalf, but licences appropriate technology when required. The annual licence fees are charged to other operating expenses in the statement of comprehensive income while lump sum payments for new technologies acquired are amortised over their expected useful life.

(p) Dividends

Interim dividends are recognised in equity in the year in which they are paid. Final dividends are recognised in equity in the year in which they are declared. Dividend income is recognised when the right to receive payment is established.

(q) Net Finance costs

Interest and other costs on borrowings to finance construction or production of qualifying assets are capitalised, during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed in the year to which they relate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 September 2013

2. ACCOUNTING POLICIES (continued)

(r) Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity.

The Group's accounting policy for each category is as follows:

(i) Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flow associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised, in other operating expenses, in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

(ii) Cash and cash equivalents

Includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within loans and overdrafts in current liabilities on the statement of financial position.

(s) Financial liabilities

The Group's financial liabilities comprise:

(i) Bank and other borrowings

Are initially recognised at fair value. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premia payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

(ii) Trade payables and other short-term liabilities

Are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

(iii) Other long-term liabilities

Other long-term liabilities represent land concessions which are shown at historical cost and which are amortised over the period these concessions are granted.

2. ACCOUNTING POLICIES (continued)

(t) Provisions

Provisions are recognised for liabilities of uncertain timing or amount that have arisen as a result of past transactions.

(u) Comparatives

Where necessary, comparative figures have been adjusted so as to conform to changes in presentation in the current year.

3. RISK MANAGEMENT

The Group is exposed through its operations to the following financial risk:

- Credit risk
- Market risk
- Liquidity risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risk, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- trade, related party, investment and other payables receivables
- cash at bank
- bank overdrafts
- trade, related party, investment and other payables and other payables
- floating-rate bank loans
- loans financed or underwritten by shareholders
- loans from related parties

3. RISK MANAGEMENT (continued)

A summary of the financial instruments held by category is provided below:

Financial assets	Loans and receivables	
	2013 Euro'000	2012 Euro'000
Trade, related party and other receivables (excl. prepayments, VAT, corporate and other taxes, social security)	44,372	48,023
Cash and cash equivalents	7,261	8,184
Total financial assets	51,633	56,207

Financial liabilities	Financial liabilities at amortised cost	
	2013 Euro'000	2012 Euro'000
Trade, related party, investment and other payables (excl. prepayments, dividend payable, VAT, corporate and other taxes, social security, provisions)	52,734	51,812
Loans and borrowings	25,072	27,335
Loans financed or underwritten by the shareholders	129,857	117,835
Finance leases	10,506	3,774
Other long-term liailities	4,798	5,119
Total financial liabilities	222,967	205,875

General objectives, policies and processes

The Board has overall responsibility for implementation of the Group's risk management objectives and policies. The Group's internal audit function also checks that the procedures laid out in the Group's policy documents are complied with. The Board receives monthly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to adhere to the policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. The major part of trade receivables, which represents normally 90% of each receivable on average, is covered by credit insurance. Where credit insurance is not available, or is restricted, Group policies provide the basis for establishing a credit limit for each customer. Customers may also purchase on a pre-payment basis.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties which have been properly assessed by the board of directors are accepted.

The Group does not enter into derivatives to manage credit risk, although in certain isolated cased may take steps to mitigate such risks if it is sufficiently concentrated.

3. RISK MANAGEMENT (continued)

Credit risk (continued)

Quantitative disclosures of the credit risk exposure in relation to financial assets are set out below. Further disclosures regarding trade and other receivables, which are neither past due nor impaired, are provided in note 13.

	2013		2012	
	Carrying value Euro'000	**Maximum exposure Euro'000**	**Carrying value Euro'000**	**Maximum exposure Euro'000**
Trade and other receivables	50,548	50,548	50,973	50,973
Prepayments	647	647	362	362
Cash and cash equivalents	7,261	7,261	8,184	8,184
Total financial assets	58,456	58,456	59,519	59,519

Market risk

(i) Interest rate risk

As a result of the relevant portion of floating rate bank borrowings the Group is exposed to interest rate risk, in particular the risk of variation in national currency and Euro interest rates. In line with Group policy this risk is not covered. Whilst the Group takes steps to minimise its exposure to cash flow interest rate risk, changes in interest rates will have an impact on profit. Management continually monitor interest rate movements to assess the impact that this will have upon interest costs. The annualised effect of a 1% increase in the interest rate at the statement of financial position date on variable rate debt carried at that date would, all other variables being held constant, have resulted in an increase of the Group's post tax profit for the year of Euro 283 thousand. A 1% decrease in the interest rate would, on the same basis, have decreased post-tax profits by the same amount.

