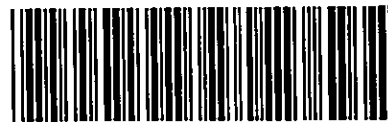


Company Registration Number :- 981905

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**KRONOSPAN LIMITED
REPORT AND FINANCIAL STATEMENTS**

30th September 2010

KRONOSPAN LIMITED

REPORT AND FINANCIAL STATEMENTS 2010

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OFFICERS AND PROFESSIONAL ADVISERS

Directors

M.M Kaïndl O.B.E. (chairman)
P.R.Inch F.C.M.A.
L.A.J.Scheibltreiter
M.C.McKenna
P.Kaïndl
N.Matveieff F.C.A

Secretary

C.J.Ryan

Registered office

Maesgwyn Farm,
Chirk, Wrexham,
LL14 5NT

Auditors

Deloitte LLP, Chartered Accountants and Statutory Auditors,
Manchester, United Kingdom.

Main bankers

HSBC Bank Plc
National Westminster Bank Plc
Barclays Bank Plc

Legal advisers

Wragge & Co, Birmingham
W.H.Matthews and Co, London
Walker Smith Way, Chester

Tax advisers

Deloitte LLP, Chartered Accountants and Statutory Auditors,
London, United Kingdom.

DIRECTORS' REPORT

The directors submit their annual report and the audited financial statements for the year ended 30th September 2010.

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 increased from £164 million to £182 million. EBITDA increased from £11.5 million to £17.1 million

The main factor contributing to the higher sales and EBITDA was a recovery in the level of UK economic activity and import substitution. The improvement was gradual throughout the year. Trading conditions however are still expected to remain difficult for the foreseeable future.

Expenditure on fixed assets at £4.8 million was an increase on the previous year of £3.9 million. The business continued to concentrate on improving performance from the existing asset base.

An interim dividend of £3,500,000 was paid during the year (2009 - Nil).

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. Whilst we are operating in high risk sectors, strict controls are in place to mitigate any potential losses.

The main reason behind the increase in profitability was a combination of higher production and sales volumes that more than offset increases in raw materials.

The company is also exposed to interest rate risks as a result of its borrowings although interest is covered by EBITDA over 37 times.

The company seeks to mitigate liquidity risk by careful management of cashflows and by maintaining a balance between continuity of funding and flexibility through the use of overdrafts, bank loans and intercompany loans.

The company sells and purchases in foreign currencies, and is therefore exposed to movements in key currencies, in particular the Euro. This risk is managed with forward contracts taken out to manage the risk. There are no open contracts at 30th September 2010.

Based upon the assumptions outlined in the Accounting Policies note, the directors have continued to adopt the going concern basis in preparing the financial statements. (See Note 1b)

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.

In August 2009 Kronospan Limited was certified by Blue Green Carbon Offsetting to be carbon positive on all of its chipboard products.

DIRECTORS' REPORT continued**Health & Safety**

As a manufacturing company the risks to our employees are ever present. Progress has been made in the last 5 years with accidents reduced by 51%. The company obtained ISO 18001 over the whole site in August 2008.

Employees

Details of the number of employees and related costs can be found in note 4 to the financial statements on page 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. (chairman) (Austrian)
P.R.Inch F.C.M.A.
C.Singleton (resigned 19/07/10)
L.A.J.Scheibltreiter (Austrian)
M.C.McKenna
P.Kaindl (Austrian)
N.Matveieff F.C.A.

POLITICAL AND CHARITABLE CONTRIBUTIONS

Contributions during the year to UK charitable organisations amounted to £25,127 (2009 - £12,698).

There were no political contributions (2009 - Nil).

DIRECTORS' REPORT continued

AUDITORS

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

DIRECTORS' RESPONSIBILITIES STATEMENT

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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss 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 accounting estimates that are reasonable and prudent;
- c) State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 s418 of the Companies Act 2006.

