OXNARD ENTERPRISES LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED

30 September 2017

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS
Clive Stanford
Lambros Hajigeorghi
Sofia Christodoulou

SECRETARY
Christina Sarris

REGISTERED OFFICE
9 Tagmatarchou Pouliou
GRAYOAK HOUSE
1101 Ayios Andreas
Nicosia, Cyprus

PRINCIPAL PLACE OF BUSINESS
9 Tagmatarchou Pouliou
GRAYOAK HOUSE
1101 Ayios Andreas
Nicosia, Cyprus

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

MANAGEMENT REPORT

The Board of Directors presents its annual report and audited consolidated financial statements of Oxnard Enterprises Limited and its subsidiaries (the Group) for the year ended 30 September 2017.

PRINCIPAL ACTIVITIES

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

REVIEW OF OPERATIONS

	2017 Euro'000	2016 Euro'000	Change %
Revenue	651,002	514,977	26.4
Operating Profit	17,999	2,884	524.1
EBITDA	32,366	28,829	12.3

Revenue for the year ended 30 September 2017 at Euro 651 million, is 26.4% higher compared to 2016 (Euro 515 million). The increase in revenue was driven by the Group's timber trading, transportation and logistics operations as a direct result of the significant investments that have been made in the financial years ending 30 September 2017 and 2016 and due to the addition of new subsidiary Alfa Terminal Szczecin Sp z o.o.

REVIEW OF THE GROUP'S DEVELOPMENT, PERFORMANCE AND CURRENT POSITION

The Group's development to date, financial results and position as presented in the financial statements are considered satisfactory.

The main risks and uncertainties faced by the Group and the steps taken to manage these risks, are described in note 31 of the financial statements.

RESULTS AND DIVIDENDS

The Group's results for the year are set out on page 7. The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained.

INVESTMENT

	2017 Euro'000	2016 Euro'000	Change %
Total	47,616	32,738	45.4

Investments in property, plant and equipment and investment property during the year at Euro 47,62 million is 45.4% higher compared to 2016 (Euro 32,74 million). Major projects in the year include the acquisition of land (Poland and Italy), vehicles for timber transportation, machinery for recycling of timber (Belarus and Poland), trucks and trailers (Czech Republic), completion of the new press line (Italy), completion of new distribution centres (Russia), purchase of new warehouse (Belgium) and acquisition of residential and office complex (Malta).

RESEARCH AND DEVELOPMENT ACTIVITIES

The Group did not carry out any research and development activities during the year ended 30 September 2017.

MANAGEMENT REPORT

SHARE CAPITAL

On 20 December 2016, the board of directors authorized the issue of 32,000 new redeemable preference shares of nominal value of €1 each at a premium of €624 each.

DIRECTORS

The members of the Group's Board of Directors as at 30 September 2017 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 30 September 2017.

In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.

BRANCHES

The Group did not maintain any branches during the year ended 30 September 2017.

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 investments in distribution centres and logistics services.
- The further development of existing port facilities.
- Expansion of the Group property and land holdings.

EVENTS AFTER THE REPORTING PERIOD

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

INDEPENDENT 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.

By order of the Board of Directors,

Sofia Christodoulou
Director

Nicosia, ..2/..2/.... 2018

Deloitte.

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Deloitte Limited
24 Spyrou Kyprianou Avenue
CY-1075 Nicosia, Cyprus
Mail: P.O.Box 21675
CY-1512 Nicosia, Cyprus

Tel: +357 22 360 300
Fax: +357 22 360 400
infonicosia@deloitte.com
www.deloitte.com/cy

Independent Auditor's Report

To the Members of Oxnard Enterprises Ltd

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Oxnard Enterprises Ltd (the "Company") and its subsidiaries (the "Group"), which are presented in pages 7 to 50 and comprise the consolidated statement of financial position as at 30 September 2017, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 September 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 10 of the financial statements which indicates the fair value of the investment property. The fair value disclosed was based on management's estimates and not by qualified external valuers with experience in assessing similar properties in the same location and condition, in accordance with the requirements of the International Financial Reporting Standard 13 "Fair Value Measurement". As a result, we were unable to obtain sufficient and appropriate audit evidence to satisfy ourselves as to the fair value disclosed. This is not in accordance with the requirements of the International Accounting Standard 40 "Investment Property", which states that where the cost model is used for investment properties, an entity is required to disclose their fair value. Our opinion is not qualified in respect of this matter.

Deloitte.

Independent Auditor's Report (continued)

To the Members of Oxnard Enterprises Ltd

Responsibilities of the Board of Directors 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.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte.

Independent Auditor's Report (continued)

To the Members of Oxnard Enterprises Ltd

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the management report, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the consolidated financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the management report.

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 69 of the Auditors Law of 2017 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.

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

Nicosia, 2/2/ 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
For the year ended 30 September 2017

	Note	2017 Euro '000	Restated 2016 Euro '000
Revenue	4	651,002	514,977
Other operating income		6,923	6,166
Changes in inventories of finished goods and work in progress		207	810
Raw materials and consumables used		(552,514)	(429,008)
Employee benefit costs	5, 6	(25,781)	(22,191)
Depreciation and amortisation expense	5, 9, 10, 11	(18,379)	(14,627)
Impairment reversal / (charge)	5	3,026	(10,616)
Other operating expenses		(46,485)	(42,627)
Operating profit	5	17,999	2,884
Finance income	7	493	524
Finance costs	7	(9,838)	(9,236)
Share of profit in limited partnership	13	34	338
Profit/ (loss) before tax		8,688	(5,490)
Taxation	8	(1,882)	(1,028)
Profit / (loss) for the year		6,806	(6,518)
Other comprehensive income			
Exchange difference arising on the translation and consolidation of foreign companies' financial statements		(2,188)	(939)
Actuarial gains on employees' defined benefit plans, net of tax		45	-
Other comprehensive income for the year , net of tax		(2,143)	(939)
Total comprehensive income for the year		**4,663**	**(7,457)**
Attributable to:			
Equity holders of the parent		4,655	(7,414)
Non-controlling interests		8	(43)
		4,663	**(7,457)**

All of the profit / (loss) and comprehensive income for the year is attributable to equity holders of the Parent.

The notes on pages 11 to 50 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 September 2017

	Note	30 September 2017 Euro '000	Restated 30 September 2016 Euro '000	Restated 1 October 2015 Euro '000
ASSETS				
Non-current assets				
Property, plant and equipment	9	134,509	115,609	116,131
Investment properties	10	167,171	152,989	135,187
Intangible assets	11	10,261	10,570	10,675
Capital in partnerships	13	795	761	511
Investments	12	27	43	96
Long term loans advanced	14	3,377	3,473	8,937
Deferred tax assets	8	5,975	5,510	4,598
Totan non-current assets		322,115	288,955	276,135
Current assets				
Inventories	15	29,182	28,542	29,193
Trade and other receivables	16	61,481	50,331	47,085
Loans advanced	14	96	96	430
Prepayments		738	576	822
Cash and cash equivalents	17	18,796	9,603	11,218
Total current assets		110,293	89,148	88,748
TOTAL ASSETS		**432,408**	**378,103**	**364,883**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Equity attributable to equity shareholders of the Company				
Share capital	18	121	121	104
Preference share capital	19	48	16	16
Share premium	18, 19	68,595	48,627	44,144
Merger capital reserve		10,285	10,285	10,285
Other reserves		288	(2,699)	(1,760)
Retained earnings		21,877	15,371	21,846
		101,214	71,721	74,635
Non-controlling interests		1,738	1,632	1,670
Total equity		102,952	73,353	76,305
Non-current liabilities				
Loans financed or underwritten by the shareholders	21	124,155	137,203	138,307
Long term loans	20	34,508	27,161	17,726
Obligations under finance leases	25	5,454	5,497	6,051
Deferred tax liabilities	8	8,056	5,974	5,097
Other long-term liabilities	26	3,548	5,432	5,145
Total non-current liabilities		175,721	181,267	172,326
Current liabilities				
Loans financed or underwritten by the shareholders	21	37,174	25,292	36,997
Bank loans and overdrafts	20	32,521	23,241	21,766
Trade and other payables	22	81,642	72,342	56,736
Current tax liabilities		466	275	428
Provisions	24	1,932	2,333	325
Total current liabilities		153,735	123,483	116,252
Total liabilities		329,456	304,750	288,578
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**432,408**	**378,103**	**364,883**