(ii) Currency risk

The Group is exposed to foreign exchange risk as a result of fluctuations between the national currency and the Euro. Where possible, income streams in one currency are used to meet payment obligations in the same currency. Group policy allows forward purchase for trade related payable items which are due for payment during the next month.

3. RISK MANAGEMENT (continued)

(ii) Currency risk (continued)

The following table details the Group's sensitivity to a 5% increase or decrease in the Euro against the relevant local currency which represents management's assessment of the reasonably possible change in foreign exchange rates.

	2013			2012		
Impact of	**PLN**	**CZK**	**GBP**	**PLN**	**CZK**	**GBP**
	Euro'000	**Euro'000**	**Euro'000**	**Euro'000**	**Euro'000**	**Euro'000**
Monetary financial assets	25,660	7,755	1,679	27,054	10,815	1,872
Monetary financial liabilities	(42,747)	(8,882)	(101)	(43,415)	(10,787)	(57)
Net (liabilities)/assets	(17,087)	(1,127)	1,578	(16,361)	28	1,815
Impact on results - Gain/(Loss)						
5% of foreign currency appreciation (Euro depreciation)	(854)	(56)	79	(818)	1	91
5% of foreign currency depreciation (Euro appreciation)	854	56	(79)	818	(1)	(91)
Denominated in Euro						
Monetary financial assets	4,322	37	965	3,366	74	240
Monetary financial liabilities	(9,657)	(855)	(2,134)	(97,873)	(208)	(965)
Net liabilities	(5,335)	(818)	(1,169)	(94,507)	(134)	(725)

(iii) Other price risk

The Group does not hold material investment classified as 'available-for-sale'.

Liquidity risk

Group Liquidity risk management aims to ensure that the Group is able to timely obtain the financing required to properly carry on its business activities, implement its strategy, and meet its payment obligations when due, while avoiding the need of having to obtain funding under unfavourable terms.

For this purpose, Liquidity management at the Group comprises:

- consistent financial planning and cash flow forecasting at company levels with different time horizons (monthly, annual and three year business plans);
- diversification of financing sources;
- diversification of the maturities of the debt issued in order to avoid excessive concentration of debt repayments in short periods of time;
- arrangement of committed credit facilities with relationship banks, ensuring the right balance between satisfactory liquidity and adequate commitment fees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 September 2013

3. RISK MANAGEMENT (continued)

Capital disclosures

Capital is defined as Total Equity plus Preference capital and loans financed or underwritten by the shareholders.

The Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors adjusted capital on the basis of the debt to adjusted capital ratio. This ratio is calculated as net bank debt to adjusted capital. Net debt is calculated as total bank debt (as shown in the statement of financial position) less cash and cash equivalents.

During 2013, the Group's strategy, which was unchanged from 2012, was to maintain the debt-to-adjusted capital ratio at below 1:1. The debt-to-adjusted capital ratios at 30 September 2013 and 30 September 2012 were as follows:

	2013 Euro'000	2012 Euro'000
Total bank debt	35,578	31,109
Less cash and cash equivalents	(7,261)	(8,184)
Net debt	28,317	22,925
Total equity	68,124	56,081
Plus loans financed or underwritten by the shareholders	129,857	117,835
Adjusted capital	197,981	173,916
Debt to adjusted capital ratio	0.14	0.13

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 September 2013

3. RISK MANAGEMENT (continued)

Maturity of financial liabilities

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

As at 30 September 2013	On demand	less than 12 months	1 - 5 years	> 5 years	Total
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Bank overdrafts	15,497	-	-	-	15,497
Bank borrowings		2,002	6,388	1,509	9,899
Loans financed or underwritten by the shareholders	-	25,006	82,303	44,570	151,879
Trade, related party, investment and other payables (excl. prepayments, dividend payable, VAT, corporate and other taxes, social security, provisions)	-	52,734	-	-	52,734
Other long term liability	-	96	386	4,790	5,272
Finance leases	-	2,718	8,429	-	11,147
	15,497	82,556	97,506	50,869	246,428

