

Company Registration Number - 981905



KRONOSPAN LIMITED
REPORT AND FINANCIAL STATEMENTS

30th September 2007

KRONOSPAN LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

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OFFICERS AND PROFESSIONAL ADVISERS

Directors

M M Kaindl O B E (chairman)
P.R.Inch F.C.M.A.
C Singleton
L A.Scheibler
M.C McKenna

Secretary

C J Ryan

Registered office

Maesgwyn Farm,
Chirk, Wrexham,
LL14 5NT

Auditors

Deloitte & Touche LLP

Main bankers

HSBC Bank Plc
National Westminster Bank Plc
Barclays Bank Plc

Legal advisers

Allen and Overy, London
W.H Matthews and Co, London
Walker Smith and Way, Chester

Tax advisers

Deloitte & Touche LLP

DIRECTORS' REPORT

The directors submit their annual report and the audited financial statements for the year ended 30th September 2007

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company is a wholly owned subsidiary of Kronospan Holdings Limited.

The company's principal activities are the manufacture and sale of chipboard, medium density fibreboard (MDF) and related value added products in the UK. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

As shown in the company's profit and loss account on page 7, the company's sales have increased 21% from £180 million to £219 million as a result of higher selling prices and volumes. EBITDA has improved by 66% from £21.9 million to £36.3 million.

Although average energy costs decreased during the year other raw material costs increased.

Expenditure on fixed assets at £5 million was similar to the previous year. The business continued to concentrate on improving performance from the existing asset base.

Principal Risks and uncertainties

The company's customer base covers the construction, furniture and DIY sectors in the U.K. This means that the risk to the business of a major loss in customers is widely spread. However it is important to maintain a high level of customer service and attractive product range.

The company is exposed to raw material and energy costs increases. General increases affect the whole industry sector on a global basis but until the U.K. energy markets become more truly competitive they represent an increased risk. The company has undertaken a number of initiatives which have reduced unit energy consumption by 23% over the last 5 years.

The company is also exposed to interest rate risks as a result of its borrowings although interest is covered by EBITDA 13 times.

Environment

The company is mainly regulated under The Pollution Prevention and Control (England and Wales) Regulations 2000 (PPC) and recognises the importance of its environmental responsibilities. The company was successful during 2007 in winning a Wales Business and Sustainability Award co-sponsored by the Environment Agency. This was in the Resource Efficiency category.

DIRECTORS' REPORT continued

Health & Safety

As a manufacturing company the risks to our employees are ever present. Progress has been made in the last 4 years with accidents reduced by 41%. The company has obtained ISO 18001 over major parts of the site and the objective is to complete the rest of the site during 2008.

Employees

Details of the number of employees and related costs can be found in note 4 to the financial statements on pages 10 and 11.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitude of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The company keeps employees informed on matters relevant to them through regular meetings and newsletters. Trade union representatives are consulted regularly on a wide range of matters affecting their members' interests.

DIRECTORS

The directors of the company who served during the year and thereafter are shown below.

M.M.Kaindl O B E (Austrian)	P Kaindl (Austrian) (resigned 19th June 2007)
P R Inch F.C M A.	P L Landl (resigned 31st August 2007)
M Ramsey (resigned 7th October 2007)	R. Lightwood (resigned 28th June 2007)
C Singleton	M C McKenna (resigned 19th June 2007 and
L A Scheibltreiter	reappointed 7th October 2007)

None of the directors has any interest in the share capital of the company, or of the immediate holding company.

POLITICAL AND CHARITABLE CONTRIBUTIONS

Contributions during the year to UK charitable organisations amounted to £30,707 (2006 - £14,832).

