GRUPO GARCÍA FORESTAL, S.L. AND SUBSIDIARIES

Consolidated financial statements at 31 December 2014
and consolidated directors' report for 2014

GRUPO GARCÍA FORESTAL, S.L. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2014
(Expressed in euros)

ASSETS	Note	2014
NON-CURRENT ASSETS		**3,188,216**
Intangible assets	**5**	**594,761**
Other intangible assets		594,761
Property, plant and equipment	**6**	**1,325,774**
Land and buildings		343,990
Plant and other items of property, plant and equipment		922,442
Property, plant and equipment in the course of construction and advances		59,342
Non-current financial investments	**7, 8**	**1,230,773**
Equity instruments		2,439
Loans to third parties		1,220,919
Other financial assets		7,415
Deferred tax assets	**13**	**36,908**
CURRENT ASSETS		**9,999,622**
Inventories	**9**	**2,022,866**
Goods held for resale		1,669,987
Raw materials and other supplies		56,624
Advances to suppliers		296,255
Trade and other receivables	**7**	**5,910,042**
Trade receivables for sales and services		5,253,898
Sundry accounts receivable		18,808
Current tax assets		121,487
Other accounts receivable from public authorities		515,849
Current financial investments	**7**	**186,983**
Loans to companies		159,856
Other financial assets		27,127
Current prepayments and accrued income		**18,331**
Cash and cash equivalents	**10**	**1,861,400**
Cash		1,861,400
TOTAL ASSETS		**13,187,838**

GRUPO GARCÍA FORESTAL, S.L. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2014
(Expressed in euros)

EQUITY AND LIABILITIES	Note	2014
EQUITY		**3,335,914**
Shareholders' equity	**11**	**3,335,914**
Share capital		2,615,369
Share premium		514,415
Profit for the period		206,130
NON-CURRENT LIABILITIES		**2,814,582**
Non-current payables	**7**	**2,723,596**
Bank borrowings		299,127
Obligations under finance leases		41,067
Other financial liabilities		2,383,402
Deferred tax liabilities	**13**	90,986
CURRENT LIABILITIES		**7,037,343**
Current payables	**7**	**4,310,281**
Bank borrowings		4,009,913
Obligations under finance leases		237,534
Other financial liabilities		62,834
Trade and other payables	**7**	**2,727,062**
Payable to suppliers		1,928,778
Sundry accounts payable		704,852
Remuneration payable		14,965
Current tax liabilities		3,892
Other accounts payable to public authorities		74,574
TOTAL EQUITY AND LIABILITIES		**13,187,838**

GRUPO GARCÍA FORESTAL, S.L. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 13 AUGUST 2014 TO 31 DECEMBER 2014
(Expressed in euros)

	Note	2014
CONTINUING OPERATIONS		
Revenue	**14**	**14,463,882**
Sales		13,810,034
Services rendered		653,848
Procurements	**14**	**(10,217,415)**
Cost of goods held for resale used		(8,972,016)
Cost of raw materials and other consumables used		(385,429)
Work performed by other companies		(859,970)
Other operating income		**66,038**
Non-core and other current operating income		66,038
Staff costs	**14**	**(415,190)**
Wages, salaries and similar expenses		(329,806)
Employee benefit costs		(85,384)
Other operating expenses		**(3,361,044)**
Outside services		(3,292,087)
Taxes other than income tax		(5,009)
Losses on, impairment of and change in allowances for trade receivables		(63,948)
Depreciation and amortisation charge	**5, 6**	**(213,757)**
Amortisation of intangible assets		(73,384)
Depreciation of property, plant and equipment		(140,372)
Allocation to profit or loss of grants related to non-financial non-current assets and other grants		**47,741**
Impairment and gains or losses on disposal of non-current assets		**95,311**
Gains or losses on disposals and other		95,311
Other gains or losses		**(43,344)**
Extraordinary income		1,633
Extraordinary expenses		(44,977)
PROFIT FROM OPERATIONS		**422,223**
Finance income		**64,791**
From marketable securities and other financial instruments		64,791
From third parties		64,791
Finance costs		**(178,780)**
On debts to third parties		(178,780)
Impairment and gains or losses on disposal of financial instruments		**182**
Gains or losses on disposals and other		182
FINANCIAL LOSS		**(113,807)**
PROFIT BEFORE TAX		**308,416**
Income tax	**15**	**(102,286)**
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**206,130**
PROFIT FOR THE PERIOD		**206,130**
Profit attributed to the Parent		**206,130**

A) CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE PERIOD FROM 13 AUGUST 2014 TO 31 DECEMBER 2014 (Expressed in euros)