On ..2/2/..... 2018 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

....
Sofia Christodoulou - Director Lambros Hajigeorghi - Director

The notes on pages 11 to 50 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 September 2017

	Note	2017 Euro '000	Restated 2016 Euro '000
Cash flows generated from operating activities			
Profit/ (loss) for the year		6,806	(6,518)
Adjustments for:			
Depreciation and amortisation	9, 10, 11	18,379	14,627
Share of profit from partnership	13	(34)	(338)
(Profit) / loss from the sale of non-current assets	5	(1,290)	135
Impairment charge - trading investments	5,12	1	53
Impairment charge - investment properties	9	-	59
Impairment charge of non-current assets	5	(3,026)	10,504
Finance income	7	(493)	(524)
Finance expense	7	9,838	9,236
Income tax expense	8	1,882	1,028
Foreign currency gain/losses		1,661	(181)
Cash flows from operations before working capital changes		33,724	28,081
Decrease/(increase) in inventories		1,081	(4,550)
(Increase)/decrease in trade and other receivables and prepayments		(1,668)	2,997
Decrease in trade and other payables		(2,879)	(674)
(Decrease)/increase in provisions		(401)	2,008
Cash flows from operations		29,857	27,862
Interest received		173	735
Interest paid		(10,353)	(9,420)
Income taxes paid		(1,469)	(1,502)
Net cash flows from operating activities		18,208	17,675
Cash flows from investing activities			
Purchase of intangible assets	11	(10)	(204)
Purchase of property, plant and equipment	9	(23,913)	(8,300)
Purchase of investment property	10	(18,878)	(18,816)
Proceeds from sales of property, plant and equipment		6,707	420
Net cash flows used in investing activities		(36,094)	(26,900)
Cash flows from financing activities			
Proceeds from issue of share capital		-	4,500
Proceeds from issue of preference shares	19	20,000	-
Repayments of long-term loans		(2,901)	(1,940)
Repayment of shareholders loans		(31,542)	(85,340)
Loans granted		-	(100)
Repayments of finance lease obligations		(4,227)	(5,135)
Proceeds from long-term loans		11,164	12,400
Proceeds from loans to related companies		3,096	48
Proceeds from loans from related companies		30,400	82,829
Capital contribution by minority interest		98	5
Proceeds from share of profits from partnership		-	88
Decrease in long term financial liabilities		(1,774)	(101)
Net cash flows from financing activities		24,314	7,254
Net increase / (decrease) in cash and cash equivalents		6,428	(1,971)
Cash and cash equivalents:			
At beginning of the year		(11,106)	(8,987)
Effect of exchange rate changes		(1,781)	(148)
Cash and cash equivalents upon addition of subsidiary		(3,818)	-
At end of the year	17	(10,277)	(11,106)
Cash and cash equivalents are represented by:			
Cash at bank and in hand	17	18,796	9,603
Bank overdrafts		(29,073)	(20,709)
		(10,277)	(11,106)

The notes on pages 11 to 50 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2017

	Share capital Euro '000	Preference share capital Euro '000	Share premium Euro '000	Merger capital reserve Euro '000	Other reserve Euro '000	Foreign currency translation reserve Euro '000	Retained earnings Euro '000	Total Euro '000	Non-controlling interests Euro '000	Total Euro '000
Changes in equity for 2017										
At 1 October 2016 as restated	121	16	48,627	10,285	(55)	(2,644)	15,371	71,721	1,632	73,353
Comprehensive income for the year										
Net profit for the year	-	-	-	-	-	-	6,798	6,798	8	6,806
Other comprehensive income for the year	-	-	-	-	-	(2,188)	45	(2,143)	-	(2,143)
Total comprehensive income for the year	-	-	-	-	-	**(2,188)**	**6,843**	**4,655**	**8**	**4,663**
Issue of share capital	-	32	19,968	-	-	-	-	20,000	-	20,000
Capital contribution by minority interest	-	-	-	-	-	-	-	-	98	98
Acqusition of subisidary	-	-	-	-	5,158	-	-	5,158	-	5,158
Other movements	-	-	-	-	-	17	(337)	(320)	-	(320)
At 30 September 2017	**121**	**48**	**68,595**	**10,285**	**5,103**	**(4,815)**	**21,877**	**101,214**	**1,738**	**102,952**
Changes in equity for 2016										
At 1 October 2015 as previously reported	104	16	44,144	10,285	(55)	(1,456)	22,413	75,451	1,670	77,121
Effect of change in accounting policy	-	-	-	-	-	(249)	(567)	(816)		(816)
At 1 October 2015 as restated	104	16	44,144	10,285	(55)	(1,705)	21,846	74,635	1,670	76,305
Comprehensive income for the year										
Net loss for the year	-	-	-	-	-	-	(6,475)	(6,475)	(43)	(6,518)
Other comprehensive income for the year	-	-	-	-	-	(939)	-	(939)	-	(939)
Total comprehensive income for the year	-	-	-	-	-	**(939)**	**(6,475)**	**(7,414)**	**(43)**	**(7,457)**
Issue of share capital	17	-	4,483	-	-	-	-	4,500	-	4,500
Capital contribution by minority interest	-	-	-	-	-	-	-	-	5	5
At 30 September 2016 as restated	**121**	**16**	**48,627**	**10,285**	**(55)**	**(2,644)**	**15,371**	**71,721**	**1,632**	**73,353**

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

Reserve	**Description and purpose**
Share premium	Amount subscribed for share capital in excess of nominal value.
Merger capital reserve	Consists of capital reserve arising from merger.
Foreign currency translation reserve	Refer to note 32 (Other accounting policies - Foreign currency transactions).
Retained earnings	Profit for the year and prior years.
Other reserve	These consist of compulsory legal reserves.
Non-controlling interest	This consists of the proportion of subsidiaries net assets that do not belong to the equity holders.

The notes on pages 11 to 50 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

1. PRINCIPAL ACTIVITIES

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

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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 also in accordance with the requirements of the Cyprus Companies Law, Cap. 113.

The Directors are of the opinion that the preparation of the financial statements on a 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 years presented in these consolidated financial statements unless otherwise stated.

A complete list of other accounting policies is included in note 32.

(a) Significant judgements and estimates

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

The Group evaluates its estimates on an on-going basis using historical experience and other factors, including expectations of future events that are considered reasonable under the circumstances.

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

- *Financial instruments valuation methods.* Valuation methods based on the discounting of future cash flows (effective interest method) or alternative methods based on analysis of recent like arms-length transactions or financial performance of the same type of investees are used for estimation of the value of certain categories of financial instruments for which there are no generally available market information that is believed to be reasonable under the circumstances. The methods may require assumptions of the management not supported by data which are generally available. As a result, the valuation method falls under level 3 of the fair value hierarchy. If profit or loss, income and expenses, assets and liabilities change significantly followed by the change of assumptions the respective disclosures are made in the financial statements.

  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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Significant judgements and estimates (continued)

- *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 impairment 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.

- *Accounting for provisions and contingencies.* The Group is subject to a number of claims that are incidental to the normal conduct of its 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 and which a reliable estimate can be made of the obligation. The required provision may change in the future due to new developments and as additional information becomes available.

  Where it is only possible that an obligation exists or where the recognition criteria for a provision are not met, a contingent liability is disclosed unless the possibility of transferring economic benefits is remote. Movements in provisions for the year are disclosed within note 24.