There were no political contributions (2006 Nil)

DIRECTORS' REPORT continued

REGISTERED AUDITORS

The resolution for the reappointment of Deloitte & Touche LLP will be proposed at the forthcoming Annual General Meeting

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit of the company for that period. In preparing these financial statements, the directors are required to:

- a) Select suitable accounting policies and then apply them consistently;
- b) Make judgements and estimates that are reasonable and prudent,
- c) State whether applicable accounting standards have been followed, and
- d) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time, the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

INFORMATION GIVEN TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

15th November 2007

Maesgwyn Farm,
Chirk,
Wrexham,
LL14 5NT

By order of the board

C J Ryan

Secretary



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KRONOSPAN LIMITED

We have audited the financial statements of Kronospan Limited for the year ended 30th September 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, and the related notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statement in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report as described in the contents section, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

BASIS OF AUDIT OPINION

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KRONOSPAN LIMITED continued

OPINION

In our opinion:

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30th September 2007 and of its profit for the year then ended;

- . the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- . the information given in the Directors' Report is consistent with the financial statements

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and
Registered Auditors
Manchester
United Kingdom

15th November 2007

PROFIT AND LOSS ACCOUNT
for the year ended 30th September

	Note	2007 £'000	2006 £'000
Turnover	2	218,792	180,362
Change in stocks of finished goods and work in progress	9	1,537	2,942
Other operating income	3	6,208	7,717
Raw materials and consumables		(125,974)	(116,109)
Other external charges		(18,025)	(15,742)
Staff costs	4	(23,039)	(21,713)
Depreciation and impairment less grants released		(16,827)	(13,479)
Other operating charges		(23,209)	(15,570)
Operating Profit		19,463	8,408
Bank interest payable		(1,696)	(1,447)
Other loan interest payable		(920)	(885)
Profit on ordinary activities before taxation	5	16,847	6,076
Tax on profit on ordinary activities	6	(5,143)	(2,246)
Profit for the financial year		11,704	3,830
Equity dividend	7	(11,500)	(1,400)
Retained Profit for the financial year	18	204	2,430

The above results for the financial year and comparatives derive solely from continuing operations and represents all recognised gains and losses. Accordingly no separate statement of total recognised gains and losses has been presented.

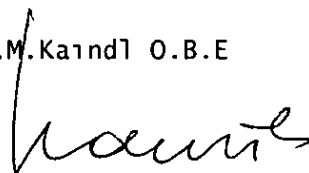
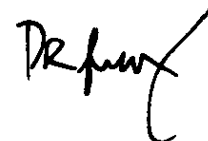
BALANCE SHEET
30th September

		2007		2006	
	Note	£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	8		107,119		119,756
CURRENT ASSETS					
Stocks	9	16,802		15,388	
Debtors	10	32,791		33,290	
Investments	11	315		700	
Cash at bank and in hand		3,711		752	
Amount owed by other group companies		28,083		22,706	
		81,702		72,836	
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR					
Bank loans and overdrafts		-		-	
Other Loans		5,039		-	
Trade creditors		30,433		23,136	
Other creditors	12	9,258		7,560	
Accruals and deferred income		2,471		1,777	
		47,201		32,473	
NET CURRENT ASSETS			34,501		40,363
TOTAL ASSETS LESS CURRENT LIABILITIES			141,620		160,119
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
Bank Loans	13	19,000		28,000	
Other Loans	14	10,119		15,000	
Amount owed to other group companies		7,130		10,296	
			36,249		53,296
PROVISIONS FOR LIABILITIES	16		15,667		16,875
ACCRUALS AND DEFERRED INCOME	15		1,347		1,795
NET ASSETS			88,357		88,153
CAPITAL AND RESERVES					
Called up share capital	17		35,000		35,000
Profit and loss account	18		53,357		53,153
EQUITY SHAREHOLDER'S FUNDS	19		88,357		88,153
APPROVED BY THE BOARD OF DIRECTORS					

15th November 2007

M.M. Kaundl O.B.E.

P.R. Inch F.C.M.A.

NOTES TO THE ACCOUNTS
30th September 2007

1) ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable law and United Kingdom accounting standards. The particular accounting policies adopted are described below.

(a) Accounting Convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of freehold property. A note of historical cost profit or loss has not been presented as there is no material difference between the result as disclosed in the profit and loss account and the result on a unmodified historical cost basis.

(b) Operating leases

Operating lease rentals are charged to the profit and loss account in equal annual instalments over the term of the lease.

(c) Tangible Fixed Assets

Tangible fixed assets are stated at cost or valuation, net of depreciation rates and any provision for impairment. Depreciation is not provided on freehold land. On other assets, depreciation is provided at rates calculated to write off their cost, or valuation during their estimated useful lives, in equal annual instalments. The annual rates of depreciation are as follows :-

Buildings	2% - 5%
Plant and machinery, vehicles & other equipment	6% - 25%

Depreciation is not provided on assets in the course of construction.