	2014
A) Consolidated profit for the period	**206,130**
B) Total income and expense recognised directly in consolidated equity (I+II+III+IV+V+VI)	**-**
C) Total transfers to consolidated profit or loss (VI+VII+VIII+IX)	**-**
TOTAL CONSOLIDATED RECOGNISED INCOME AND EXPENSE (A+B+C)	**206,130**
CONSOLIDATED INCOME AND EXPENSES ATTRIBUTED TO THE PARENT	**206,130**
CONSOLIDATED INCOME AND EXPENSES ATTRIBUTED TO NON-CONTROLLING INTERESTS	**-**

B) CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY FOR THE PERIOD FROM 13 AUGUST 2014 TO 31 DECEMBER 2014 (Expressed in euros)

	Registered share capital	Reserves	Profit for the period	Total
Adjusted balance at 13 August 2014	**2,615,369**	**514,415**	**-**	**3,129,784**
Total recognised income and expense	**-**	**-**	**206,130**	**206,130**
Transactions with shareholders or owners	**-**	**-**	**-**	**-**
Other changes in equity	**-**	**-**	**-**	**-**
Balance at end of 2014	**2,615,369**	**514,415**	**206,130**	**3,335,914**

GRUPO GARCÍA FORESTAL, S.L. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 13 AUGUST 2014 TO 31 DECEMBER 2014
(Expressed in euros)

A) CASH FLOWS FROM OPERATING ACTIVITIES	Note	2014
1. Profit for the period before tax		**308,416**
2. Adjustments for		**376,375**
a) Depreciation and amortisation charge (+)	**6, 7**	213,757
b) Impairment losses (+/-)	**9, 10**	63,948
e) Gains/losses on derecognition and disposal of non-current assets (+/-)		(10,696)
e) Gains/Losses on derecognition and disposal of financial instruments (+/-)		(4,623)
g) Finance income (-)		(64,791)
h) Finance costs (+)		178,780
3. Changes in working capital		**(966,627)**
a) Inventories (+/-)		212,511
b) Trade and other receivables (+/-)		(1,554,202)
d) Trade and other payables (+/-)		375,064
4. Other cash flows from operating activities		**224,813**
a) Interest paid (-)		(178,780)
b) Interest received (+)		64,791
b) Income tax recovered (paid) (+/-)		338,802
5. Cash flows from operating activities (+/-1+/-2+/-3+/-4)		**(57,023)**
B) CASH FLOWS FROM INVESTING ACTIVITIES		
6. Payments due to investments (-)		**(379,565)**
b) Intangible assets	**6**	(196,230)
c) Property, plant and equipment	**7**	(116,599)
e) Other financial assets		(66,736)
7. Proceeds from disposals (+)		**-**
8. Cash flows from investing activities (7-6)		**(379,565)**
C) CASH FLOWS FROM FINANCING ACTIVITIES		
9. Proceeds and payments relating to equity instruments		**-**
10. Proceeds and payments relating to financial liabilities		**1,685,519**
a) Issue		2,056,112
1. Bank borrowings (+)		*2,056,112*
b) Return		(370,593)
1. Bank borrowings (-)		*(370,593)*
12. Cash flows from financing activities (+/-9+/-10-11)		**1,685,519**
E) NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (+/-5+/-8+/-12+/-D)		**1,248,931**
Cash and cash equivalents at beginning of period	**5**	612,470
Cash and cash equivalents at end of period	**5**	1,861,400

GRUPO GARCÍA FORESTAL, S.L. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2014
(Expressed in euros)

1. Group companies

1.1 Parent

Grupo García Forestal, S.L. (hereinafter, “the Company” or “the Parent”) was incorporated on 13 December 2013 as a limited liability company. Its corporate purpose consists of the acquisition and disposal of shares and units representing the share capital of any other type of company, as well as the financing of investees, and the provision of management support services that these investees require for the adequate management and administration of their own business, either through the personnel of the Company or third parties.

The Group’s corporate purpose constitutes the purchase, sale, import, export, processing and handling in general of all manner of wood, as well as the transport thereof.

The Company’s registered office is located at Avda. Zumalacárregui, 35, piso bajo, Cedeira (A Coruña).

In 2014 the shareholders of Grupo García Forestal, S.L. reached an agreement to reorganise the Group in order to adopt an organisational structure and separate the various activities by company. The Group was therefore incorporated on 13 August 2014 in accordance with Article 42 of the Spanish Commercial Code. These decisions were agreed to at the General Shareholders’ Meeting, were filed with the A Coruña Mercantile Registry and enable the Company to qualify for the special tax regime provided for in Chapter VIII, Title VII of Legislative Royal Decree 4/2004, of 5 March, approving the Consolidated Spanish Corporation Tax Act.

The Company is the Parent of the Group and files consolidated financial statements with the A Coruña Mercantile Registry. 2014 is the first year in which consolidated financial statements were submitted.