As at 30 September 2012	On demand	less than 12 months	1 - 5 years	> 5 years	Total
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Bank overdrafts	15,295	-	-	-	15,295
Bank borrowings	-	2,621	6,967	3,057	12,645
Loans financed or underwritten by the shareholders	-	23,360	70,299	57,648	151,307
Trade, related party, investment and other payables (excl. prepayments, dividend payable, VAT, corporate and other taxes, social security, provisions)	-	51,812	-	-	51,812
Other long term liability	-	101	444	5,135	5,680
Finance leases	-	1,020	3,199	-	4,219
	15,295	78,914	80,909	65,840	240,958

Bank borrowings include interest calculated at the rate applicable at 30 September and for fixed interest rate loans the rate in the loan agreement.

Finance lease commitments are based on the interest rate implicit in the finance lease agreement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 September 2013

3. RISK MANAGEMENT (continued)

Fair value of financial liabilities.

The table below is an analysis of the book values and fair values of the financial liabilities. Fair value is equivalent to book value.

	2013 Book value Euro'000	2013 Fair value Euro'000	2012 Book value Euro'000	2012 Fair value Euro'000
Bank overdrafts	15,497	15,497	15,295	15,295
Bank borrowings	9,575	9,575	12,040	12,040
Loans financed or underwritten by the shareholders	129,857	129,857	117,835	117,835
Trade, related party, investment and other payables (excl. prepayments, dividend payable, VAT, corporate and other taxes, social security, provisions)	52,734	52,734	51,812	51,812
Other long term liability	4,798	4,798	5,119	5,119
Finance leases	10,506	10,506	3,774	3,774
	222,967	222,967	205,875	205,875

The following methods and assumptions were used to estimate fair values:

The fair value of bank overdrafts, trade and other payables approximate their book value largely due to short-term maturities of these instruments.

Fair values of bank borrowings and loans financed or underwritten by the shareholders are evaluated by the Group based on interest rates at the financial year end. Based on this evaluation the book values approximate their calculated fair values as bank borrowings and loans financed or underwritten by the shareholders have variable rates.

4. REVENUE

	2013 Euro'000	2012 Euro'000
Continuing operations	395,199	386,396
	395,199	386,396

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 September 2013

5. PROFIT FROM OPERATIONS

	2013 Euro'000	2012 Euro'000
Profit from operations is arrived at after charging/(crediting) the following:		
Staff costs (note 6)	14,675	12,446
Depreciation and amortisation expense (note 9,10)	9,918	8,711
Impairment of property, plant and equipment (note 9)	272	1,688
Audit fees	131	142
Currency translation differences	(79)	1,187
Profit on disposal of non-current assets	(2,174)	(357)
Payments under operating leases - plant and machinery	141	129
Payments under operating leases - property	164	112

6. EMPLOYEE BENEFIT COSTS

Cost	2013 Euro'000	2012 Euro'000
Wages and Salaries	12,101	10,208
Employer's Social Security	2,183	1,874
Employer's Pension Costs – defined contribution plans	391	364
	14,675	12,446

	2013 Number	2012 Number
Average Number of Employees	706	650
	706	650

Directors' and key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the directors of the Company listed on page 3.

	2013 Euro'000	2012 Euro'000
Salaries and other short-term employee benefits	1,106	1,249
	1,106	1,249

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 September 2013

7. FINANCE INCOME AND EXPENSE

	2013 Euro'000	2012 Euro'000
Finance income		
Bank interest	109	92
Other	31	46
	140	138
Finance costs		
Bank borrowing	844	1,212
Loans from related party	5,247	6,351
Finance leases	258	105
Other borrowings	784	427
	7,133	8,095