16th November 2010

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 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30th September 2010 and of its profit for the year then ended.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statement are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KRONOSPAN LIMITED continued

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Damian Sanders (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and
Statutory Auditors
Manchester
United Kingdom

16 November 2010

PROFIT AND LOSS ACCOUNT
for the year ended 30th September

	Note	2010 £'000	2009 £'000
Turnover	2	182,493	164,378
Change in stocks of finished goods and work in progress	9	927	(7,338)
Other operating income	3	9,061	8,561
Raw materials and consumables		(120,915)	(102,640)
Other external charges		(17,006)	(15,743)
Staff costs	4	(20,842)	(18,895)
Depreciation less grants released		(8,312)	(7,694)
Other operating charges		(16,585)	(16,799)
Operating Profit		8,821	3,830
Other Interest Receivable		376	627
Bank interest payable		(52)	(565)
Other loan interest payable		(785)	(769)
Profit on ordinary activities before taxation	5	8,360	3,123
Tax on profit on ordinary activities	6	(1,949)	(935)
Profit on ordinary activities after taxation		6,411	2,188
Equity dividend	7	(3,500)	-
Retained Profit for the financial year	18	2,911	2,188

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

		2010		2009	
	Note	£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	8		91,124		97,418
CURRENT ASSETS					
Stocks	9	15,628		12,188	
Debtors	10	25,697		21,594	
Investments	11	-		277	
Cash at bank and in hand		2,952		-	
Amount owed by other group companies		23,241		26,418	
		<u>67,518</u>		<u>60,477</u>	
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR					
Bank loans and overdrafts		-		400	
Other Loans	13	9,022		22,343	
Trade creditors		31,970		20,051	
Other creditors	12	7,243		5,735	
Accruals and deferred income		1,857		1,330	
		<u>50,092</u>		<u>49,859</u>	
NET CURRENT ASSETS			17,426		10,618
TOTAL ASSETS LESS CURRENT LIABILITIES			108,550		108,036
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
Other Loans	13	-		22	
Amount owed to other group companies		5,120		6,586	
		<u>5,120</u>		<u>6,608</u>	
PROVISIONS FOR LIABILITIES	15		14,264		15,294
ACCRUALS AND DEFERRED INCOME	14		904		782
NET ASSETS			<u>88,262</u>		<u>85,352</u>
CAPITAL AND RESERVES					
Called up share capital	16		35,000		35,000
Profit and loss account	17		53,262		50,352
SHAREHOLDER'S FUNDS	18		<u>88,262</u>		<u>85,352</u>

The financial statements of Kronospan Limited, registered number 981905, were approved by the board of directors and signed on its behalf by:

16th November 2010


L.A.J. Scheibler


N. Matveeff F.C.A.

NOTES TO THE FINANCIAL STATEMENTS
30th September 2010

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) Going Concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on page 2.

The company has significantly reduced its borrowing in the year. The Company's forecasts and projections are conservative. It has committed bank facilities that are more than adequate to satisfy any forecast borrowing requirements during the next twelve months. As a consequence, the directors believe that the Company is well placed to manage its business successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

(c) Operating leases

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

(d) 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, or at a unit rate basis as appropriate.

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.

(e) Stocks

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

(f) 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.

NOTES TO THE FINANCIAL STATEMENTS
30th September 2010

(g) 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.

(h) 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.

(i) Research and Development

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

(j) Current Asset Investments

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

(k) 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.

(l) 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.

(m) Derivatives

The company uses derivatives to hedge its exposure to changes in foreign currency exchange rates. Derivatives are not included at fair value in the accounts. At the balance sheet date, the company had no derivatives in place.