For the purpose of preparing these consolidated financial statements, a group is considered to exist when the parent has one or more subsidiaries over which this parent has a direct or indirect control. The accounting principles applied in preparing the Group’s consolidated financial statements are detailed in Note 3.1.

1.2 Subsidiaries

Subsidiaries are all of the entities, including special purpose vehicles, over which the Group has or may have, directly or indirectly, control that is understood as the power to govern the financial and operating policies of a business so as to obtain economic benefits from its activities. When assessing whether the Group controls another entity, the existence and effect of any potential voting rights that may currently be exercised or converted are taken into account. Subsidiaries are consolidated as from the date on which control passes to the Group, and they are excluded from consolidation on the date on which control ceases to exist.

(Expressed in euros)

The detail of the Group's subsidiaries at 31 December 2014 is as follows:

		Equitable Interest				
Company name	Registered office	Cost	% of nominal amount	Company holding the interest	Consolidation method	Line of business
García Forestal, S.L.	Avda. Zumalacárregui, número 35, piso bajo, Cedeira (A Coruña)	2,105,594	100%	Parent	Majority of voting rights	Purchase, sale, import, export, processing and handling of wood.
García Forestal Servicios Forestales, S.L.	Pol. Ind. Sabón, parc-92-94-15142 Arteixo (A Coruña)	146,200	100%	Parent	Majority of voting rights	Purchase, sale, import, export, processing and handling of wood.
García Forestal Transportes, S.L.	C/Camino del Corral, s/n .Pol.Ind Alcamar 28816 Camrama de Esteruelas- Madrid	159,500	100%	Parent	Majority of voting rights	Transport of goods
García Forestal Gestión del Patrimonio, S.L.	C/Camino del Corral, s/n .Pol.Ind Alcamar 28816 Camrama de Esteruelas- Madrid	198,075	100%	Parent	Majority of voting rights	Purchase and sale of plots and land for use
García Forestal Servicios Energéticos, S.L.	C/Camino del Corral, s/n .Pol.Ind Alcamar 28816 Camrama de Esteruelas- Madrid	3,000	100%	Parent	Majority of voting rights	Sale of energy and engineering and advisory services
		2,612,369				

These companies are consolidated for the reasons included in Article 2 of the standards for the preparation of consolidated financial statements:

1. When the parent, in relation to another company (subsidiary) is in one of the following situations:

a) The parent holds the majority of voting rights.

b) The parent has the power to name or dismiss the majority of the directors.

c) The parent may, through agreements entered into with other shareholders, control the majority of the voting rights.

d) The parent has appointed with its votes the majority of the directors who discharge their position at the time these consolidated financial statements were prepared and during the two immediately preceding years. This situation is understood to exist when the majority of the members of the managing body of the subsidiary are members of the managing body or senior executives of the parent or of another company controlled by the parent.

2. When the parent holds half or less than half of the voting rights, including when it scarcely has an equitable interest in the other company or when the management powers have not been specified (special purpose vehicles), but it participates in the risks and rewards of the entity, or has the ability to take part in the operating and financial decisions thereof.

The financial year of all subsidiaries ends on 31 December.

2. Basis of presentation of the consolidated financial statements

2.1 Fair presentation

The consolidated financial statements were prepared from the accounting records of Grupo García Forestal, S.L. and subsidiaries ("the Group") and include the adjustments and reclassifications necessary for timing and valuation uniformity with the accounting policies established by the Group.

These consolidated financial statements were prepared in accordance with the prevailing corporate and commercial law included in the Spanish Commercial Code amended in accordance with Law 16/2007, of 4 July, on reform and adaptation of accounting-related corporate and commercial law for international harmonisation according to European Union Law, Royal Decree 1514/2007, of 20 November, approving the Spanish National Chart of Accounts, and Royal Decree 1159/2010, of 17 September, approving the rules for the preparation of consolidated financial statements as regards all matters that do not contradict that established in the aforementioned corporate and commercial reform, for the purpose of presenting fairly the Group's equity and financial position, as well as the accuracy of the cash flows included in the statement of cash flows.

2.2 Non-obligatory accounting principles

No non-obligatory accounting principles were applied.

2.3 Key issues in relation to the measurement and estimation of uncertainty

In preparing the accompanying financial statements, the Group made certain estimates and judgements concerning the future that are constantly assessed and are based on past experience and other factors, including expectations regarding future events deemed reasonable under the current circumstances.

The resulting accounting estimates, by definition, are unlikely to match to the actual corresponding results, however, the Company's Sole Director considers that there are no material accounting estimates that could give rise to significant adjustments in the carrying amounts of the assets and liabilities in the following financial year.

<u>Income tax</u>

The legal situation of the tax regulations applicable to the Group implies that there are estimated calculations and a final amount for taxes that are uncertain. Taxes are calculated based on Management's best estimates in accordance with current tax legislation, and taking into account how this situation might change (Note 15).