8. TAXATION

	2013		2012	
	Euro'000	Euro'000	Euro'000	Euro'000
Current tax expense				
Corporation tax / income tax on profits for the year	539		758	
Adjustment for under provision in prior periods	82		7	
Withholding tax	72		74	
Defence contribution	1		2	
		694		841
Deferred tax expense				
Origination and reversal of temporary differences	(211)		(490)	
Deferred tax expense arising from the write-down or reversal of a previous write-down of a deferred tax asset	(93)		(202)	
Benefit arising from a previously unrecognised tax loss and/ or tax credit of a prior period that is used to reduce current tax expense	-		26	
Accelerated tax depreciation	33		51	
Other movements	-		(156)	
		(271)		(771)
Total expense		423		70

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 30 September 2013

8. TAXATION (continued)

The tax expense for the period can be reconciled to the profit/ (loss) per the income statement as follows:

	2013 Euro'000	2012 Euro'000
Profit before tax	4,564	3,089
Tax at the domestic income tax rate	1,047	552
Tax effect of income or expenses that are not taxable or deductible in determining taxable profit	(330)	474
Tax effect of current year's tax losses	-	60
Tax effect of utilisation of tax losses not previously recognised	(965)	(1,113)
Accelerated tax depreciation	(5)	68
Adjustment for under provision in prior periods	82	-
Withholding tax	72	74
Defence contribution	1	2
Effect of tax relief	521	(47)
Tax expense	423	70

The Group benefits from various tax exemptions which are designed to encourage investment in certain countries.

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the year.

Deferred Tax Liability

	Accelerated tax depreciation Euro'000	Other Euro'000	Total Euro'000
At 1 October 2011	3,148	-	3,148
Charge to income	413	64	477
At 30 September 2012	3,561	64	3,625
Charge to income	465	430	895
At 30 September 2013	4,026	494	4,520

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 30 September 2013

8. TAXATION (continued)

Deferred Tax Assets

	Tax losses	Tax credits and exemptions	Other	Total
	Euro'000	Euro'000	Euro'000	Euro'000
At 1 October 2011	509	428	334	1,271
Charge to income	1,098	96	54	1,248
First time consolidation	-	45	-	45
At 30 September 2012	1,607	569	388	2,564
Charge to income	(244)	1,406	5	1,167
At 30 September 2013	1,363	1,975	393	3,731

At the Statement of financial position date the Group had unused tax losses of Euro 22,697 million (2012: Euro 23,401 million) available for offset against future profits. A deferred tax asset has been recognised in respect of Euro 4,649 million, (2012: Euro 6,105 million) of such losses. No deferred tax asset has been recognised in respect of the remaining Euro 18,048 million (2012: Euro 17,296 million) due to the unpredictability of available future taxable profits.

Other deferred tax assets relate to deferred income, asset impairment and accruals.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 September 2013

9. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings Euro'000	Plant and equipment Euro'000	Vehicles and other Euro'000	Construction In progress Euro'000	Total Euro'000
Cost or valuation					
At 1 October 2011	174,675	12,406	25,332	2,061	214,474
Additions	13	220	543	12,487	13,263
Exchange difference	-	-	-	16	16
First time consolidation	-	-	23	2,760	2,783
Transfers to /(from) other fixed assets	2,996	1,358	5,212	(9,566)	-
Transfers to intangible assets	-	-	-	(43)	(43)
Disposals	(357)	(202)	(1,432)	(1)	(1,992)
At 30 September 2012	177,327	13,782	29,678	7,714	228,501
First time consolidation	-	-	3,591	-	3,591
Additions	68	272	2,325	22,089	24,754
Exchange difference	-	-	-	(63)	(63)
Transfers to /(from) other fixed assets	1,716	1,362	10,597	(13,675)	-
Transfers to intangible assets	-	-	-	(3)	(3)
Disposals	(51)	(385)	(9,144)	-	(9,580)
At 30 September 2013	179,060	15,031	37,047	16,062	247,200
Accumulated depreciation and impairment					
At 1 October 2011	10,334	3,850	19,191	-	33,375
Charge for the year	4,150	1,139	3,032	-	8,321
Impairment loss	1,688	-	-	-	1,688
Disposals	(42)	(105)	(1,488)	-	(1,635)
At 30 September 2012	16,130	4,884	20,735	-	41,749
Charge for the year	4,095	1,721	3,719	-	9,535
Impairment loss	(127)	-	-	399	272
Disposals	(11)	(193)	(9,166)	-	(9,370)
At 30 September 2013	20,087	6,412	15,288	399.0	42,186
Carrying amount					
At 30 September 2013	158,973	8,619	21,759	15,663	205,014
At 30 September 2012	161,197	8,898	8,943	7,714	186,752

Borrowing costs capitalised in the period amounted to Euro 354 thousand (2012: Euro 226 thousand).