NOTES TO THE FINANCIAL STATEMENTS
30th September 2010

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:

	2010 £'000	2009 £'000
United Kingdom	166,760	152,155
Other EU countries	12,648	11,509
Other	3,085	714
	<hr/> 182,493	<hr/> 164,378

3) OTHER OPERATING INCOME

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

4) INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2010 £'000	2009 £'000
a) Directors' emoluments	719	540
Highest paid director's emoluments	<hr/> 130	<hr/> 148

No directors are members of a company operated pension scheme.

b) Average number of persons employed by the company :

	2010 No.	2009 No.
Production	473	459
Sales and distribution	91	88
Administration	53	51
	<hr/> 617	<hr/> 598

c) Employee costs during the year (including directors)

	2010 £'000	2009 £'000
Wages and salaries	18,959	17,095
Social security costs	1,869	1,786
Other pension costs	14	14
	<hr/> 20,842	<hr/> 18,895

NOTES TO THE FINANCIAL STATEMENTS
30th September 2010

5) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2010 £'000	2009 £'000
Profit before taxation is arrived at after charging/(crediting)		
Loss on disposal of fixed assets	281	4
Depreciation	8,411	7,811
Grants released	(99)	(117)
Research and development	54	98
Auditors' remuneration for audit of company's annual accounts	42	43
Remuneration to auditors for taxation services	93	62
Hire of plant and machinery	635	385
Operating Lease Rentals - plant & machinery	1,385	1,586
6) TAX ON PROFIT ON ORDINARY ACTIVITIES	2010 £'000	2009 £'000
United Kingdom corporation tax charge at 28% (2009 28%) based on the profit for the year	2,691	583
Prior year corporation tax	(119)	171
Group relief	405	563
Prior year group relief	1	-
Overseas Tax	1	1
	2,979	1,318
Deferred taxation current year	(595)	(187)
Deferred taxation prior year	111	(196)
Impact of Rate reduction	(546)	-
Tax on profit on ordinary activities	1,949	935
Factors affecting tax charge for the year		
The current tax charge for the year is higher (2009:higher) than that which would have arisen by applying the standard rate of corporation tax in the UK : 28% (2009 28%)		
Profit on ordinary activities before taxation	8,360	3,123
Tax at 28% thereon (2009 28%)	2,341	875
Expenses not deductible for tax purposes	139	85
Capital allowances in excess of depreciation	652	312
Other timing differences	(35)	(125)
Prior year adjustments	(118)	171
Current tax charge for the year	2,979	1,318

NOTES TO THE FINANCIAL STATEMENTS
30th September 2010

			2010 £'000	2009 £'000
7) DIVIDEND				
2010 interim dividend of 10.00 pence per share (2009 - Nil)			3,500	-
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 2009	35,056	440	218,974	254,470
Additions	155	2,298	2,353	4,806
Transfers	-	(335)	335	-
(Disposals)	(3,021)	-	(1,093)	(4,114)
At 30th September 2010	32,190	2,403	220,569	255,162
ACCUMULATED DEPRECIATION				
At 1st October 2009	17,661	-	139,391	157,052
Charge for the year	721	-	7,690	8,411
(Disposals)	(601)	-	(824)	(1,425)
At 30th September 2010	17,781	-	146,257	164,038
NET BOOK VALUE				
At 30th September 2010	14,409	2,403	74,312	91,124
At 30th September 2009	17,395	440	79,583	97,418

The value of freehold land upon which depreciation is not charged is £3,038,000 (2009 - £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 FINANCIAL STATEMENTS
30th September 2010

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	28,902	2,403	220,569	251,874
Accumulated Depreciation	14,493	-	146,257	160,750
Net Book Value At 30th September 2010	14,409	2,403	74,312	91,124
At 30th September 2009	17,395	440	79,583	97,418

9) Stocks

	2010 £'000	2009 £'000
Raw materials and consumables	9,057	6,544
Work in progress	114	204
Finished goods and goods for resale	6,457	5,440
	15,628	12,188

There is no material difference between the balance sheet value of stock and its replacement cost.