If the final amount of taxes differs from what was initially recorded, any such differences would affect the income tax for the year in which the said determination was made.

The income tax calculation did not require the use of significant estimates, except with regard to the tax assets recognised during the year. If the premises used for this estimate were changed by 10%, the effect on profit for the year would not be significant.

Useful lives of property, plant and equipment and intangible assets

These estimates relate to the useful lives of the property, plant and equipment (Note 3.3) and intangible assets (Note 3.2).

Recoverability of trade receivables

Management regularly assesses the recoverability of the Group's trade receivables. The Parent's Sole Director considers that this risk is limited, since it works with a reduced number of customers that do not have a significant history of default. The Group does not have any significant balances receivable aged over twelve months for which no provision has been recognised.

2.4 Comparative information

The consolidated financial statements at 31 December 2014 are the first financial statements submitted by the Group, as it was incorporated on 13 August 2014. Therefore, in accordance with commercial and corporate legislation, they are considered initial financial statements and no figures are presented for comparison purposes. Taking into account that the Group was incorporated on 13 August 2014 through the contribution of the shares of the subsidiaries to the Parent, for the purpose of the Group's production activities, the income statement includes the transactions performed from 13 August 2014 to 31 December 2014, in accordance with the ruling on not backdating non-monetary contributions for accounting purposes (Ruling 13 of the Official ICAC Gazette no. 85).

2.5 Grouping of items

In order to facilitate the comparison of the balance sheet, the income statement, the statement of changes in equity, and the statement of cash flows, these statements have been presented grouped together, with the required analyses included in the notes to the financial statements.

2.6 Changes in accounting policies

There were no significant changes in accounting policies in 2014.

2.7 Correction of errors

In preparing the accompanying consolidated financial statements no significant errors were detected that would have made it necessary to restate the amounts of previous years.

3. Accounting policies and measurement bases

3.1 Subsidiaries

Acquisition of control

The acquisition method is used to account for the acquisition of subsidiaries. The acquisition cost is the fair value of the assets acquired, of the equity instruments issued and of the liabilities incurred or assumed at the date of exchange, and the fair value of any additional consideration that depends on future events (provided that it is probable and can be measured reliably) plus any costs directly attributable on the acquisition.

Consolidation method

The assets, liabilities, income, expenses, cash flows and other items of the Group's financial statements are fully consolidated in the consolidated financial statements of the Group. This method requires the following:

1. Reporting date uniformity. The consolidated financial statements are prepared on the same date and for the same period as the financial statements of the consolidated company. Companies whose reporting date differs are included through interim financial statements at the same date and for the same period as the consolidated financial statements.
2. Valuation uniformity. The assets, liabilities, income and expenses and other items in the financial statements of the Group companies were measured using the same methods. Assets, liabilities, income or expenses that have been measured using criteria that are not consistent with those applied on consolidation have been measured again, and the necessary adjustments have been made for consolidation purposes only.

3. Aggregation. The various items of the separate financial statements that have been standardised are aggregated according to their nature.

4. Investment-equity elimination. The carrying amounts representing the equity instruments of the subsidiaries held, directly or indirectly, by the Parent are offset with the proportional part of the assets of the aforementioned subsidiaries attributable to the said investments, generally, on the basis of the values obtained from applying the acquisition method described above. On consolidation in years following the acquisition of control, the excess or lack of equity generated by the subsidiary from the date of acquisition attributable to the parent is recognised on the consolidated balance sheet under reserves or valuation adjustments based on its nature. The portion attributable to non-controlling interests is recognised under "Non-controlling interests".

5. Elimination of intragroup items. All receivables, payables, income, expenses and cash flows between Group companies are eliminated. Likewise, all results arising from internal transactions are eliminated and deferred until they are performed vis-à-vis third parties unrelated to the Group.

Change in equitable interest without loss of control

Once control of a subsidiary is obtained, subsequent transactions that give rise to a change in the Parent's equitable interest in the subsidiary, without loss of control, are treated as a treasury share transaction in the consolidated financial statements, and the following rules apply:

a) Neither the amount of goodwill or negative difference recognised nor the other assets and liabilities recognised are changed;

b) The profit or loss recognised in the separate financial statements is eliminated on consolidation, and the corresponding adjustment is made to the reserves of the company whose equitable interest is reduced;

c) "Valuation adjustments" and "Grants, donations or gifts and legacies received" are adjusted to reflect the Group companies' share of the subsidiary;

d) Non-controlling interests in the equity of the subsidiary will be recognised based on the percentage of ownership that third parties unrelated to the Group hold in the subsidiary once the transaction is carried out, including the share in the goodwill recognised in the consolidated financial statements associated with the change made;

e) The adjustment necessary based on points a), b) and c) above will be recognised under reserves.