The carrying amount of the plant and equipment includes Euro 0,6 million (2012: Nil) in respect of assets held under finance leases.

The carrying amount of the Vehicles includes Euro 13,276 million (2012: Euro 4,688 million) in respect of assets held under finance leases.

Bank borrowings of Euro 9 million (2012: Euro 10,5 million) are secured on property, plant and equipment.

Land and Buildings with a net book value of Euro 65 million (2012: Euro 65 million) were pledged as a security for loans financed or underwritten by the shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 30 September 2013

10. INTANGIBLE ASSETS

	Goodwill	Land Concession	Other intangibles	Total
	Euro'000	Euro'000	Euro'000	Euro'000
Cost				
At 1 October 2011	5,659	8,713	1,273	15,645
Additions	22	-	19	41
Transfers from tangible assets	-	-	43	43
Disposals	-	-	(6)	(6)
At 30 September 2012	5,681	8,713	1,329	15,723
Additions		-	15	15
Transfers from tangible assets	-	-	3	3
At 30 September 2013	5,681	8,713	1,347	15,741
Amortisation				
At 1 October 2011	3,632	486	928	5,046
Charge for the year	132	216	42	390
Disposals	-	-	(6)	(6)
At 30 September 2012	3,764	702	964	5,430
Charge for the year	-	216	167	383
At 30 September 2013	3,764	918	1,131	5,813
Carrying amount				
At 30 September 2013	1,917	7,795	216	9,928
At 30 September 2012	1,917	8,011	365	10,293

Land concessions of Euro 8,713 million are amortised over 43 years and 4 months. The concessions were granted for 50 years and amortisation commenced in July 2006, when the asset started to generate revenues. The expiry date of the concession is November 2049.The remaining useful life of the concession as at 30 September 2013 is 36 years and 2 months

Other intangible assets relate to computer software which are amortised in accordance with the Group's accounting policy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 September 2013

11. INVESTMENTS

	Investment in non-consolidated entities Euro'000	Trading investments Euro'000	Total Euro'000
At 1 October 2011	3,892	564	4,456
Additions	487	-	487
Reclassification to trading investments	(15)	15	-
Impairment	(3,876)	-	(3,876)
At 30 September 2012	488	579	1,067
Additions	2,057	5	2,062
First time consolidation	(488)	-	(488)
At 30 September 2013	2,057	584	2,641

Trading investments included above represent investments in unlisted equity securities. They have no fixed maturity or coupon rate.

First time consolidation relates to the subsidiary Belecenter FLLC. (2012: Subsidiaries Kronospan BR FLLC and Yiotarini Nekretnine d.o.o.).

The details of significant consolidated subsidiaries are:

Name	Country of incorporation	Principal activities	Holding % 2013	Holding % 2012
Malta Trading Sp. z o.o.	Poland	Distribution of wood based products	100%	100%
Silva Sp. z o.o.	Poland	Transportation services, timber trading & waste wood recycling	100%	100%
Kronoplus Sp. z o.o.	Poland	Distribution of wood based products	100%	100%
Kronotex Sp. z o.o	Poland	Ownership and rental of industrial real estate	100%	100%
Kronospan Investment Sp. z o.o	Poland	Ownership and rental of industrial real estate	100%	100%
Kronospan Trading Ltd	United Kingdom	Distribution of wood based products	100%	100%
Kronospan Zona Libera Srl	Romania	Warehouse storage and stevedoring	99%	99%
Kronodrev LLC	Russia	Purchase and resale of timber	100%	100%
Kronospan Trading Ltd	Cyprus	Distribution of wood based products	100%	100%
UAB Kronospan Trading	Lithuania	Distribution of wood based products	100%	100%
Silva CZ s.r.o	Czech Republic	Transportation services & purchase & resale of timber	100%	100%
Kronospan Italia S.r.l.	Italy	MFC producer & distribution of wood based panel products	100%	100%
Kronowood Hungary KFT	Hungary	Distribution of wood based products	100%	100%
Kronoland Hungary KFT	Hungary	Land ownership and rental	100%	100%
Wald and Grundbesitz GmbH	Germany	Forestry and timber sales	94.90%	94.90%
Belecenter FLLC	Belarus	Transportation services	100%	100%
Kronospan BR FLLC	Belarus	Rental of real estate	100%	100%
Yiotarini Nekretnine d.o.o.	Croatia	Ownership of real estate	100%	100%
Maranoco Trading Co. Ltd	Cyprus	Holding Company	100%	100%
Nimuler Holding Co. Ltd	Cyprus	Finance Company	100%	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 September 2013

