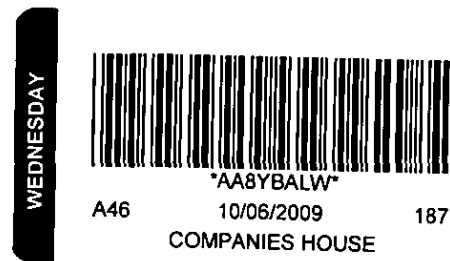


Company Registration Number :- 3425921



KRONOPLUS LIMITED
REPORT AND FINANCIAL STATEMENTS
30th September 2008

KRONOPLUS LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

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OFFICERS AND PROFESSIONAL ADVISERS

Directors

M.M.Kaindl O.B.E. (chairman)
P.R.Inch F.C.M.A.
P.Bloor
L.A.J.Scheibreiter

Secretary

C.J.Ryan

Registered office

Maesgwyn Farm,
Chirk, Wrexham,
LL14 5NT

Auditors

Deloitte LLP

Tax advisers

Deloitte LLP

DIRECTORS' REPORT

The directors submit their annual report and the audited financial statements for the year ended 30th September 2008.

PRINCIPAL ACTIVITY

The principal activity of the company is the production of value added chipboard and MDF products.

Operating profit for the year fell to £157,000 (2007 £841,000).

Trading conditions deteriorated during the year and profit margins fell as a result.

The directors expect the difficult trading conditions to continue.

A interim dividend of £1,000,000 (2007 interim £1,000,000) was paid during the year.

Kronospan Holdings Limited manages the group's risks at a group level rather than at an individual statutory entity level. For this reason the directors believe that a discussion of the company's key performance indicators would not be appropriate for an understanding of the development, performance or position of the business. The performance of the Group which includes this company are discussed on page 2 of the Kronospan Holdings Limited's Report and Financial Statements which does not form part of this report. Principal risks and uncertainties affecting the business are also discussed in the Group's Report and Financial Statements.

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.
P.Bloor
L.A.J.Scheibltreiter (Austrian) (appointed 1st May 2008)

None of the directors has any interest in the share capital of the company or the parent company.

REGISTERED AUDITORS

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

DIRECTORS' REPORT continued

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.

16th January 2009

Maesgwyn Farm,
Chirk,
Wrexham,
LL14 5NT.

By order of the board

C.J.Ryan

Secretary



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KRONOPLUS LIMITED

We have audited the financial statements of Kronoplus Limited for the year ended 30th September 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 14.

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 statements 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 KRONOPLUS 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 2008 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 LLP

Deloitte LLP
Chartered Accountants and
Registered Auditors
Manchester
United Kingdom

26 January 2009

PROFIT AND LOSS ACCOUNT
for the year ended 30th September

	Note	2008 £'000	2007 £'000
Turnover	2	64,240	63,835
Raw materials and consumables		(53,022)	(50,123)
Other external changes		(3,264)	(3,329)
Depreciation and impairment		(524)	(1,917)
Other operating charges		(7,273)	(7,625)
Operating Profit	3	<u>157</u>	<u>841</u>
Other interest receivable		29	-
Profit on ordinary activities before taxation		<u>186</u>	<u>841</u>
Tax on profit on ordinary activities	5	(225)	(367)
(Loss)/Profit for the financial year	10 & 14	(39)	474
Equity dividend	6	(1,000)	(1,000)
Retained (loss) for the financial year	11 & 14	<u>(1,039)</u>	<u>(526)</u>

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

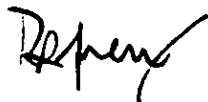
BALANCE SHEET
30th September

		2008	2007
	Note	£'000	£'000
FIXED ASSETS			
Tangible assets	7	<u>3,954</u>	<u>4,459</u>
CURRENT ASSETS			
Debtors	8	558	121
CURRENT LIABILITIES			
Corporation Tax		-	315
NET CURRENT (LIABILITIES)/ASSETS		<u>558</u>	<u>(194)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,512	4,265
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Amount owed to other group companies		1,302	-
PROVISIONS FOR LIABILITIES	9	<u>656</u>	<u>672</u>
NET ASSETS		<u>2,554</u>	<u>3,593</u>
CAPITAL AND RESERVES			
Called up share capital	10	1,000	1,000
Profit and loss account	11	<u>1,554</u>	<u>2,593</u>
EQUITY SHAREHOLDERS' FUNDS	14	<u>2,554</u>	<u>3,593</u>

APPROVED BY THE BOARD OF DIRECTORS

16th January 2009


L.A.J. Scheibltreiter


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

NOTES TO THE ACCOUNTS
30th September 2008

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.