3.2 Intangible assets

a) Computer software

Licences for computer software acquired from third parties are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 4 years.

The expenses related to maintaining the computer programs are recognised when they are incurred. The costs directly related to producing unique and identifiable computer programs controlled by the Company that are likely to generate profit for more than one year that will exceed their costs, are recognised as intangible assets. These direct costs include the staff costs for the computer program developers and a proportional percentage of general costs.

The development costs of computer programs recorded as assets are amortised over their estimated useful lives (that do not exceed 4 years).

(Expressed in euros)

b) Forestry use rights

They are recognised at their acquisition cost less any accumulated amortisation and any accumulated losses recognised. They are systematically amortised over their estimated useful lives of 19 years (the right was acquired in December 2011 and may be used until 2031).

If an asset's carrying amount is greater than its estimated recoverable amount, its value is immediately reduced to its recoverable amount.

3.3 Property, plant and equipment

Items of property, plant and equipment are recognised at their acquisition or production cost less any accumulated depreciation and any accumulated losses recognised.

Group work on property, plant and equipment is calculated by adding the acquisition cost of the consumables to the direct or indirect costs attributable to the aforementioned assets.

Costs incurred to expand, modernise or improve items of property, plant and equipment that increase the capacity or productivity or extend the useful life of the asset are capitalised as part of the cost of the related asset, provided that it is possible to calculate or estimate the carrying amount of the items derecognised from inventory due to their being replaced.

Major repair costs are capitalised and depreciated over their estimated useful life, while maintenance expenses are charged to the income statement in the year in which they are incurred.

The depreciation of property, plant and equipment (except for land that is not depreciated) is calculated systematically using the straight-line method, on the basis of their estimated useful life, based on the actual decline in value caused by their use and by wear and tear. The estimated useful lives are:

	Years of estimated useful life
Buildings	33
Machinery	8
Tools	10 - 2.5
Furniture	10 - 4
Computer hardware	4
Other items of property, plant and equipment	8.33
Transport equipment	10 - 2.5

The residual value and useful life of the assets are reviewed and adjusted if necessary at the end of each reporting period.

If an asset's carrying amount is greater than its estimated recoverable amount, its value is immediately reduced to its recoverable amount (Note 3.6).

Gains and losses on the disposal of property, plant and equipment are calculated by comparing the income obtained from the disposal with the carrying amount and are then recognised in the income statement.

Expenses incurred by a company engaging forestry development

These expenses will be measured according to the acquisition or production cost of the elements necessary to prepare the land owned by the Company and allocated for such purpose for agricultural use; this includes, among others, the vines, roots, grafts, posts and wiring for the vineyards, etc., and the elements that are permanently and fully linked to the plantation. Any expenses incurred prior to the first productive harvest, i.e., from the time the plantation is capable of generating income on a regular basis, will be included as an increase in the value of the plantation, including, where applicable, the inherent finance costs, without exceeding market prices under any circumstances. The value of the agricultural land will not be included as an increase in the plantation's value, but rather will be recognised as a separate asset.

The amounts allocated to the acquisition of trees must be recognised as property, plant and equipment in accordance with the accounting principles described. In addition, all direct expenses incurred prior to when the plantation is capable of generating income on a regular basis will be included as an increase in the plantation's value and will begin to be amortised when it is ready for use.

3.4 Borrowing costs

The finance costs directly attributable to the acquisition or construction of non-current assets that require more than one year to be ready for use are added to their cost until they are brought into operating condition.

3.5 Impairment losses on non-financial assets

Assets with an indefinite useful life (e.g., goodwill) are not subject to depreciation or amortisation but rather are tested annually for impairment losses. Assets subject to depreciation or amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the excess of the carrying amount of the asset over its recoverable amount, which is understood to be the higher of fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are largely independent cash flows (cash-generating units). Any non-financial assets, other than goodwill, that have suffered an impairment loss are reviewed at the end of each reporting period, to see if the losses have been reversed.

3.6 Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable charges that are not listed on an active market. They are considered to be current assets, except for those maturing within more than 12 months from the balance sheet date, which are classified as non-current assets. Loans and receivables are included under "Loans to companies" and "Trade and other receivables" in the balance sheet.

These financial assets are initially measured at their fair value, including any directly attributable transaction costs, and subsequently at amortised cost, whereby the interest income is recognised on the basis of the effective interest rate, which is considered to be the discount rate that matches the carrying amount of the instrument to all its estimated cash flows until maturity. However, trade receivables maturing within twelve months are measured, both on initial recognition and subsequently, at their nominal value when the effect of not discounting the cash flows is not material.

At least at each reporting date, the necessary impairment losses are recognised if there is objective evidence that not all amounts owed will be collected.