12. INVENTORIES

	2013 Euro'000	2012 Euro'000
Raw materials	2,507	2,415
Work in progress	815	-
Finished products	1,236	1,224
Trade goods	20,639	8,475
Goods in transit	325	417
	25,522	12,531

Inventories valued at Euro 6,475 million (2012: Euro 8,981 million) include a provision of Euro 666 thousand (2012: Euro 617 thousand) and are therefore carried at fair value less costs to sell.

13. TRADE AND OTHER RECEIVABLES

	2013 Euro'000	2012 Euro'000
Trade receivables	44,188	45,825
Amounts due from related parties	164	102
Taxes, subsidies, social insurance	1,229	1,617
Other accounts receivable	4,877	3,429
	50,458	50,973

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Trade and other receivables at the statement of financial position date comprise amounts receivable from the sale of goods and services. The average credit period taken on sales of goods and services is 41 days (2012: 43 days). An allowance has been made for estimated irrecoverable amounts from the sale of goods and services, which has been determined by reference to past default experience.

Trade receivables are further analysed as follows:

	2013 Euro'000	2012 Euro'000
Gross value	44,809	46,452
Impairment	(621)	(627)
Net value	44,188	45,825
Analysis of trade receivables:		
Not due	41,192	39,310
Due and not impaired		
- Insured	1,115	1,469
- Not insured	1,881	5,046
	44,188	45,825
- Due 0 - 90 days	2,829	6,293
- Due + 90 days	167	222
	2,996	6,515
Due and impaired		
0 - 90 days	7	8
+ 90 days	614	619
	621	627
Total	44,809	46,452

Uninsured trade receivables that are due and not impaired represent balances with customers who have no default history.

13. TRADE AND OTHER RECEIVABLES (continued)

Amounts due from related parties are further analysed as follows:

	2013 Euro'000	2012 Euro'000
Gross value	164	102
Impairment	-	-
Net value	164	102
Analysis of trade receivables:		
Not due	74	3
Due and not impaired		
- Insured	-	-
- Not insured	90	99
	164	102
- Due 0 - 90 days	90	99
- Due + 90 days	-	-
	90	99
Total	164	102

Uninsured amounts due from related parties that are due and not impaired represent balances with customers who have no default history.

14. CASH AND CASH EQUIVALENTS

	Cash Euro'000	Bank overdrafts Euro'000	Net Euro'000
Balance at 1 October 2011	9,918	(12,947)	(3,029)
Movement for the year	(1,734)	(2,348)	(4,082)
Balance as at 30 September 2012	8,184	(15,295)	(7,111)
Movement for the year	(923)	(202)	(1,125)
Balance as at 30 September 2013	7,261	(15,497)	(8,236)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 September 2013

15. SHARE CAPITAL

	2013 Number	2012 Number	2013 Euro' 000	2012 Euro' 000
Authorised ordinary shares of Euro 1.71 each	61,000	48,500	104	83
Issued ordinary shares of Euro 1.71 each	61,000	48,500	104	83
Share premium			34,160	26,181

There are no restrictions attaching to the ordinary shares. All issued share capital is fully paid.

On 30 September 2013 the board of directors authorised the issue of 12,500 ordinary shares of nominal value of Euro 1.71 each at a total allotment price of Euro 640, thus giving rise to a premium of Euro 638.29 each or a total value of Euro 8 million.