- *Income taxes.* Significant judgement is required in determining the provision for income taxes. 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.

- *Fair value of investment property.* The fair value of investment property is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. The fair value of the investment property has been estimated based on the fair value of their individual assets.

- *Depreciation 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Significant judgements and estimates (continued)

- *Impairment of assets.* At each reporting date, the Group is required to assess whether there is any indication that, in management's judgement, the carrying value of tangible or intangible assets may be not be recoverable. If any indication exists, the relevant asset's recoverable value is estimated, being the greater of its value in use and fair value less cost to sell. Where the carrying value exceeds the recoverable value, the asset's carrying value is reduced to the recoverable value.

  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.

  Goodwill and intangible assets with an indefinite life must be tested for impairment at the end of each reporting period irrespective of whether there is any indication of impairment.

  Movements on property, plant and equipment during the year have been included within note 9 and 10. Movements on intangible assets during the year have been included within note 11.

(b) 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 were 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.

(c) 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 and rewards 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.

(d) 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.

Where property, plant and equipment are to be revalued they would be subsequently stated at the revalued amount less subsequent depreciation. Any future revaluations of property, plant and equipment would be undertaken in a period not exceeding five years.

Changes in carrying amounts as a result of asset revaluations are recognised in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in value in excess of the credit balance on the revaluation reserve, or reversal of such a transaction, is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment (continued)

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:

Land and buildings	3% - 4.5%
Plant and equipment	4.7% - 33%
Vehicles and other	10 - 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 the profit and loss account. 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.

Property, plant and equipment are assessed for impairment at each reporting date as detailed in the description of significant judgements and estimates above.

(e) Investment properties

Investment property, principally comprising industrial and office buildings, shops, is held for long-term rental yields and/or for capital appreciation and is not occupied by the Group. Investment property is treated as a non-current asset and is stated at historical cost less depreciation. 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 used are as follows:

Land and buildings	2.5-5%
Plant, equipment, fixtures and fittings	6.66-20%

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the continued use of the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Land is not depreciated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

3. CHANGE IN ACCOUNTING POLICY

During the year ended 30 September 2017 the Group changed its accounting policy according to the provisions of IAS 21, for two Russian subsidiaries, Kronoles LLC and Kronodrev LLC, who selected to change their functional currency from Euro to Russian Rouble due to their operations being carried out in that currency and thus the comparative figures have been adjusted to conform to changes in the current year.

Also, the Group changed its accounting policy for a part of property, plant and equipment to investment properties due to significance in values to be in line with the provisions of IAS 40. Presentation of last year's comparative figures has also been reclassified and represented.

During the year ended 30 September 2017, the Group discovered that additions in the property, plant and equipment in one of its subsidiaries, were double counted in the year ended 30 September 2015. In the same year, average exchange rate was used for translating initial costs of property, plant and equipment instead of historical exchange rate. As a consequence, property, plant and equipment and related expenses have been overstated. The errors have been corrected by restating each of the affected financial statement line items for prior years.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

	2016	Changes in accounting policies	Correction of error	Reclassifications	2016
	As reported	IAS 21			As restated
	Euro '000	Euro '000	Euro '000	Euro '000	Euro '000
Revenue	514,977	-	-	-	514,977
Other operating income	6,527	(23)	-	(338)	6,166
Changes in inventories of finished goods and work in progress	(15,423)	-	-	16,233	810
Raw materials and consumables used	(412,775)	-	-	(16,233)	(429,008)
Employee benefit costs	(22,191)	-	-	-	(22,191)
Depreciation and amortisation expense	(14,536)	-	(91)	-	(14,627)
(Impairment expense)/reversal of impairment	(10,896)	-	-	280	(10,616)
Other operating expenses	(42,364)	17	-	(280)	(42,627)
Profit from operations	3,319	(6)	(91)	(338)	2,884
Finance income	524	-	-	-	524
Finance expenses	(9,236)	-	-	-	(9,236)
Share of profit in limited partnership	-	-	-	338	338
Profit before tax	(5,393)	(6)	(91)	-	(5,490)
Income tax expense	(1,028)	-	-	-	(1,028)
Profit for the year	(6,421)	(6)	(91)	-	(6,518)
Other comprehensive income	(945)	-	6	-	(939)
Total comprehensive income for the year	(7,366)	(6)	(85)	-	(7,457)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

3. CHANGE IN ACCOUNTING POLICY (continued)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2016	Changes in accounting policies		Correction of error	2016
	As reported	IAS 40	IAS21		As restated
	Euro '000	Euro '000	Euro '000	Euro '000	Euro '000
ASSETS					
Non current assets					
Property, plant and equipment	244,655	(128,139)	-	(907)	115,609
Investment properties	24,850	128,139	-	-	152,989
Intangible assets	10,570	-	-	-	10,570
Capital in partnerships	761	-	-	-	761
Investments	43	-	-	-	43
Long term loans advanced	3,473	-	-	-	3,473
Deferred tax asset	5,510	-	-	-	5,510
	289,862	-	-	(907)	288,955
Current assets					
Inventories	28,542	-	-	-	28,542
Trade and othe receivables	50,331	-	-	-	50,331
Prepayments	576	-	-	-	576
Loans advanced	96	-	-	-	96
Cash and cash equivalents	9,603	-	-	-	9,603
	89,148	-	-	-	89,148
TOTAL ASSETS	379,010	-	-	(907)	378,103
LIABILITES AND SHAREHOLDERS' EQUITY					
Equity attributable to equity shareholders of the Company					
Share capital	121	-	-	-	121
Preference share capital	16	-	-	-	16
Share premium	48,627	-	-	-	48,627
Merger capital reserve	10,285	-	-	-	10,285
Other reserves	(2,456)	-	(243)	-	(2,699)
Retained earnings	16,035	-	243	(907)	15,371
Non controlling interests	1,632	-	-	-	1,632
	74,260	-	-	(907)	73,353
Non-current liabilities					
Loans financed or underwritten by the shareholders	137,203	-	-	-	137,203
Long-term loans	27,161	-	-	-	27,161
Deferred tax liability	5,974	-	-	-	5,974
Obligations under finance leases	5,497	-	-	-	5,497
Other long-term liabilities	5,432	-	-	-	5,432
	181,267	-	-	-	181,267
Current liabilities					
Loans financed or underwritten by the shareholders	25,292	-	-	-	25,292
Bank loans and overdrafts	23,241	-	-	-	23,241
Trade and other payables	72,342	-	-	-	72,342
Provisions	2,333	-	-	-	2,333
Current tax payable	275	-	-	-	275
	123,483	-	-	-	123,483
Total liabilities	304,750	-	-	-	304,750
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	379,010	-	-	(907)	378,103

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

4. REVENUE

	2017	2016
	Euro '000	Euro '000
Continuing operations	651,002	514,977
	651,002	514,977

5. PROFIT FROM OPERATIONS

	2017	2016
	Euro '000	Euro '000
Profit from operations arrived at after charging / (crediting) the following:		
Staff costs (Note 6)	25,781	22,191
Depreciation and amortisation expense (Notes 9, 10, 11)	18,379	14,627
Impairment charge/(reversal) of property, plant and equipment (Note 9)	95	(48)
Impairment charge of other investments (Note 12)	1	53
Impairment charge/(reversal) of inventory (Note 15)	(46)	4,822
Impairment of investment property (Note 10)	-	59
Impairment (reversal)/charge of loan (Note 14)	(3,075)	5,730
Audit fees	206	164
Currency translation differences	(1,020)	364
Payments under operating leases - property	1,178	1,463
Payments under operating leases - plant and machinery	599	308
(Profit)/loss on disposal of non-current assets	(1,405)	135

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

6. EMPLOYEE BENEFIT COSTS

	2017 Euro '000	2016 Euro '000
Cost		
Wages and Salaries	20,748	17,881
Employer's Social Security	4,504	3,795
Employer's Pension Costs – defined contribution plans	529	515
	25,781	22,191

	2017 Number	2016 Number
Average Number of Employees	1,336	1,230
	1,336	1,230

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.