The amount of the impairment loss is the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the effective interest rate at the time of initial recognition. Impairment losses and any subsequent reversal are recognised in the income statement.

Financial assets held for trading and other financial assets at fair value through profit or loss

Those assets held for trading acquired for the purpose of selling them in the short term or that form part of a portfolio of instruments identified and managed jointly to obtain short-term gains, as well as financial assets designated by the Company upon initial recognition to be included under this category as they provide more relevant information, are considered financial assets at fair value through profit or loss.

3.7 Inventories

Inventories are stated at the lower of cost and net realisable value. When the net realisable value of the inventories is lower than their cost, the appropriate write-downs are made and recognised as an expense in the income statement. If the circumstances giving rise to the write-down no longer exist, the amount of the write-down is reversed and recognised as income in the income statement.

The cost is determined by the weighted average cost. The cost of finished goods and work in progress includes design costs, raw materials, direct labour, other direct costs, and production overheads (based on the normal capacity of the production facilities). The net realisable value is the estimated sale price in the normal course of business, less the estimated costs necessary to make the sale, and, in the case of raw materials and work in progress, the estimated costs necessary for completion.

Finance costs are included in the cost of inventories that need more than one year to be ready to be sold under the same terms specified for non-current assets (Note 3.5).

3.8 Equity

The share capital is represented by shares.

The cost of issuing new shares is charged directly to equity as a reduction in reserves.

The Company's treasury shares are measured at the consideration paid, including any directly attributable incremental cost, and are deducted from equity until their redemption, re-issue or disposal. When these shares are sold or are later re-issued, any proceeds received, net of any directly attributable incremental cost of the transaction, are included in equity.

3.9 Financial liabilities

Accounts payable

This heading includes trade payables and non-trade payables. These borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement for at least twelve months after the balance sheet date.

These borrowings are initially recognised at fair value, adjusted by any directly attributable transaction costs, and subsequently recognised at cost using the effective interest method. This effective interest rate is the discount rate that matches the carrying amount of the instrument to its expected future cash flows until the liability matures.

However, trade payables maturing within twelve months where there is no contractual interest rate are measured, both initially and subsequently, at their nominal value when the effect of not discounting the cash flows is not material.

If existing debts are renegotiated, no substantial changes to financial liabilities are considered to exist when the lender of the new loan is the same as the one who arranged the initial loan and the present value of the cash flows, including net fees and commissions, does not differ by more than 10% of the present value of the cash flows payable from the original liability calculated using this same method.

3.10 Grants received

Refundable grants are recognised as liabilities until the conditions have been met for them no longer to be considered refundable; while non-refundable grants are recognised as income directly in equity and are recognised as such on a systematic and rational basis in relation to the expenses arising from the grant.

For this purpose, a grant is considered non-refundable when there is a specific agreement relating to the award of the grant, all conditions established for the award of the grant have been met and there are no reasonable doubts in relation to the award thereof.

Monetary grants are measured at the fair value of the amount awarded, and non-monetary grants are measured at the fair value of the good received, whereby both values refer to the time of recognition.

Non-refundable grants related to the acquisition of intangible assets, property plant and equipment and investment property are credited to income for the year in proportion to the amortisation or depreciation of the corresponding assets or, if applicable, on disposal of the asset, on recognition of an impairment loss or on derecognition from the balance sheet. Additionally, non-refundable grants related to specific expenses are recognised in the income statement in the same year in which the related expenses are incurred and those that are issued to offset losses from operations are recognised in the year they were awarded, except when they are used to offset losses from operations in future years, in which case they are recognised in those years.

3.11 Current and deferred taxes

The income tax expense (income) is the amount accrued in this connection during the year, comprising both the current and deferred tax expense (income).

Both the current and the deferred tax expense (income) are recognised in the income statement. However, the tax effect related to items that are recognised directly in equity is likewise recognised in equity.

Current tax assets and liabilities are measured at the amount expected to be paid to or recovered from the tax authorities, in accordance with the tax legislation currently in force or that has been approved but not yet published at the reporting date.

Deferred taxes are calculated, in accordance with the balance sheet liability method, based on the temporary differences that arise between the tax bases of the assets and liabilities and their carrying amounts. However, if deferred taxes arise from the initial recognition of an asset or liability in a transaction other than a business combination, which at the time of the transaction affects neither accounting profit (loss) nor taxable profit (tax loss), they are not recognised. Deferred taxes are determined by applying the regulations and tax rates that have been enacted or substantially enacted by the balance sheet date and that are expected to be applied when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is considered probable that future taxable profit will be available against which the temporary differences can be offset.

Deferred taxes are recognised based on temporary differences that arise in investments in subsidiaries, associates and joint ventures, except for those cases in which the Group is able to control the moment when the temporary differences are reversed and it is also likely that they will not be reversed in the foreseeable future.