(d) Stocks

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

(e) Deferred Grants

United Kingdom grants received are treated as a deferred credit and are released to the profit and loss account on the same basis as the assets to which they relate are depreciated.

(f) Foreign Exchange

All assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Profits and losses arising on foreign currency transactions are dealt with through the profit and loss account at the rates of exchange at the transaction date.

(g) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based upon tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets and liabilities are not discounted.

(h) Research and Development

Research and development costs are written off to the profit and loss account as they are incurred.

NOTES TO THE ACCOUNTS
30th September 2007

1) ACCOUNTING POLICIES continued

(i) Current Asset Investments

Investments are held at cost less provision for impairment in their value

(j) Pension Scheme

The company makes contributions to a fully insured earmarked scheme for certain employees of the company. Contributions are charged to the profit and loss in the year in which they fall due.

(k) Cash Flow Statement

As permitted by FRS 1 "Cash Flow Statements", the company has not prepared a cash flow statement because it is a wholly owned subsidiary and consolidated financial statements in which the company is included are publicly available.

2) ANALYSIS OF TURNOVER

All of the turnover is attributable to the company's principal activity. Turnover is recognised when goods are despatched or when the service is delivered. The turnover (net of VAT) attributable to each of the company's geographical markets is:

	2007 £'000	2006 £'000
United Kingdom	205,541	161,633
Other EU countries	10,822	15,708
Other	2,429	3,021
	<hr/> 218,792	<hr/> 180,362

3) OTHER OPERATING INCOME

This includes discounts and rebates received, and other sundry charges raised.

4) INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2007 £'000	2006 £'000
a) Directors' emoluments	841	836
Highest paid director's emoluments	158	149
No directors are members of a company operated pension scheme		
b) Average number of persons employed by the company :	2007 No.	2006 No.
Production	560	563
Sales and distribution	65	67
Administration	58	58
	<hr/> 683	<hr/> 688

NOTES TO THE ACCOUNTS
30th September 2007

4) INFORMATION REGARDING DIRECTORS AND EMPLOYEES continued

c) Employee costs during the year	2007 £'000	2006 £'000
Wages and salaries	20,919	19,708
Social security costs	2,107	1,990
Other pension costs	13	15
	<hr/> 23,039	<hr/> 21,713

5) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2007 £'000	2006 £'000
Profit before taxation is arrived at after charging/(crediting)		
(Profit)/Loss on disposal of fixed assets	(145)	9
Depreciation and impairment	17,275	13,937
Grants released	(448)	(458)
Research and development	360	79
Auditors' remuneration for audit of company's annual accounts	54	51
Remuneration to auditors for taxation services	129	83
Hire of plant and machinery	961	898
Operating Lease Rentals - plant & machinery	1,439	1,323
	<hr/> 1,439	<hr/> 1,323

6) TAX ON PROFIT ON ORDINARY ACTIVITIES

	2007 £'000	2006 £'000
United Kingdom corporation tax charge at 30% (2006 30%) based on the profit for the year	7,408	1,978
Prior year corporation tax	(461)	(183)
Group relief	-	108
Prior year group relief	(596)	(13)
	<hr/> 6,351	<hr/> 1,890
Deferred taxation current year	(2,539)	356
Deferred taxation prior year	1,331	-
	<hr/> 1,331	<hr/> -
Tax on profit on ordinary activities	<hr/> 5,143	<hr/> 2,246

Factors affecting tax charge for the year

The current tax charge for the year is higher (2006:higher) than that which would have arisen by applying the standard rate of corporation tax in the

UK 30% (2006 30%)

Profit on ordinary activities before taxation	16,847	6,076
Tax at 30% thereon	5,054	1,823
Expenses not deductible for tax purposes	659	619
Capital allowances in excess of depreciation	1,707	(370)
Other timing differences	(12)	14
Current year provision	-	-
Prior year adjustments	(1,057)	(196)
Current tax charge for the year	<hr/> 6,351	<hr/> 1,890

