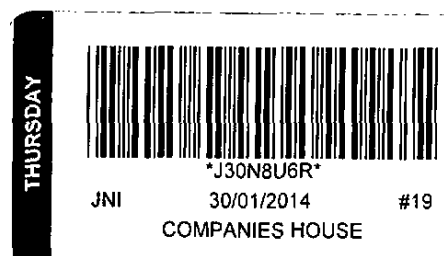
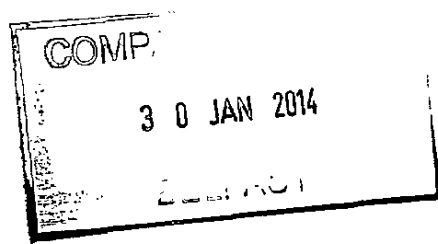


John Hanna Limited

Directors' report and financial statements

for the year ended 30 April 2013



John Hanna Limited

Company Information

Director	W.J.B Baird
Company secretary	W.J.B Baird
Registered number	NI000168
Registered office	72 Shankbridge Road Kells Ballymena Co Antrim Northern Ireland BT42 3DL
Independent auditors	Ernst & Young LLP Bedford House 16 Bedford Street Belfast Northern Ireland BT2 7DT
Bankers	Ulster Bank Limited 14/16 Market Street Lurgan Co Armagh BT66 6AP
Solicitors	Tughan & Co Marlborough House 30 Victoria Street Belfast Co Antrim BT1 3GG

John Hanna Limited

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**Directors' report
for the year ended 30 April 2013**

The directors present their report and the financial statements for the year ended 30 April 2013.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' 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:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Principal activities and review of the business

The principal activity of the company continued to be that of dyeing and finishing of textiles.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and Dividends

The results for the year are set out on page 5.

Directors

The following directors have held office since 1 May 2012:

W.J.B Baird

H.B Baird (resigned 22 October 2013)

John Hanna Limited

Directors' report for the year ended 30 April 2013

Principal risks and uncertainties

Competitive Risks

The Company is reliant on a number of large end customers, both in the UK and USA, where contract renewal is very much subject to the vagaries of the retail sector in both jurisdictions and competitive pressures from Chinese fabric manufacturers

Exposure to Liquidity and Cash Flow Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability. The Company aims to mitigate liquidity and cash flow risk by managing cash generation by its operations through the receipt of rolling cash flow analysis for each of its subsidiary companies coupled with the setting of cash collection targets. The Company also manages liquidity and cash flow risk via revolving and on demand credit facilities from its bankers.

Foreign Currency risk

In addition to the UK, the Company purchases loomstate linen fabric from its subsidiary factory in India. It is therefore subject to both transaction and translation foreign exchange exposure. Where possible the Company attempts to match these exposures and if this is not possible, covers the risk through the use of financial instruments.

Results

The loss for the year, after taxation, amounted to £1,003,748 (2012 - loss £1,156,784).

Statement of disclosure to auditors

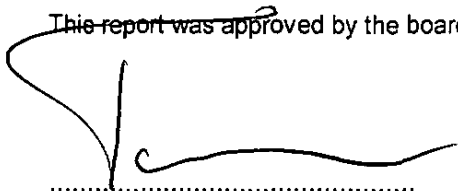
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



.....
W.J.B Baird
Director

Date: 27 January 2014

Independent auditors' report to the shareholders of John Hanna Limited

We have audited the financial statements of John Hanna Limited for the year ended 30 April 2013 which comprises the Profit and loss Account and the Balance Sheet and the related notes 1-20, set out on pages 5 to 15. 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 and express an opinion on 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 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. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 30 April 2013 and of its loss 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 matter prescribed by the Companies Act 2006

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

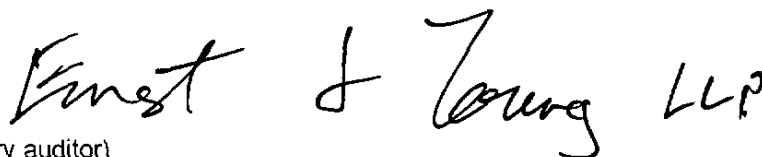
John Hanna Limited

Independent auditors' report to the shareholders of John Hanna Limited

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.

A handwritten signature in black ink, appearing to read 'Ernst & Young LLP', is written over the printed name of the firm.

Keith Jess (Senior statutory auditor)

for and on behalf of Ernst & Young LLP (Statutory auditor)

Bedford House
16 Bedford Street
Belfast
Northern Ireland

29 January 2014

John Hanna Limited

**Profit and loss account
for the year ended 30 April 2013**

	Note	2013 £	2012 £
Turnover	1,2	2,891,178	4,319,546
Cost of sales		<u>(2,934,829)</u>	<u>(4,587,279)</u>
Gross loss		(43,651)	(267,733)
Administrative expenses		<u>(959,947)</u>	<u>(888,601)</u>
Operating loss	3	(1,003,598)	(1,156,334)
Interest payable and similar charges	6	<u>(150)</u>	<u>(450)</u>
Loss on ordinary activities before taxation		(1,003,748)	(1,156,784)
Tax on loss on ordinary activities	7	<u>-</u>	<u>-</u>
Loss for the financial year	14	<u><u>(1,003,748)</u></u>	<u><u>(1,156,784)</u></u>

All amounts relate to continuing operations.