	2017 Euro '000	2016 Euro '000
Salaries and other short-term employee benefits	1,648	1,337
	1,648	1,337

7. FINANCE INCOME AND EXPENSES

	2017 Euro '000	2016 Euro '000
Finance income		
Bank interest	44	36
Interest from related parties	176	180
Other	273	308
	493	524
Finance costs		
Loans from related party	8,368	8,006
Bank borrowing	1,122	805
Finance leases	122	189
Other borrowings	226	236
	9,838	9,236

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

8. TAXATION

	2017		2016	
	Euro '000	Euro '000	Euro '000	Euro '000
Current tax expense				
Corporation tax / income tax on profits for the year	1,405		1,560	
Adjustment for under/(over) provisions in prior periods	15		(4)	
Other movements	-		(615)	
Withholding tax	145		116	
		1,565		1,057
Deferred tax				
Origination and reversal of temporary differences	263		122	
Benefit arising from a previously unrecognised tax loss and/or tax credit of a prior period that is used to reduce deferred tax expense	777		(120)	
Benefit arising from a previously unrecognised tax loss and/or tax credit of a prior period that is used to reduce current tax expense	(118)		(56)	
Deferred tax expense arising from the write-down or reversal of a previous write-down of a deferred tax asset	(175)		(127)	
Change in opening deferred tax liability resulting from change in the tax rates	(4)		69	
Accelerated tax depreciation	120		127	
Other movements	(546)		(44)	
		317		(29)
Total expense		1,882		1,028

The charge for the period can be reconciled to the profit/(loss) per the statement of profit or loss and comprehensive income as follows:

	2017	2016
	Euro '000	Euro '000
Profit/ (loss) before tax	8,688	(5,490)
Taxation at the domestic income tax rate	2,204	(9)
Effect of different tax rates in other countries	(5)	-
Tax effect of income or expenses that are (not taxable) or deductible in determining taxable profit	(174)	2,099
Tax effect of current year's tax losses	-	(27)
Tax effect of utilisation of tax losses not previously recognised	(457)	(1,029)
Tax effect of group tax relief	(1)	(4)
Other deferred tax	(439)	-
Deferred tax asset recognised on tax credits and exemptions	351	(26)
Adjustment for under provision in prior periods	265	(85)
Withholding tax suffered at source	145	116
Effect of tax relief	(7)	(7)
Tax expense	1,882	1,028

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

8. TAXATION (continued)

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

Deferred tax liability

	Accelerated tax depreciation	Other	Total
	Euro '000	Euro '000	Euro '000
At 1 October 2015	4,571	526	5,097
Charged / (credited) to:			
Statement of Profit or Loss and Comprehensive Income	438	439	877
At 1 October 2016	5,009	965	5,974
Charged / (credited) to:			
Statement of Profit or Loss and Comprehensive Income	421	306	727
Addition of subsidiary	1,050	-	1,050
Exchange difference	-	(7)	(7)
Other reclassifications	-	318	318
Effect of change in tax rate	(6)	-	(6)
At 30 September 2017	6,474	1,582	8,056

Deferred tax assets

	Tax losses	Tax credits and exemptions	Other	Total
	Euro '000	Euro '000	Euro '000	Euro '000
At 1 October 2015	2,526	1,586	486	4,598
Charged / (credited) to:				
Statement of Profit or Loss and Comprehensive Income	1,811	(1,091)	272	992
Effect of change in tax rate	(69)	-	-	(69)
Exchange difference	(12)	-	1	(11)
At 1 October 2016	4,256	495	759	5,510
Charged / (credited) to:				
Statement of Profit or Loss and Comprehensive Income	(218)	474	150	406
Effect of change in tax rate	(2)	-	-	(2)
Addition of subsidiary	-	-	30	30
Other reclassifications	21	-	-	21
Exchange difference	10	-	-	10
At 30 September 2017	4,067	969	939	5,975

At the statement of financial position date the Group had unused tax losses of Euro 27,064 million (2016: Euro 26,930 million) available for offset against future profits. A deferred tax asset has been recognised in respect of Euro 17,066 million (2016: Euro 19,627 million) of such losses. No deferred tax asset has been recognised in respect of the remaining Euro 9,998 million (2016: Euro 7,303 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
For the year ended 30 September 2017

9. PROPERTY, PLANT AND EQUIPMENT

Year ended 30 September 2017	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 2016	72,216	29,187	55,009	7,211	163,623
Additions	11,364	1,256	921	14,405	27,946
Addition of subsidiary	6,526	6,895	279	37	13,737
Impairment loss	-	(2)	-	-	(2)
Exchange difference	-	-	42	18	60
Transfers to / (from) other fixed assets	241	7,166	6,704	(14,111)	-
Disposals	(3,864)	(129)	(3,212)	(787)	(7,992)
Transfers to intangible assets	-	(2)	-	(9)	(11)
Transfer to investment property land and building	-	-	-	(2,471)	(2,471)
At 30 September 2017	86,483	44,371	59,743	4,293	194,890
Accumulated depreciation and impairment					
At 1 October 2016	8,703	12,845	26,066	400	48,014
Charge for the year	1,525	2,718	8,528	-	12,771
Addition of subsidiary	897	1,534	107	-	2,538
Impairment loss / (reversal)	95	(2)	-	-	93
Disposal	-	(52)	(2,983)	-	(3,035)
At 30 September 2017	11,220	17,043	31,718	400	60,381
Carrying amount					
At 30 September 2017	75,263	27,328	28,025	3,893	134,509

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

9. PROPERTY, PLANT AND EQUIPMENT (continued)

Year ended 30 September 2016	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 2015 as previously reported	208,787	25,147	52,026	23,702	309,662
Reclassified to investment property	(143,936)	-	-	(8,012)	(151,948)
Corretion of error	-	-	(907)	-	(907)
At 1 October 2015 as restated	64,851	25,147	51,119	15,690	156,807
Additions	331	935	718	10,542	12,526
Impairment loss	-	-	(20)	-	(20)
Exchange differences	-	3	-	(72)	(69)
Transfers to / (from) other fixed assets	7,039	3,336	5,140	(15,515)	-
Disposals	(5)	(33)	(1,948)	-	(1,986)
Transfers to investment property land and building	-	-	-	(3,433)	(3,433)
Transfers to intangible assets	-	(1)	-	(1)	(2)
Fully depreciated assets written off	-	(200)	-	-	(200)
At 30 September 2016	72,216	29,187	55,009	7,211	163,623
Accumulated depreciation and impairment					
At 1 October 2015 as previously reported	30,308	11,128	21,513	400	63,349
Reclassified to investment property	(22,582)	-	-	-	(22,582)
Corretion of error	-	-	(91)	-	(91)
At 1 October 2015 as restated	7,726	11,128	21,422	400	40,676
Charge for the year	1,043	1,942	6,414	-	9,399
Impairment reversal	(62)	-	(6)	-	(68)
Exchange differences	-	-	7	-	7
Disposal	(4)	(25)	(1,771)	-	(1,800)
Fully depreciated assets written off	-	(200)	-	-	(200)
At 30 September 2016	8,703	12,845	26,066	400	48,014
Carrying amount					
At 30 September 2016	63,513	16,342	28,943	6,811	115,609

Borrowings costs capitalised during year amounted to Euro NIL thousand (2016: Euro 19 thousand).

The carrying amount of the plant and equipment includes Euro 1,35 million (2016: Euro 1,4 million) in respect of assets held under finance leases.

The carrying amount of the Vehicles includes Euro 12,138 million (2016: Euro 12,445 million) in respect of assets held under finance leases.