NOTES TO THE ACCOUNTS
30th September 2007

7) DIVIDEND	2007 £'000	2006 £'000		
Interim dividend of 24.29 pence per share (2006 Nil per share)	8,500	-		
Interim dividend of 8.57 pence per share (2006 4.0 pence per share)	3,000	1,400		
	<u>11,500</u>	<u>1,400</u>		
8) TANGIBLE FIXED ASSETS				
	Freehold Land and buildings £'000	Buildings and plant under construction £'000	Plant and machinery, vehicles & other equipment £'000	Total £'000
COST/VALUATION				
At 1st October 2006	33,415	-	207,072	240,487
Additions	776	968	2,992	4,736
Transfers	-	-	-	-
(Disposals)	(122)	-	(115)	(237)
At 30th September 2007	<u>34,069</u>	<u>968</u>	<u>209,949</u>	<u>244,986</u>
ACCUMULATED DEPRECIATION				
At 1st October 2006	13,899	-	106,832	120,731
Provisions	1,495	-	12,371	13,866
Impairment Charge	-	-	3,409	3,409
(Disposals)	(38)	-	(101)	(139)
At 30th September 2007	<u>15,356</u>	<u>-</u>	<u>122,511</u>	<u>137,867</u>
NET BOOK VALUE				
At 30th September 2007	<u>18,713</u>	<u>968</u>	<u>87,438</u>	<u>107,119</u>
At 30th September 2006	<u>19,516</u>	<u>-</u>	<u>100,240</u>	<u>119,756</u>

The value of freehold land upon which depreciation is not charged is £4,088,000 (2006 £4,088,000)

The company has taken advantage of the transitional provisions of FRS 15 "Tangible fixed assets" and retained the book amounts of freehold land and buildings which were revalued prior to implementation of that standard. The properties were last revalued on 17th September 1993 and the valuations have not subsequently been updated.

NOTES TO THE ACCOUNTS
30th September 2007

8) TANGIBLE FIXED ASSETS continued				
Comparable amounts determined according to the historical cost convention	Freehold Land and Buildings £'000	Buildings and plant under construction £'000	Plant and machinery, vehicles & other equipment £'000	Total £'000
Cost	30,781	968	209,949	241,698
Accumulated Depreciation	12,068	-	122,511	134,579
Net Book Value				
At 30th September 2007	18,713	-	87,438	107,119
At 30th September 2006	19,516	-	100,240	119,756
9) Stocks				
			2007 £'000	2006 £'000
Raw materials and consumables			5,788	5,911
Work in progress			65	168
Finished goods and goods for resale			10,949	9,309
			16,802	15,388
10) DEBTORS				
			2007 £'000	2006 £'000
Trade debtors			31,901	30,303
Amount owed by group companies due after 1 year			-	2,000
Other debtors			739	484
Prepayments and accrued income			151	503
			32,791	33,290
11) CURRENT ASSET INVESTMENT				
			2007 £'000	2006 £'000
Listed investments at cost			315	700
The market value of listed investments was £447,455 (2006 £770,144)				
12) OTHER CREDITORS				
			2007 £'000	2006 £'000
Taxation and social security			9,258	7,560
			9,258	7,560

NOTES TO THE ACCOUNTS
30th September 2007

13) BANK LOANS (Unsecured)

	2007 £'000	2006 £'000
Loan repayable in equal half yearly instalments of £1,000,000 commencing 24th September 2005	3,000	5,000
Loan repayable on 23rd September 2010	5,000	5,000
Loan repayable on 4th April 2011	-	10,000
Loan repayable on 17th July 2012	5,000	-
Loan repayable in equal yearly instalments of £2,000,000 commencing 29th June 2006	6,000	8,000
	<hr/> 19,000	<hr/> 28,000
Bank loans due within 1 - 2 years	4,000	4,000
Bank loans due within 2 - 5 years	15,000	24,000
	<hr/> 19,000	<hr/> 28,000

Bank loans are at rates linked to Bank of England base rates.

14) OTHER LOANS (Unsecured)

	2007 £'000	2006 £'000
Loan repayable 31st October 2007	-	5,000
Loan repayable 31st October 2008	5,000	5,000
Loan repayable 31st October 2009	5,000	5,000
Loan repayable in 1 monthly instalments of £4,391 and 35 monthly instalments of £4,376 commencing 31st January 2008	119	-
	<hr/> 10,119	<hr/> 15,000
Due within 1 - 2 years	5,119	5,000
Due within 2 - 5 years	5,000	10,000
	<hr/> 10,119	<hr/> 15,000

Other loans are at rates linked to Bank of England base rates.