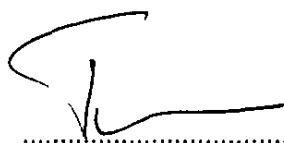
There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account.

The notes on pages 7 to 15 form part of these financial statements.

Balance sheet
as at 30 April 2013

	Note	£	2013 £	£	2012 £
Fixed assets					
Tangible assets	8		182,799		216,608
Current assets					
Stocks	9	95,059		95,486	
Debtors	10	6,255,073		7,038,553	
Cash at bank		-		68,672	
			<u>6,350,132</u>	<u>7,202,711</u>	
Creditors: amounts falling due within one year	11	<u>(3,863,490)</u>		<u>(3,744,330)</u>	
Net current assets			<u>2,486,642</u>		<u>3,458,381</u>
Total assets less current liabilities			<u>2,669,441</u>		<u>3,674,989</u>
Creditors: amounts falling due after more than one year	12		<u>-</u>		<u>(1,800)</u>
Net assets			<u>2,669,441</u>		<u>3,673,189</u>
Capital and reserves					
Called up share capital	13		19,600		19,600
Other reserves	14		75,001		75,001
Profit and loss account	14		<u>2,574,840</u>		<u>3,578,588</u>
Shareholders' funds	15		<u>2,669,441</u>		<u>3,673,189</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



W.J.B Baird
Director

Date: 27 January 2014

The notes on pages 7 to 15 form part of these financial statements.

**Notes to the financial statements
for the year ended 30 April 2013**

1. Accounting policies

1.1 Basis of preparation of financial statements

The Directors have prepared the financial statements on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The Directors do not believe that there is a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and, therefore, about its ability to realise assets and discharge its liabilities in the normal course of business.

The Directors have prepared projections which indicate that the Company will be able to work within this facility for at least the next 12 months.

Based on this assessment the Directors' believe that it is appropriate to prepare the financial statements of the Company on a going concern basis.

1.2 Cash flow

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Turnover

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of consideration received, excluding discounts, rebats, VAT and other sales taxes or duty.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	-	7% - 15% straight line
Motor vehicles	-	33.33% reducing balance
Fixtures & fittings	-	10% reducing balance

1.5 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**Notes to the financial statements
for the year ended 30 April 2013**

1. Accounting policies (continued)

1.6 Operating leases

Rentals under operating leases are charged to the profit & loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.7 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are discounted.

1.9 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

1.10 Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

1.11 Compliance with accounting standards

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently.

John Hanna Limited

**Notes to the financial statements
for the year ended 30 April 2013**

2. Turnover

An analysis of turnover by class of business is as follows:

	2013 £	2012 £
United Kingdom	2,780,783	4,216,332
Rest of World	110,395	103,214
	<u>2,891,178</u>	<u>4,319,546</u>

3. Operating Loss

The operating loss is stated after charging/(crediting):

	2013 £	2012 £
Depreciation of tangible fixed assets:		
- owned by the company	47,784	71,944
- held under finance leases	-	2,900
Operating lease rentals:		
- motor vehicles	21,885	20,460
Difference on foreign exchange	(14,666)	34,539
	<u></u>	<u></u>

During the year, no director received any emoluments (2012 - £NIL).

4. Auditors' remuneration

	2013 £	2012 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	7,000	7,000
Fees payable to the Company's auditor and its associates in respect of:		
Other services related to taxation	21,000	21,000
	<u></u>	<u></u>

John Hanna Limited

**Notes to the financial statements
for the year ended 30 April 2013**

5. Staff costs

Staff costs were as follows:

	2013 £	2012 £
Wages and salaries	764,846	760,755
Social security costs	66,530	66,099
Other pension costs	12,720	12,482
	<u>844,096</u>	<u>839,336</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2013 No.	2012 No.
Management & Administration	6	6
Production & sales	18	18
	<u>24</u>	<u>24</u>

6. Interest payable

	2013 £	2012 £
On bank loans and overdrafts	<u>150</u>	<u>450</u>

Notes to the financial statements
for the year ended 30 April 2013

7. Taxation

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2012 - *lower than*) the standard rate of corporation tax in the UK of 23.92% (2012 - 25.8%). The differences are explained below:

	2013 £	2012 £
Loss on ordinary activities before tax	(1,003,748)	(1,156,784)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.92% (2012 - 25.8%)	(240,097)	(298,450)
Effects of:		
Disallowed expenses and non-taxable income	4,425	3,200
Depreciation in excess of capital allowances	(23,019)	(33,733)
Short term timing differences	(11,960)	(804)
Tax losses not utilised in the current year	20,815	95,392
Group relief surrendered	249,836	234,395
Current tax charge for the year (see note above)	-	-

Factors that may affect future tax charges

HM treasury have announced their intention for the main rate of corporation tax to decrease to 22% by 2014, through reductions of 1% over the next two years, although this decrease in rates is not enacted at the balance sheet date.