Bank borrowings to the value of Euro 21,031 million (2016: Euro 16,530 million) are secured on land and buildings and on plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

10. INVESTMENT PROPERTY

	Land and buildings	Plant, equipment, fixtures and fittings	Construction in progress	Total
	Euro '000	Euro '000	Euro '000	Euro '000
Cost				
At 1 October 2016 as restated	171,400	713	8,459	180,572
Additions	16,742	986	1,752	19,659
Disposals	(292)	-	(623)	(915)
Exchange difference	(1,769)	-	37	(1,732)
Transfer from property plant and equipment construction in progress	2,471	-	-	2,471
Transfers to/from other investment property categories	164	861	(1,025)	-
At 30 September 2017	188,716	2,560	8,600	200,055
Accumulated depreciation and impairment				
At 1 October 2016 as restated	27,568	15	-	27,583
Charge for the year	5,154	178	-	5,332
On disposals	(10)	-	-	(10)
Exchange difference	(21)	-	-	(21)
At 30 September 2017	32,691	193	-	32,884
Carrying amount				
At 30 September 2017	156,025	2,367	8,600	167,171

	Land and buildings	Plant, equipment, fixtures and fittings	Construction in progress	Total
	Euro '000	Euro '000	Euro '000	Euro '000
Cost				
At 1 October 2015 as previously reported	5,281	-	641	5,922
Reclassified from property, plant and equipment	143,936	-	8,012	151,948
At 1 October 2015 as restated	149,217	-	8,653	157,870
Additions	16,528	713	2,769	20,010
Disposals	(409)	-	-	(409)
Exchange difference	-	-	(266)	(266)
Transfers to/from other investment property categories	2,697	-	(2,697)	-
Impairment charge	(66)	-	-	(66)
Transfer from property plant and equipment construction in progress	3,433	-	-	3,433
At 30 September 2016 as restated	171,400	713	8,459	180,572
Accumulated depreciation and impairment				
At 1 October 2015 as previously reported	101	-	-	101
Reclassified from property, plant and equipment	22,582	-	-	22,582
At 1 October 2015 as restated	22,683	-	-	22,683
Charge for the year	4,902	15	-	4,917
On disposals	(40)	-	-	(40)
Exchange difference	30	-	-	30
Impairment reversal	(7)	-	-	(7)
At 30 September 2016 as restated	27,568	15	-	27,583
Carrying amount				
At 30 September 2016 as restated	143,832	698	8,459	152,989

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

10. INVESTMENT PROPERTY (continued)

The Group changed its accounting policy for a part of property, plant and equipment to investment properties due to significance in values to be in line with the provisions of IAS 40 (note 3).

The Group has elected that after initial asset recognition all classes of investment property shall be carried at their cost less any accumulated depreciation and any accumulated impairment losses.

The Directors consider that the fair value of investment properties approximates to their cost price.

Borrowings costs capitalised during year amounted to Euro 176 thousand (2016: Euro 61 thousand).

11. INTANGIBLE ASSETS

Year ended 30 September 2017

	Goodwill	Land Concession	Other intangibles	Total
	Euro '000	Euro '000	Euro '000	Euro '000
Cost				
At 1 October 2016	6,833	9,358	1,664	17,855
Additions	-	-	10	10
Transfers from property, plant and equipment	-	-	11	11
Disposals	-	-	(72)	(72)
Addition of subsidiary	-	-	3	3
At 30 September 2017	6,833	9,358	1,616	17,807
Amortisation				
At 1 October 2016	3,789	2,209	1,287	7,285
On disposals	-	-	(17)	(17)
Amortisation for the year	-	215	61	276
Addition of subsidiary	-	-	2	2
At 30 September 2017	3,789	2,424	1,333	7,546
Carrying amount				
At 30 September 2017	3,044	6,934	283	10,261

Year ended 30 September 2016

	Goodwill	Land Concession	Other intangibles	Total
	Euro '000	Euro '000	Euro '000	Euro '000
Cost				
At 1 October 2015	6,833	9,358	1,467	17,658
Additions	-	-	204	204
Transfers from property, plant and equipment	-	-	2	2
Fully depreciated assets written off	-	-	(9)	(9)
At 30 September 2016	6,833	9,358	1,664	17,855
Amortisation				
At 1 October 2015	3,789	1,992	1,202	6,983
Amortisation for the year	-	217	94	311
Fully depreciated assets written off	-	-	(9)	(9)
At 30 September 2016	3,789	2,209	1,287	7,285
Carrying amount				
At 30 September 2016	3,044	7,149	377	10,570

Land concessions of Euro 9,358 million (2016: Euro 9,358 million) are amortised over 43 years and 5 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

12. INVESTMENTS

	Trading investments Euro '000
At 1 October 2015	96
Impairment	(53)
At 1 October 2016	43
Impairment	(1)
First time consolidation	(15)
At 30 September 2017	27

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

The impairment relates to a Polish investment which was considered by management as fully impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

12. INVESTMENTS (continued)

The details of the signifigant subsidiaries are as follows:

Name	**Country of incorporation**	**Principal activities**	**2017 Holding %**	**2016 Holding %**
Belecenter FLLC	Belarus	Purchase and resale of timber and transportation services	**100**	100
Cedex LLC	Belarus	Transport services	**100**	100
Kronospan BR FLLC	Belarus	Real estate management and rental services	**100**	100
Kronospan Trading NV	Belgium	Distribution of wood based products	**100**	100
Kronospan Trading Ltd	Cyprus	Distribution of wood based products	**100**	100
Silva CZ s.r.o	Czech Republic	Transportation services & purchase & resale of timber	**100**	100
Kronospan Trading SAS	France	Distribution of wood based products	**100**	100
Kronotex SAS	France	Management and rental of industrial real estate	**100**	100
Wald and Grundbesitz GmbH	Germany	Forestry and timber sales	**94.9**	94.9
Silva Hungary KFT	Hungary	Transport services and timber trading	**100**	100
Kronospan Italia S.r.l.	Italy	Melamine facing of particleboard & distribution of wood based panel products	**100**	100
UAB Kronospan Trading	Lithuania	Distribution of wood based products	**100**	100
Kronotex Malta 2 Ltd	Malta	Real estate management	**100**	100
Kronotex Malta Ltd	Malta	Real estate management	**100**	100
Alfa Terminal Szczecin Sp. z o.o.	Poland	Purchase and sale of methanol and the provision of port services	**100**	100
KDC Sp. z o.o. (formerly Kronoplus Sp. z o.o.)	Poland	Distribution of wood based products	**100**	100
Kronospan Investment Sp. z o.o.	Poland	Real estate management and rental services	**100**	100
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
SO SPV Sp. z o.o.	Poland	Real estate	**100**	100
Yiotarini Property Sp. z o.o. (formerly Kronotex Sp. z o.o.)	Poland	Management and rental of industrial real estate	**100**	100
Kronospan Zona Libera Constanta Srl	Romania	Port warehouse storage and stevedoring	**99**	99
Kronocentr LLC	Russia	Ownership and rental of distribution centers	**100**	100
Kronodrev LLC	Russia	Purchase & resale of timber	**100**	100
Kronoles LLC	Russia	Purchase & resale of timber	**100**	100
Megastore LLC	Russia	Distribution of wood based products	**100**	100
Desarollo Hortofruticola de la Safor S.A.	Spain	Port warehouse storage and stevedoring	**100**	100
Kronologistic LLC	Ukraine	Transportation services & timber trading	**100**	100
Kronospan Trading Ltd	United Kingdom	Distribution of wood based products	**100**	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

13. CAPITAL IN PARTNERSHIPS

	2017	2016
	Euro '000	Euro '000
At 1 October	761	511
Distribution of profits	-	(88)
Share of partnership profit	34	338
At 30 September	795	761

The details of the partnerships are as follows:

Name	Country of incorporation	Principal activities	2017 Holding %	2016 Holding %
WIV Immobilienverwaltung GmbH & Co. KG	Germany	Real estate management	5.6	5.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

14. LONG TERM LOANS ADVANCED

	2017 Euro '000	2016 Euro '000
At 1 October	3,569	9,367
New loans granted	-	100
Repayments	(3,096)	(48)
Interest charged	265	475
Interest received	-	(182)
Reversal of impairment	3,340	-
Impairment of loan	(265)	(5,730)
Exchange difference	(340)	(413)
At 30 September	3,473	3,569

	2017 Euro '000	2016 Euro '000
Loans - unsecured (Note 28)	3,473	3,569
Less : Instalments due after more than one year	(3,377)	(3,473)
Loans due within one year	96	96

The loans are repayable as follows:

	2017 Euro '000	2016 Euro '000
Instalments due after 1 year but not more than 2 years	383	96
Instalments due after 2 years but not more than 5 years	2,012	1,934
Instalments due after 5 years	982	1,443
	3,377	3,473

The book value of loans equals their fair value.