3.12 Employee benefits

Termination benefits payable to employees for any contract terminations that may arise as a result of labour force adjustments, or for any other reason not attributable thereto, will be calculated based on years of service. Any expenses in this connection are recognised in the income statement for the year in which the termination is agreed.

3.13 Provisions and contingent liabilities

Provisions for environmental restorations, restructuring costs and litigation are recognised when the Group has a present obligation (whether legal or constructive) as a result of past events, where an outlay of resources will likely be needed to settle the obligation and the amount can be reliably estimated. The provisions for restructuring costs include lease cancellation fees and employee severance pay. No provisions are recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax interest rate that reflects current market assessments of the time value of money and the specific risks of the obligation. Adjustments made to provisions due to revaluations are recognised as finance costs on an accrual basis.

Provisions maturing within no more than twelve months that do not have a material financial effect are not discounted.

When a portion of the expenditure required to settle a provision is refunded by a third party, the reimbursement is recognised as a separate asset, as long as it is virtually certain to be received.

Contingent liabilities are considered to be possible obligations arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. These contingent liabilities are not recognised for accounting purposes, but rather are disclosed, where applicable, in the notes to the financial statements.

3.14 Revenue recognition

Revenue is recognised on an accrual basis at the fair value of the consideration receivable and represents the amounts receivable for the goods and services provided in the Group’s normal course of business, net of any refunds, rebates, discounts and value added tax.

The Group recognises revenue when the amount thereof can be reliably measured, when it is probable that the future economic benefits will flow to the Group and when the specific conditions for each of the activities are met, as detailed below. Income cannot be considered to be reliably measured until all contingencies related to the sale have been resolved. The Group bases its estimates on past results, taking into account the type of customer, type of transaction and specific terms of each agreement.

Interest income is recognised using the effective interest method. When an account receivable becomes impaired, the Group reduces its carrying amount to its recoverable amount, discounting the estimated future cash flows at the instrument's original effective interest rate, and the discounting continues as a reduction to interest income. Interest income from loans that have become impaired is recognised using the effective interest method.

3.15 Leases

a) When a Group company is the lessee – Finance lease

The Group leases certain property, plant and equipment. Leases of property, plant and equipment in which the Group has substantially all the risks and rewards of ownership are classified as finance leases. At the start of the lease, finance leases are capitalised at the lower of the fair value of the leased property or the present value of the minimum lease payments established in the lease. The interest rate implicit in the lease is used to calculate the present value, but if this rate cannot be determined, the interest rate the Group uses for similar transactions is used.

Each lease payment is distributed between the liability and the finance charges. The total finance charges are distributed throughout the term of the lease and are allocated to the income statement for the year in which they are incurred using the effective interest method. Contingent rent is recognised as an expense in the year in which it is incurred. The corresponding lease obligations, net of finance charges, are included under "Obligations under finance leases". Assets acquired under financial leases are depreciated over their useful life or over the lease term, whichever is less.

b) When a Group company is the lessee – Operating lease

Leases in which the lessor substantially retains the risks and rewards arising from ownership of the asset are classified as operating leases. Payments relating to operating leases (net of any incentives received from the lessor) are charged to the income statement for the year in which they are accrued on a straight-line basis during the lease term.

3.16 Related party transactions

In general, transactions carried out between Group companies are initially recognised at fair value. In this case, if the price agreed upon differs from its fair value, the difference is recognised according to the economic substance of the transaction. These transactions are subsequently measured in accordance with the corresponding regulations.

Notwithstanding the foregoing, in transactions in which the object is a business, which includes equity investments that grant control over a company that constitutes a business, the Group adheres to the following criteria:

a) Non-monetary contribution

For non-monetary contributions to a Group company, both the contributing company and the recipient recognise the investment at the carrying amount of the assets provided in the consolidated financial statements at the transaction date. For these purposes, the consolidated financial statements of the higher group or subgroup with a Spanish parent in which the assets and liabilities are included are used.

b) Merger and spin-off

In transactions between Group companies in which the parent (or parent of a subgroup) and its direct or indirect subsidiary are involved, the assets and liabilities acquired are measured at their corresponding value in the consolidated financial statements of the group or subgroup. The difference that arises is recognised as a balancing entry in reserves.

In the case of transactions between other Group companies, the assets and liabilities acquired are measured according to their carrying amounts in the consolidated financial statements of the higher group or subgroup with a Spanish parent in which they are included.

For accounting purposes, the date of mergers and spin-offs between Group companies is the start of the year in which the transaction is approved, provided that it is subsequent to the date of inclusion in the Group. If one of the companies participating in the transaction is included in the Group in the year in which the merger or spin-off occurs, the date for accounting purposes will be the date of acquisition.