John Hanna Limited

Notes to the financial statements
for the year ended 30 April 2013

8. Tangible fixed assets

	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost				
At 1 May 2012	5,038,337	25,400	82,654	5,146,391
Additions	4,000	9,975	-	13,975
Disposals	-	(8,300)	-	(8,300)
At 30 April 2013	5,042,337	27,075	82,654	5,152,066
Depreciation				
At 1 May 2012	4,828,435	18,694	82,654	4,929,783
Charge for the year	42,144	5,640	-	47,784
On disposals	-	(8,300)	-	(8,300)
At 30 April 2013	4,870,579	16,034	82,654	4,969,267
Net book value				
At 30 April 2013	171,758	11,041	-	182,799
At 30 April 2012	209,902	6,706	-	216,608

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2013 £	2012 £
Motor vehicles	-	3,703

9. Stocks

	2013 £	2012 £
Raw materials and consumables	59,731	55,491
Work in progress	35,328	39,995
	95,059	95,486

John Hanna Limited

**Notes to the financial statements
for the year ended 30 April 2013**

10. Debtors

	2013 £	2012 £
Trade debtors	7,601	180
Amounts owed by group undertakings	6,206,185	6,992,485
Prepayments and accrued income	41,287	45,888
	<u>6,255,073</u>	<u>7,038,553</u>

**11. Creditors:
Amounts falling due within one year**

	2013 £	2012 £
Bank loans and overdrafts	27,418	-
Net obligations under finance leases and hire purchase contracts	1,800	2,610
Trade creditors	85,284	56,405
Amounts owed to group undertakings	2,497,900	2,417,760
Group relief payable	1,078,091	1,078,091
Social security and other taxes	15,706	19,083
Accruals and deferred income	157,291	170,381
	<u>3,863,490</u>	<u>3,744,330</u>

The bank loans and overdraft are supported by letters of support from this Company and other companies in the Group.

The Directors have granted a fixed and floating charge over the assets of the Company to the banks. The Company has also provided cross guarantees for other group company borrowings from banks.

**12. Creditors:
Amounts falling due after more than one year**

	2013 £	2012 £
Net obligations under finance leases and hire purchase contracts	-	1,800

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	2013 £	2012 £
Between one and five years	-	1,800

John Hanna Limited

**Notes to the financial statements
for the year ended 30 April 2013**

13. Share capital

	2013 £	2012 £
Allotted, called up and fully paid		
19,600 Ordinary shares shares of £1 each	<u>19,600</u>	<u>19,600</u>

14. Reserves

	Other reserves £	Profit and loss account £
At 1 May 2012	75,001	3,578,588
Loss for the year		(1,003,748)
At 30 April 2013	<u>75,001</u>	<u>2,574,840</u>

15. Reconciliation of movement in shareholders' funds

	2013 £	2012 £
Opening shareholders' funds	3,673,189	4,829,973
Loss for the year	(1,003,748)	(1,156,784)
Closing shareholders' funds	<u>2,669,441</u>	<u>3,673,189</u>

16. Contingent liabilities

A cross guarantee has been provided by John Hanna Limited on other group company borrowings.

17. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £12,720 (2012 - £12,482)

**Notes to the financial statements
for the year ended 30 April 2013**

18. Operating lease commitments

At 30 April 2013 the Company had annual commitments under non-cancellable operating leases as follows:

	2013 £	2012 £
Expiry date:		
Within 1 year	3,132	4,453
Between 2 and 5 years	10,973	9,894

19. Related party transactions

During the year the company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into during the year and trading balances outstanding at 30 April 2013, are as follows

	2013 Amounts owed from related party £	2013 Amounts owed to related party £	2012 Amounts owed from related party £	2012 Amounts owed to related party £
WFB Baird & Co Limited	5,827,830	-	6,816,651	-
Burgoyne Investments Limited	-	2,331,680	-	2,331,680
WFB Baird & Company India Private Limited	-	166,220	175,834	-
Electroedit Belfast Limited	57,267	-	-	86,080
WFB Baird Poland S.P. Zoo	321,088	-	-	-
	<u>6,206,185</u>	<u>2,497,900</u>	<u>6,992,485</u>	<u>2,417,760</u>

During the year the Company incurred charges with Electroedit Belfast Limited of £416,667 (2012 - £281,250). These are included within administrative expenses.

During the year the company made sales to related parties totaling £2,872,694 (2012 - £4,309,082) and purchases from related parties amounting to £1,872,037 (2012 - £2,740,671).

20. Ultimate parent undertaking and controlling party

The immediate parent undertaking of the company is OU Parnu Linavabrik, a group company incorporated in Estonia. The parent undertaking of the smallest and largest group of which the Company is a member and for which group accounts are prepared is Electroedit Belfast Limited, a company incorporated in the Northern Ireland. A copy of the group accounts of Electroedit Belfast Limited is available from Marlborough House, 30 Victoria Street, Belfast, BT1 3GS.