In 2016 a provision of Euro 5.73 million for impairment of loan has been provided for after a detailed evaluation of the Group's borrowers. Consideration was given to the borrowers expected future cash generation, current economic and industry specific conditions. During 2017, a reversal of provisions for irrecoverable loans amounting Euro 3 million was provided for after a repayment of Euro 3 million was received from a borrower.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

15. INVENTORIES

	2017 Euro '000	2016 Euro '000
Raw materials	2,949	2,484
Work in progress	-	247
Finished products	3,390	2,685
Trade goods	21,230	22,734
Goods in transit	1,065	392
Spare parts	548	-
	29,182	28,542

Inventories valued at Euro 11,132 million (2016: Euro 14,524 million) include a provision of Euro 2,086 million (2016: Euro 6,456 million) and are therefore carried at fair value less costs to sell.

16. TRADE AND OTHER RECEIVABLES

	2017 Euro '000	2016 Euro '000
Trade receivables	51,874	42,397
Amounts due from related parties (Note 28)	222	248
Taxes, subsidies, social insurance	4,922	4,865
Other accounts receivables	4,463	2,821
	61,481	50,331

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. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

16. TRADE AND OTHER RECEIVABLES (continued)

Trade receivables are further analysed as follows:

	2017 Euro '000	2016 Euro '000
Gross value	52,770	42,754
Impairment	(896)	(357)
Net value	51,874	42,397
Analysis of trade receivables:		
Not due	50,073	41,421
Due and not impaired		
- Insured	1,379	523
- Not insured	456	453
	1,835	976
- Due 0 - 90 days	1,737	837
- Due + 90 days	98	139
	1,835	976
Due and impaired		
+ 90 days	862	357
	862	357
Total	52,770	42,754

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

Amounts due from related parties are further analysed as follows:

	2017 Euro '000	2016 Euro '000
Gross value	222	248
Impairment	-	-
Net value	222	248
Analysis of trade receivables:		
Not due	218	-
Due and not impaired		
- Not insured	4	248
	4	248
- Due 0 - 90 days	4	248
- Due + 90 days	-	-
	4	248
Total	222	248

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

17. CASH AND CASH EQUIVALENTS

	Cash	Bank overdrafts	Net
	Euro '000	Euro '000	Euro '000
At 1 October 2015	11,218	(20,228)	(9,010)
Movement for the year	(1,615)	(481)	(2,096)
At 1 October 2016	9,603	(20,709)	(11,106)
Movement for the year	9,193	(8,364)	829
At 30 September 2017	18,796	(29,073)	(10,277)

18. SHARE CAPITAL

	2017	2016	2017	2016
	Number	Number	Euro '000	Euro '000
Authorised ordinary shares of €1.71 each	71,000	71,000	121	121
Issued ordinary shares of €1.71 each	71,000	71,000	121	121
Share premium			38,643	38,643

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

19. PREFERENCE SHARE CAPITAL

	2017	2016	2017	2016
	Number	Number	Euro '000	Euro '000
Authorised redeemable preference shares of €1 each	48,000	48,000	48	16
Issued redeemable preference shares of €1 each	48,000	48,000	48	16
Share premium			29,952	9,984

Authorised share capital
On 20 December 2016 the authorised share capital of the Company was increased by 32,000 new redeemable preference shares of €1 each.

Issued share capital
On 20 December 2016, the board of directors authorized the issue of 32,000 new redeemable preference shares of nominal value of €1 each at a premium of €624 each.

Authorised and fully issued redeemable share capital
Oxnard Enterprises Limited has the right to redeem the shares at any time, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

20. BANK LOANS AND OVERDRAFTS

	2017 Euro '000	2016 Euro '000
Current borrowings		
Bank loans and overdraft	67,029	50,402
Less instalments due after more than one year	(34,508)	(27,161)
Bank loans and overdrafts and other loans due within one year	32,521	23,241

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

	2017 Euro '000	2016 Euro '000
Instalments due after 1 year but not more than 2 years	3,975	4,432
Instalments due after 2 years but not more than 5 years	8,639	6,974
Instalments due after 5 years	21,894	15,755
	34,508	27,161

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

	2017 Euro '000	2016 Euro '000
Current portion of long term loans	3,448	2,532
Other short term borrowings (note 17)	29,073	20,709
	32,521	23,241

The weighted average interest rates paid were as follows:

	2017 %	2016 %
Bank loans	1.70	1.85
Bank overdraft	1.96	2.33

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

	2017 Euro '000	2016 Euro '000
Bank overdrafts	29,073	20,709
Bank loans	37,956	29,693

Bank overdrafts are repayable on demand and are secured on the inventories and trade receivables. The bank overdraft facilities are subject to renewal in April, June and July 2018 and in May and June 2019.

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

At 30 September 2017, the Group had available Euro 11,970 million (2016: Euro 15,733 million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

As at 30 September 2017, all bank covenants imposed by long term borrowers were met by the Group.

21. LONG TERM LOANS FINANCED OR UNDERWRITTEN BY THE SHAREHOLDERS

	2017	2016
	Euro '000	Euro '000
Total loans	161,329	162,495
Less instalments due after more than one year	(124,155)	(137,203)
Loans due within one year	37,174	25,292

Repayment of loans are analysed as follows:

	2017	2016
	Euro '000	Euro '000
Due within 1 year	37,174	25,292
Instalments due after 1 year but not more than 2 years	11,852	31,824
Instalments due after 2 years but not more than 5 years	19,520	20,590
Instalments due after 5 years	92,783	84,789
	161,329	162,495

The interest rate on the loans ranges between 2.73% and 6.60% (2016: between 3.05% and 6.03%).

During 2016, the Group issued 36,000 unsecured, registered bonds redeemable on maturity October 2030, at an issuance price of Euro 1,000 each bearing interest 1M Euribor plus 7% margin.

During 2017 March and August, the Group issued 7,500 unsecured and 4,300 respectively, registered bonds redeemable on maturity March 2027 and September 2027, at an issuance price of Euro Euro 1,000 each, bearing interest 1M Euribor plus 3.5% margin.

22. TRADE AND OTHER PAYABLES

	2017	2016
	Euro '000	Euro '000
Trade payables	47,635	35,608
Investment payables	1,191	1,004
Finance lease payments due within one year (Note 25)	3,357	3,484
Other payables and accruals	22,702	21,411
Concession contracts (Note 26)	110	116
Payables to related parties (Note 28)	6,647	10,719
	81,642	72,342

Trade and other payables principally comprise amounts outstanding for trade purchases and on-going costs.

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

A liability amounting to Euro 316 thousand, towards defined benefits plan of the employees of a Group's subsidiary is included in other payable and accruals.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

23. OPERATING LEASES

The Group as lessee
The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2017	2016
	Euro '000	Euro '000
Within one year	1,403	902
Between one and five years	2,648	1,938
	4,051	2,840

Operating leases represent commitments by the Group for land, buildings, vehicles and machinery. Leases are negotiated for an average term of 2, 3 and 5 years and leases are fixed for an indefinite period.