(b) Tangible Fixed Assets

Tangible fixed assets are stated at cost or valuation, net of depreciation rates and any provision for impairment. Depreciation is provided at rates calculated to write off the cost, during the estimated useful lives of the assets, in equal annual instalments. The annual rates of depreciation are as follows :-

Plant and machinery	7% - 25%
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(c) 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.

(d) 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 derived within the United Kingdom and attributable to the company's principal activity. Turnover is recognised when goods are despatched or the service is delivered.

3) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2008 £'000	2007 £'000
Profit on ordinary activities is arrived at after charging :		
Depreciation	524	733
Impairment of Fixed Assets	-	1,184
Charge for intercompany contractual obligation	1,079	2,489
Auditors' remuneration for audit of company's annual accounts	3	3

4) EMPLOYEES AND DIRECTORS

There were no employees other than the directors (2007 - Nil). The directors received no remuneration during the period (2007 - Nil).

NOTES TO THE ACCOUNTS
30th September 2008

5) TAX ON PROFIT ON ORDINARY ACTIVITIES

	2008 £'000	2007 £'000
Corporation tax	-	456
Group relief	241	159
Prior year corporation tax	(457)	1
Prior year group relief	457	(31)
	241	585
Deferred taxation current year	(16)	(418)
Deferred taxation prior year	-	200
Tax on profit on ordinary activities	225	367

The current tax charge for the year is higher (2007 lower) than that which would have arisen by applying the standard rate of corporation tax in the UK of 29% (2007 30%).

The differences are shown below:

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	186	841
Tax at 29% thereon (2007 30%)	54	252
Capital allowances in excess of depreciation	16	363
Prior year adjustments	-	(30)
Group Relief	170	-
Current tax charge for the year	240	585

6) DIVIDEND

	2008 £'000	2007 £'000
Interim dividend of 100 pence per share (2007 Interim dividend of 100 pence per share)	1,000	1,000

7) TANGIBLE FIXED ASSETS

	Plant & Machinery £'000
COST	
At 1st October 2007	10,952
Additions	19
(Disposals)	(3)
At 30th September 2008	10,968
ACCUMULATED DEPRECIATION	
At 1st October 2007	6,493
Provisions	524
(Disposals)	(3)
At 30th September 2008	7,014
NET BOOK VALUE	
At 30th September 2008	3,954
At 30th September 2007	4,459

NOTES TO THE ACCOUNTS
30th September 2008

	2008 £'000	2007 £'000
8) DEBTORS		
Amount owed by group companies	-	121
Corporation tax	558	-
	558	121
9) PROVISIONS FOR LIABILITIES		
Deferred taxation		£'000
a) Movement in the year		
At 1st October 2007		672
Credit for the year (Note 5)		(16)
		656
At 30th September 2008		
b) The full potential liability has been provided in both years.		
	2008 £'000	2007 £'000
Capital allowances in excess of depreciation	656	672
	656	672
10) CALLED UP SHARE CAPITAL		
	2008 £'000	2007 £'000
Authorised, allotted and fully paid 1,000,000 ordinary shares of £1 each	1,000	1,000
	1,000	1,000
11) RESERVES		
Profit and loss account		£'000
Balance at 1st October 2007		2,593
Loss retained for the year		(1,039)
		1,554
At 30th September 2008		
12) ULTIMATE PARENT COMPANY AND CONTROLLING PARTY		
The immediate parent company 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, Maindy, Cardiff.		
The ultimate parent company and controlling party is Kronospan A.G. incorporated in Liechtenstein.		

NOTES TO THE ACCOUNTS
30th September 2008

13) RELATED PARTY TRANSACTIONS

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, where 90% or more of whose voting rights are controlled within the Kronospan Holdings Limited Group.

14) RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS	2008 £'000	2007 £'000
Profit for the financial year	(39)	474
Dividends	(1,000)	(1,000)
Opening Shareholder's Funds	3,593	4,119
Closing Shareholder's Funds	2,554	3,593