Unwinding of the discount on these loans of £2,018,664 (2006 - £1,098,288) has not been paid and is included in interest and accruals and will be repaid on the redemption of the discount notes.

15) DEFERRED INCOME

	2007 £'000	2006 £'000
Grants on plant, equipment and buildings		
As at 1st October	1,795	2,253
Released to profit and loss account	(448)	(458)
	<hr/> 1,347	<hr/> 1,795

No potential liability for repayment is anticipated.

NOTES TO THE ACCOUNTS
30th September 2007

16) PROVISIONS FOR LIABILITIES

Deferred taxation

a) Movement in the year

At 1st October 2006

Credit for the year (Note 6)

£'000
16,875
(1,208)

At 30th September 2007

15,667

b) The full potential liability has been provided in both years.

Capital allowances in excess of depreciation
Other timing differences

Provided	
2007	2006
£'000	£'000
16,459	17,736
(792)	(861)
15,667	16,875

17) CALLED UP SHARE CAPITAL

Authorised, allotted and fully paid 35,000,000
(2006 - 35,000,000) ordinary shares of £1 each

2007	2006
£'000	£'000
35,000	35,000

18) RESERVES

Profit and loss account

£'000

Balance at 1st October 2006

53,153

Profit retained for the year

204

Balance at 30th September 2007

53,357

NOTES TO THE ACCOUNTS
30th September 2007

19) RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS	2007	2006
	£'000	£'000
Profit for the financial year	11,704	3,830
Dividends	(11,500)	(1,400)
Opening shareholder's funds	88,153	85,723
Closing shareholder's funds	88,357	88,153

20) ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The immediate parent is Kronospan Holdings Limited incorporated in England and Wales. That company prepares group accounts and copies of the financial statements are available from Companies House, Crown Way, Maundy, Cardiff.

The ultimate parent company and controlling party is Kronospan A.G. (formerly A.G. fuer Holzindustrie Triesen FL) incorporated in Liechtenstein.

21) RELATED PARTY TRANSACTIONS

The following companies are related parties under FRS8 as they have certain common directors to Kronospan Limited, who are party to key financial and operating decisions or are under common control:

Kaindl Décor GmbH
M Kaindl Holzindustrie
Kaindl Flooring GmbH
Kronospan Forestry Ltd
Maesgwyn Insurance Company Limited

During the year, the company sold goods and services to these related parties to an aggregate value of £140,981 (2006 £1,900,715), and purchased goods and services to an aggregate value of £5,058,207 (2006 £4,356,875).

The aggregate balance owed to the company by these related parties was £947,531 (2006 - £2,945) and the aggregate balance owed to them was £78,275 (2005 - £29,423).

No amounts have been written off in the period in respect of debts due to or from these related parties.

In preparing these financial statements, the directors have taken advantage of the exemptions available under paragraph 3(c) of FRS8, not to disclose transactions between entities, where 90% or more whose voting rights are controlled within the Kronospan Holdings Limited Group.

In addition the company has a loan of £ Nil (2006 - £2,000,000) to Kronospan Forestry Limited, another company under common control. The loan bears interest of £55,411 (2006 - £100,088) at 0.5% above Bank of England base rate, and is unsecured. The loan was repaid in full on 30th March 2007.

NOTES TO THE ACCOUNTS
30th September 2007

22) CONTINGENT LIABILITY

The company has given counter indemnities to its bankers in respect of amounts due to H M Revenue and Customs. These are in the normal course of business. The company is contingently liable to certain of its bankers for bills discounted amounting to £5,521,293 (2006 - £1,378,297).

23) CAPITAL COMMITMENTS

	2007 £'000	2006 £'000
Authorised by directors and contracted for	1,977	1,346

24) OPERATING LEASE COMMITMENTS

At 30th September 2007 the company was committed to make the following payments in respect of operating leases:

	Other 2007 £'000	Other 2006 £'000
Leases which expire.		
Within 1 year	283	130
Within 2- 5 years	913	1,023
After 5 years	-	-
	1,196	1,153