The Group as lessor
At the statement of financial position date, the Group had outstanding commitments under non-cancellable operating leases which fall due as follows:

	2017	2016
	Euro '000	Euro '000
Within one year	129	472
Between 2-5 years	-	278
	129	750

During the current year rental income amounting to Euro 707 thousand (2016: Euro 103 thousand) was recognised as revenue in Statement of Profit or Loss and Comprehensive Income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

24. PROVISIONS

	Legal	Other	Total
	Euro '000	Euro '000	Euro '000
At 1 October 2015	225	100	325
Charged / (credited) to profit or loss	2,008	-	2,008
At 1 October 2016	2,233	100	2,333
Charged / (credited) to profit or loss	(46)	-	(46)
Utilised during the year	-	(64)	(64)
Transfer to other liabilities	(291)	-	(291)
At 30 September 2017	1,896	36	1,932
Due within one year or less	1,896	36	1,932
Due after more than one year	-	-	-
	1,896	36	1,932

The Group is currently involved in a number of legal disputes. The amount provided represents the directors' best estimate of the Group's liability having taken legal advice. Uncertainties relate to whether claims will be settled out of court or if not whether the Group is successful in defending any action.

25. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		The present value of minimum lease payments	
	2017	2016	2017	2016
	Euro '000	Euro '000	Euro '000	Euro '000
Amounts payable under finance leases	9,032	9,243	3,357	3,484
Within one year	3,383	3,532	3,357	3,484
In the second to fifth years inclusive	5,649	5,711	5,454	5,497
	9,032	9,243	8,811	8,981
Less: future finance charges	(221)	(262)	-	-
Present value of lease obligations	8,811	8,981	8,811	8,981
Less: Amount due for settlement with 12 months (shown under current liabilities) (Note 22)			(3,357)	(3,484)
Amount due for settlement after 12 months			5,454	5,497

The Group leases vehicles and loaders under finance leases. The average lease term is 5 years (2016: 5 years) For year ended 30 September 2017, the average effective borrowing rate for the 5 year lease was 1.8% (2016: 2.1%). 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 or PLN.

The fair values of the Group's lease obligations approximate to their carrying amount.

The Group's obligations under finance leases are secured by the lessors' charge over the leased assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

26. OTHER LONG TERM LIABILITIES

	2017 Euro '000	2016 Euro '000
Land concession and retention payables on construction contracts	3,439	3,862
Other long term liabilities	219	1,686
Less: Instalments due within one year (note 22)	(110)	(116)
	3,548	5,432

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 11 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. 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, transport vehicles, buildings, taking into account up to date environmental standards and regulations applicable in the EU and the country of operation.

It is Group policy not to account for any assets in relation to emission rights certificates held. The Group recognises the value of any surplus emission certificates only upon disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

28. RELATED PARTY TRANSACTIONS

The Company is controlled by Luda Stiftung, a discretionary, irrevocable foundation registered in Liechtenstein, 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	
	2017	2016	2017	2016	2017	2016
	Euro '000	Euro '000	Euro '000	Euro '000	Euro '000	Euro '000
Other related parties	3,460	3,583	1,623	155	222	248
	3,460	3,583	1,623	155	222	248

Purchases of goods and services

	Purchase of goods		Purchase of services and other fees		Amounts owed to related parties	
	2017	2016	2017	2016	2017	2016
	Euro '000	Euro '000	Euro '000	Euro '000	Euro '000	Euro '000
Other related parties	18,953	21,450	1,312	1,169	6,647	10,719
	18,953	21,450	1,312	1,169	6,647	10,719

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.

Details of directors and key management personnel remuneration are given in note 6.

28. RELATED PARTY TRANSACTIONS (continued)

Loans from related parties

	2017 Euro '000	2016 Euro '000
At beginning of year		
- Principal	162,495	175,304
- Interest	197	426
	162,692	175,730
Movements during the year		
Loan principal received/redeemable bonds	30,400	82,829
Loan principal paid	(31,542)	(85,340)
Loans assigned	-	(10,298)
Interest assigned	-	(93)
Interest charged	8,534	7,595
Interest paid	(8,658)	(7,731)
Other changes	(24)	-
	(1,290)	(13,038)
At year end		
- Principal	161,329	162,495
- Interest	73	197
	161,402	162,692

Loans to related companies

	2017 Euro '000	2016 Euro '000
At beginning of year		
- Principal	3,569	3,617
- Interest	-	-
	3,569	3,617
Movements during the year		
Loan principal received	(96)	(48)
Interest accrued	175	180
Interest received	(175)	(122)
Exchange difference	-	(58)
	(96)	(48)
At year end		
- Principal	3,473	3,569
- Interest	-	-
	3,473	3,569

29. CONTINGENT LIABILITIES

As at 30 September 2017, the Group had contingent liability in respect of a field tax audit amounting to Euro 1,273 thousand. The Group issued objections to the act of the tax audit. Accordingly no provision has been made in these financial statements in respect of this matter.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

30. CAPITAL COMMITMENTS

At the statement of financial position date, the Group had capital commitments of Euro 709 thousand relating to building construction contracts.

31. RISK MANAGEMENT

General objectives, policies and processes

The Group operates procedures designed to reduce or eliminate financial risk and ensure that funds are available for current and future needs. The policies are approved by the Board and the use of financial instruments is strictly controlled.

Principal financial instruments

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

Financial assets	**Loans and receivables**	
	2017	**2016**
	Euro '000	**Euro '000**
Loans advanced	3,473	3,569
Trade, related party and other receivables (excl.prepayments, VAT, corporate and other taxes, social security, provisions)	53,183	42,485
Cash and cash equivalents	18,796	9,603
Total financial assets	75,452	55,657

Financial liabilities	**Financial liabilities at amortised cost**	
	2017	**2016**
	Euro '000	**Euro '000**
Trade, related party, investment and other payables (excl. prepayments, dividend payable, VAT, corporate and other taxes, social security, provisions)	66,498	57,265
Loans and borrowings	67,029	50,402
Loans financed or underwritten by the shareholders	161,329	162,495
Finance leases	8,811	8,981
Other long-term liabilities	3,658	5,432
Total financial liabilities	307,325	284,575

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

31. 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 excluding trade payables.

	Book value		Fair values	
	2017	2016	2017	2016
	Euro '000	Euro '000	Euro '000	Euro '000
Bank overdrafts	29,073	20,709	29,073	20,709
Bank borrowings	37,956	29,693	37,956	29,693
Loans financed or underwritten by the shareholders	161,329	162,495	161,329	162,495
Trade, related party, investment and other payables (excl. prepayments, dividend payable, VAT, corporate and other taxes, social security, provisions)	66,498	57,265	66,498	57,265
Other long-term liabilities	3,658	5,432	3,658	5,432
Finance leases	8,811	8,981	8,811	8,981
	307,325	284,575	307,325	284,575

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

Fair values of bank overdrafts, trade and other payables approximate their book value largely due to the 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.

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 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 with acceptable ratings are authorised.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

31. RISK MANAGEMENT (continued)

Credit risk (continued)

Quantitative disclosures of the credit risk exposure in relation to financial assets are set out below.