10) DEBTORS

	2010 £'000	2009 £'000
Trade debtors	24,285	21,051
Other debtors	991	313
Prepayments and accrued income	421	230
	25,697	21,594

11) CURRENT ASSET INVESTMENT

	2010 £'000	2009 £'000
Listed investments at cost	-	277

The market value of listed investments £ Nil (2009 - £331,208)

12) OTHER CREDITORS

	2010 £'000	2009 £'000
Taxation and social security	7,243	5,735

NOTES TO THE FINANCIAL STATEMENTS
30th September 2010

13) OTHER LOANS (Unsecured)	2010 £'000	2009 £'000
Loan repayable in 1 monthly instalment of £5,575 and 35 monthly instalments of £5,555 commencing 31st January 2008	22	89
Loan repayable 31st December 2009	-	9,000
Loan repayable 30th June 2010	-	9,000
Loan repayable 6th January 2010	-	4,276
Loan repayable 31st March 2011	9,000	-
	<hr/> 9,022	<hr/> 22,365
Due within 1 year	9,022	22,343
Due within 1 - 2 years	-	22
Due within 2 - 5 years	-	-
	<hr/> 9,022	<hr/> 22,365

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

The company had derivatives which are not included at fair value in the accounts:

	Principal		Fair value	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Forward Exchange contract	-	4,276	-	291
	<hr/>		<hr/>	
14) DEFERRED INCOME			2010 £'000	2009 £'000
Grants on plant, equipment and buildings				
As at 1st October			782	899
Additional Grant received			221	-
Released to profit and loss account			(99)	(117)
As at 30th September			<hr/> 904	<hr/> 782

No potential liability for repayment is anticipated.

NOTES TO THE FINANCIAL STATEMENTS
30th September 2010

15) PROVISIONS FOR LIABILITIES

Deferred taxation

a) Movement in the year

At 1st October 2009

Credit for the year (Note 6)

At 30th September 2010

£'000

15,294

(1,030)

14,264

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

Provided

2010 2009

£'000 £'000

Capital allowances in excess of depreciation

Other timing differences

14,445

(181)

15,517

(223)

14,264

15,294

16) CALLED UP SHARE CAPITAL

Authorised, allotted and fully paid 35,000,000
(2009 - 35,000,000) ordinary shares of £1 each

2010

£'000

2009

£'000

35,000

35,000

17) RESERVES

Profit and loss account

£'000

Balance at 1st October 2009

Profit for the year

Dividend paid

50,351

6,411

(3,500)

Balance at 30th September 2010

53,262

18) RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

2010

2009

£'000

£'000

Profit for the financial year

Dividends

Opening shareholder's funds

6,411

(3,500)

85,351

2,188

-

83,163

Closing shareholder's funds

88,262

85,351

NOTES TO THE FINANCIAL STATEMENTS
30th September 2010

19) 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.

Kronospan Holdings Limited is the smallest and largest consolidated group which includes the company.

The ultimate parent company and controlling party is Kronospan A.G. incorporated in Liechtenstein.

20) 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:

Kaundl Décor GmbH
M Kaundl Holzindustrie
Kaundl Flooring GmbH
Eskdalemuir Forestry Limited
Maesgwyn Insurance Company Limited
Kronospan Property Limited

During the year, the company sold goods and services to these related parties to an aggregate value of £5,653,821 (2009 - £4,741,957), and purchased goods and services to an aggregate value of £5,356,434 (2009 - £6,545,039).

The aggregate balance owed to the company by these related parties was £2,125,413 (2009 - £2,464,515) and the aggregate balance owed to them was £882,645 (2009 - £103,925).

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 exemption available under paragraph 3(c) of FRS8 not to disclose transactions between entities controlled within the Kronospan Holdings Limited Group.

21) 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.

22) CAPITAL COMMITMENTS

	2010 £'000	2009 £'000
Authorised by directors and contracted for	6,516	4,697

NOTES TO THE FINANCIAL STATEMENTS
30th September 2010

23) OPERATING LEASE COMMITMENTS

At 30th September 2010 the company was committed to make the following payments in respect of operating leases:

	Other 2010 £'000	Other 2009 £'000
Leases which expire:		
Within 1 year	260	238
Within 2- 5 years	1,646	2,283
After 5 years	-	223
	<hr/>	<hr/>
	1,906	2,744