16. PREFERENCE SHARE CAPITAL

	2013 Number	2012 Number	2013 Euro' 000	2012 Euro' 000
Authorised redeemable preference shares of Euro 1 each	16,000	16,000	16	16
Issued redeemable preference shares of Euro 1 each	16,000	16,000	16	16
Share premium			9,984	9,984

Preference Share Capital

Authorised and fully issued redeemable share capital
Oxnard Enterprises Limited has the right to redeem the shares at any time after 1 January 2013, as regards voting rights and dividends the redeemable preference shares have the same rights as the holders of the ordinary shares with the only difference being their first ranking on liquidation.

17. BANK LOANS AND OVERDRAFTS

	2013 Euro'000	2012 Euro'000
Bank loans and overdraft	25,072	27,335
Less instalments due after more than one year	(7,672)	(9,580)
Bank loans and overdrafts and other loans due within one year	17,400	17,755

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 30 September 2013

17. BANK LOANS AND OVERDRAFTS (continued)

Bank loans and overdrafts and other loans due after more than one year are analysed as follows:

	2013 Euro'000	2012 Euro'000
Instalments due after 1 year but not more than 2 years	1,672	1,500
Instalments due after 2 years but not more than 5 years	4,500	5,080
Instalments due after 5 years	1,500	3,000
	7,672	9,580

Bank loans and overdrafts and other loans due within one year are analysed as follows:

	2013 Euro'000	2012 Euro'000
Current portion of long term loans	1,903	2,460
Other short term borrowings (note 14)	15,497	15,295
	17,400	17,755

The weighted average interest rates paid were as follows:

	2013 %	2012 %
Bank loans	1.62	2.40
Bank overdrafts	4.78	6.35

The carrying amount of short and long term borrowings approximate their fair value.

	2013 Euro'000	2012 Euro'000
Bank overdrafts	15,497	15,295
Bank loans	9,575	12,040

Bank overdrafts are repayable on demand and are secured on the inventories and trade receivables. The bank overdraft facilities are subject to renewal in 30 June 2015 and 28 July 2015.

Long term bank loans are secured on the tangible moveable assets and land buildings and plant of respective Group companies to which loans are granted.

At 30 September 2013, the Group had available Euro 2,619 million (2012: Euro 2,261 million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 30 September 2013

18. LONG TERM LOANS FINANCED OR UNDERWRITTEN BY THE SHAREHOLDERS

	2013 Euro'000	2012 Euro'000
Total loans	129,857	117,835
Less Instalments due after more than one year	(109,765)	(100,881)
Loans due within one year	20,092	16,954

Repayment of loans are analysed as follows:

	2013 Euro'000	2012 Euro'000
Due within 1 year	20,092	16,954
Instalments due after 1 year but not more than 2 years	25,420	6,754
Instalments due after 2 years but not more than 5 years	43,093	44,056
Instalments due after 5 years	41,252	50,071
	129,857	117,835

The interest rate on the loans ranges between 1.17% and 6.33% (2012: between 1.78% and 7.76%).

Rental income of Euro 5,2 million (2012: Euro 5,2 million) and Land and Buildings amounting to Euro 65 million (2012: Euro 65 million) is pledged as security of the respective Group companies to which loans are granted.

19. TRADE AND OTHER PAYABLES

	2013 Euro'000	2012 Euro'000
Trade payables	48,548	47,859
Investment payables	186	-
Amounts due to related parties (note 24)	1,366	1,583
Finance lease payments due within one year (note 21)	2,641	977
Other payables and accruals	12,070	10,815
	64,811	61,234

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 45 days (2012: 45 days).

The directors consider that the carrying amount of trade payables approximates to their fair value.

20. OPERATING LEASES

At the balance sheet date, the Group had outstanding commitments under non-cancellable operating leases which fall due as follows:

	2013 Euro'000	2012 Euro'000
Within one year	289	79
Between 2-5 years	1,012	43
	1,301	122

Operating leases represent commitments by the Group for land, buildings, vehicles and machinery. Leases are negotiated for an average term of 3 years for vehicles and machinery and for an indefinite period for the land and with a termination period of 3 months.

21. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2013 Euro'000	2012 Euro'000	2013 Euro'000	2012 Euro'000
Amounts payable under finance leases				
Within one year	2,718	1,020	2,641	977
In the second to fifth years inclusive	8,429	3,199	7,865	2,797
	11,147	4,219	10,506	3,774
Less: future finance charges	(641)	(445)	-	-
Present value of lease obligations	10,506	3,774	10,506	3,774
Less: Amount due for settlement with 12 months (shown under current liabilities)			(2,641)	(977)
Amount due for settlement after 12 months			7,865	2,797

The Group leases vehicles under finance leases. The lease terms are 2 and 6 years. For the year ending 30 September 2013, the 2 year lease bear no interest, the average effective borrowing rate for the 5 year lease was 4.3% (2012: 4.3 %) and for the 6 year lease 3.4% (2012:4%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The lease obligations are denominated in EUR, PLN.

The Groups obligation under finance leases are secured by the lessors charge over the leased assets.

The fair value of the Group's lease obligations approximates their carrying amount.

22. ENVIRONMENTAL POLICY

The Group's environmental policy is to be constantly aware of the environment and to ensure it makes its contribution to safe-guarding and improving the environment and workplace in which it operates.

All investment projects comprise latest technology plant, taking into account up to date environmental standards and regulations applicable in the EU and the country of operation.

23. RELATED PARTY TRANSACTIONS

The Company is controlled by Luda Stiftung. Luda Stiftung is a discretionary, irrevocable foundation, which itself owns all the assets and is controlled by the foundation board.

The following transactions were carried out with related parties:

Sales of goods and services

	Sale of Goods		Sale of Services		Amounts owed by related parties	
	2013	2012	2013	2012	2013	2012
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Other related parties	3,814	2,794	393	367	164	102
	3,814	2,794	393	367	164	102

Purchase of goods and services

	Purchase of Goods / Plant & Equipment		Purchase of Services and other fees		Amounts owed to related parties	
	2013	2012	2013	2012	2013	2012
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Other related parties	33,999	10,207	703	945	1,366	1,583
	33,999	10,207	703	945	1,366	1,583

Other related parties represent entities which are under the common control of the ultimate beneficial shareholders of the Group.

Sales and purchases of goods and services are made with related parties on an arm's length basis in the normal course of business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 September 2013

23. RELATED PARTY TRANSACTIONS (continued)

Loans from related parties

	2013 Euro'000	2012 Euro'000
At beginning of year		
- Principal	117,835	129,387
- Interest	1,208	835
	119,043	130,222
Movement during the year		
Loan principal received	25,551	36,890
Loan principal paid	(14,046)	(41,442)
Loans assigned	163	-
Interest assigned	(598)	-
Interest charged	5,672	6,900
Interest paid	(5,401)	(6,527)
Capitalised interest	354	-
Conversion of shareholder loan principle to equity	-	(10,000)
First time consolidation-principal	-	3,000
	11,695	(11,179)
At year end		
- Principal	129,857	117,835
- Interest	881	1,208
	130,738	119,043

24. CONTINGENT LIABILITIES

As at 30 September 2013, the Group had provided guarantees of a total amount of Euro 13.2 million (2012:13.6 million) to long term finance providers of its subsidiary Wald- und Grundbesitz GmbH & Co. KG.

The directors do not expect the Group to suffer any loss on the above guarantees. Accordingly, no provision has been made in these financial statements in respect of this matter.

25. CAPITAL COMMITMENTS

At the statement of financial position date, the Group had capital commitments of Euro 4.6 million, which relate to the acquisition of new office buildings in Nicosia, Cyprus and Warsaw, Poland.

26. OTHER LONG TERM LIABILITIES

	2013 Euro'000	2012 Euro'000
Land concession payables	3,489	3,740
Other long term liabilities	1,309	1,379
Less: Installments due within one year	(97)	(101)
	4,701	5,018

The retentions on construction contracts represent contract retentions payable to construction companies for the warehouse at the Port of Constanta, Romania.

The land concession payable represents future instalments payable under a land concession contract in Romania for a total of 50 years which expires in November 2049. Refer also to Note 10 Intangible assets.

The book values of the Group's long term financial liabilities at the statement of financial position date approximate their fair values.

27. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There were no significant events after the reporting period, which have a bearing on the understanding of the Financial Statements.