	Carrying value		Maximum exposure	
	2017	2016	2017	2016
	Euro '000	Euro '000	Euro '000	Euro '000
Loans advanced	3,473	3,569	3,473	3,569
Trade and other receivables	61,481	50,331	61,481	50,331
Cash and cash equivalents	18,796	9,603	18,796	9,603
Prepayments	738	576	738	576
Total financial assets	84,488	64,079	84,488	64,079

Market risk

(i) Interest rate risk
As a result of the relevant portion of floating rate 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 the date would, all other variable being held constant, have resulted in a decrease of the Group's pre-tax profit for the year of Euro 2,2 million (whereas for 2016 would result in an increase of the Group's pre-tax loss for the year of Euro 2,1 million). A 1% decrease in the interest rate would, on the same basis have decreased post-tax losses 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

31. RISK MANAGEMENT (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.

	2017				2016			
Impact of	**PLN**	**RUR**	**CZK**	**GBP**	**PLN**	**RUR**	**CZK**	**GBP**
	Euro '000	**Euro '000**	**Euro '000**	**Euro '000**	**Euro '000**	**Euro '000**	**Euro '000**	**Euro '000**
Monetary financial assets	33,345	6,135	4,815	2,281	34,532	2,754	4,886	1,122
Monetary financial liabilities	(35,824)	(6,062)	(6,238)	(307)	(38,133)	(2,743)	(7,238)	(386)
Net (liabilities)/assets	(2,479)	73	(1,423)	1,974	(3,601)	11	(2,352)	736
Impact on results - Gain/(Loss)								
5% on foreign currency appr. (Euro depr.)	(124)	4	(71)	99	(180)	1	(118)	37
5% on foreign currency depr. (Euro appr.)	124	(4)	71	(99)	180	(1)	118	(37)
Denominated in Euro								
Monetary financial assets	4,852	1,410	521	1,590	2,168	158	234	1,266
Monetary financial liabilities	(54,722)	(10,296)	(748)	(1,721)	(52,854)	(6,072)	(344)	(1,282)
Net (liabilities)/assets	(49,870)	(8,886)	(227)	(131)	(50,686)	(5,914)	(110)	(16)

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
For the year ended 30 September 2017

31. RISK MANAGEMENT (continued)

Maturity of financial liabilities

The table below summarises the maturity profile of the Group's financial liabilities excluding trade payables (Note 22) based on contractual undiscounted payments.

As at 30 September 2017	On demand Euro '000	less than 12 months Euro '000	1-5 years Euro '000	>5 years Euro '000	Total Euro '000
Bank overdrafts	29,073	-	-	-	29,073
Bank borrowings	-	4,088	13,992	24,478	42,558
Loans financed or underwritten by the shareholders	-	34,818	47,447	129,091	211,356
Trade, related party, investment and other payables (excl. prepayments, dividend payable, VAT, corporate and other taxes, social security, provisions)	-	66,498	-	-	66,498
Other long term liabilities	-	-	660	2,998	3,658
Finance leases	-	3,383	5,649	-	9,032
	29,073	108,787	67,748	156,567	362,175

As at 30 September 2016	On demand Euro '000	less than 12 months Euro '000	1-5 years Euro '000	>5 years Euro '000	Total Euro '000
Bank overdrafts	20,709	-	-	-	20,709
Bank borrowings	-	2,778	12,158	17,493	32,429
Loans financed or underwritten by the shareholders	-	33,127	79,139	125,292	237,558
Trade, related party, investment and other payables (excl. prepayments, dividend payable, VAT, corporate and other taxes, social security, provisions)	-	57,317	-	-	57,317
Other long term liabilities	-	-	464	4,968	5,432
Finance leases	-	3,530	5,711	-	9,241
	20,709	96,752	97,472	147,753	362,686

Bank and other borrowings include interest calculated at the rate applicable at 30 September.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

31. RISK MANAGEMENT (continued)

Capital disclosures

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt (including finance lease liabilities, less cash and cash equivalents) and equity (including loans financed or underwritten by the shareholders).

The debt-to-adjusted capital ratios at 30 September 2017 and 30 September 2016 were as follows:

	2017	2016
	Euro '000	Euro '000
Total bank debt	75,840	59,383
Less cash and cash equivalents	(18,796)	(9,603)
Net debt	57,044	49,780
Total equity	102,952	73,353
Plus loans financed or underwritten by the shareholders	161,329	162,495
Adjusted capital	264,281	235,848
Debt to adjusted capital ratio	21.58%	21.11%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

32. OTHER ACCOUNTING POLICIES

(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.

There have been no standards adopted by the Company for the first time for the financial year beginning on or after 1 October 2016 that will have a material impact on the Group.

(ii) Standards, amendments and interpretations to published standards effective in 2017 but which are not relevant to the Group.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 October 2017, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group.

(b) Intangibles

Intangible assets are shown at historical cost and are amortised on a straight-line basis method over their estimated useful life, normally 2 to 5 years, with the exemption 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 recovered. Where the carrying value is more than the recoverable value, the asset's carrying value is reduced to the recoverable value. The annual depreciation rates applicable are as follows:

Land concessions	2.0%
Other	20 - 50%

(c) Goodwill

Goodwill is initially measured as the excess of the fair value of the net value of the identifiable assets, liabilities and contingent liabilities acquired. 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.

Any excess of the interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost is recognised immediately in profit or loss.

(d) Finance income

Finance income includes interest income which is recognised based on an accrual basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

32. OTHER ACCOUNTING POLICIES (continued)

(e) 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 consolidated 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 timing 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 savings 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 consolidated statement of financial position date and expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

(f) Foreign currency transactions

The books and records of the majority of Group companies 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 measurement (functional) currency because of its significance to the operations in the Group. Consequently, the following translation was done:

i) Statement of Profit or Loss and 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.
ii) 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.
iii) All monetary assets and liabilities were translated into Euro at the exchange rate prevailing on the consolidated statement of financial position date.

All foreign exchange gains or losses resulting from the above translation were credited or debited to the consolidated statement of profit or loss and 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:

i) Statement of Profit or Loss and Comprehensive Income items were translated into Euro at the average monthly exchange rate for the year.
ii) 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
For the year ended 30 September 2017

32. OTHER ACCOUNTING POLICIES (continued)

(g) Non-current assets held for sale

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

(h) 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.

(i) 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.

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

32. OTHER ACCOUNTING POLICIES (continued)

(j) Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

(k) 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.

(l) 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 profit or loss and comprehensive income while lump sum payments for new technologies acquired are amortised over their expected useful life.

(m) 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.

(n) 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.

Other than financial assets in a qualifying hedging relationship, 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

32. OTHER ACCOUNTING POLICIES (continued)

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.

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 borrowings in current liabilities on the statement of financial position.

(o) 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.

(p) Provisions

Provisions are recognised for liabilities of uncertain timing or amount that have arisen as a result of past transactions and are discounted at a pre tax rate reflecting current market assessments of the value of money and the risks specific to the liability.

(q) Net Finance costs

Interest expense 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.

(r) Interests in partnerships

The Group's share in a partnership is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the partnership (equity method).

The Group undertakes joint venture arrangements that involve the establishment of separate entity in which each venturer has an interest (jointly controlled entity). The Group reports its interests in jointly controlled entities using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2017

32. OTHER ACCOUNTING POLICIES (continued)

Under the equity method, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the profit and loss and other comprehensive income of the Joint Venture. The post acquisition movements are adjusted in the carrying amount of the investment. Any of the Group's share of post acquisition losses of the joint venture is recognised to the extent of the carrying amount of the investment (prior to recognition of losses). In such cases, in subsequent periods the Group recognises income from the joint ventures only after its share of the profits are in excess of the losses not yet recognised.

Any distributable income received in excess of the Group's investment in Joint venture and the Group (a) is not liable for the obligations of the joint venture or otherwise committed to provide financial support to the Joint Venture and (b) the distribution are not refundable by agreement or Law, then such excess distribution is recognised as income in profit or loss. In subsequent years, if the Joint Venture reports a profit, the Group resumes applying the equity method in accordance to IAS 28/31 once the Joint Venture has made sufficient profits to cover the aggregate of any Joint Venture losses not recognised by the Group and any income previously recognised for excess distributions.

Any excess of the cost of acquisition over the Group's share of the fair value of the net identifiable assets, liabilities and contingent liabilities of the joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the interest in joint venture and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

When a group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group' consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

(s) Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

(t) Non-GAAP financial measures

In evaluation of our business, we utilise certain non-GAAP financial measures, specifically EBITDA.

EBITDA refers to Earnings Before Interest Tax Depreciation and Amortisation and Impairment, Currency translation differences and Deferred grants credited, where Earnings relates to net profit before items considered by management to be outside the ordinary course of business.

(u) Comparatives

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

Independent Auditor's Report on pages 4 and 6