The comparative information for the preceding year is not restated to reflect the effects of the merger or spin-off even when the companies participating in the transaction formed part of the Group during that year.

c) Capital reduction, distribution of dividends and dissolution

When the business in which the capital reduction is carried out, the dividend is paid or the liquidating dividend of the shareholder is settled remains in the Group, the transferor recognises the difference between the debt with the shareholder and the carrying amount of the business delivered under reserves. The transferee recognises the business in accordance with the rules on mergers and spin-offs indicated in Note 3.16.b.

3.17 Environment

The expenses incurred that are aimed to prevent, reduce or repair damage to the environment are recognised, where applicable, when incurred. The investments made in equipment aimed at preventing damage to the environment are recognised as property, plant and equipment and are depreciated based on its useful life.

3.18 Foreign currency transactions

a) Functional and presentation currency

The consolidated financial statements are presented in euros, which is the Group's presentation and functional currency.

b) Transactions and balances

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Gains and losses on foreign currencies that arise from settling these transactions and from translating the monetary assets and liabilities denominated in foreign currencies at the year-end exchange rates are recognised in the income statement, except where they differ in equity, such as qualified cash flow hedges or qualified hedges of a net investment.

Changes in the fair value of monetary securities denominated in foreign currencies that are classified as available for sale are analysed between the translation differences resulting from changes in the amortised cost of the security and other changes in its carrying amount. Translation differences are recognised in profit or loss for the year and other changes in the carrying amount are recognised in equity.

Translation differences for non-monetary items such as equity instruments held at fair value through profit or loss are presented at fair value as part of profit or loss. Translation differences for non-monetary items such as equity instruments classified as available-for-sale financial assets are included under equity.

3.19 Segment reporting

A segment was identified in 2014 with regard to the Group's main business activity: the purchase, sale, import, export, processing and handling of all manner of wood.

Transactions are carried out on an arm's length basis.

4. Financial risk management

4.1 Financial risk factors

The Group's activities are exposed to various financial risks: market risk, credit risk and liquidity risk. The Group's global risk management programme focuses on the uncertainty of the financial markets and aims to minimise the potential adverse effects on its financial returns.

Risk management is controlled by the Group's Finance Department, which identifies, assesses and hedges financial risks in accordance with the policies approved by the Sole Director.

a) Market risk

i) Foreign currency risk:

The Group's Sole Director considers that there are no significant foreign currency risks as the Company carries out the majority of its transactions in euros and does not make investments in foreign currency.

i) Price risk

The Group's Sole Director considers that it is not exposed to price risks since its balance sheet does not include any investments classified as available for sale or significant investments in securities.

ii) Cash flow and fair value interest rate risk

Since the Group does not have any significant interest-earning assets, most of the income and cash flows from its operating activities are largely unaffected by changes in market interest rates.

The Group's interest rate risk is therefore limited to non-current borrowings. Debt issued at floating rates exposes the Group to cash flow interest rate risk. Fixed-rate borrowings expose the Group to fair value interest rate risk. Since non-current payables are subject to market interest rates, the Group is not considered to be exposed to significant interest rate risks.

a) Credit risk

Credit risk is managed by groups. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits at banks and financial institutions, as well as from customer financing, including unsettled receivables and committed transactions. As the Group does not have any significant investments, or derivatives, the risk is considered to be limited to accounts receivable.

The Group does not have any significant balances receivable aged over twelve months for which no provision has been recognised.

c) Liquidity risk

Prudent management of liquidity risk entails the maintenance of sufficient cash and marketable securities, availability of financing through a sufficient level of committed credit facilities and the capacity to settle market positions.

(Expressed in euros)

4.2 Estimate of fair value

The fair value of financial instruments that are not listed on an active market is determined using valuation techniques. The Company uses a variety of methods and makes assumptions based on the market conditions existing at each of the balance sheet dates. Quoted market prices or listing prices from agents are used for non-current payables. In order to determine the fair value of the remaining financial instruments, other techniques such as estimated discounted cash flows are used.

The carrying amount of trade receivables and trade payables is assumed to approximate their fair value. The fair value of financial liabilities, for the purposes of presenting financial information, is estimated by discounting future contractual cash flows at the current market interest rate from the cash flows the Company could have for similar financial instruments.

5. Intangible assets

The detail of “Intangible assets” and the changes therein are as follows:

2014	Computer software	Other intangible assets	Total
Cost of the items			
Balance at 13 August 2014	**535**	**494,390**	**494,925**
Additions or charge for the year	-	105,876	105,876
Decreases	(535)	-	(535)
Transfers	-	67,779	67,779
Balance at 31 December 2014	**-**	**668,045**	**668,045**
Accumulated amortisation			
Balance at 13 August 2013	-	-	0
Additions or charge for the year	(100)	(73,284)	(73,384)
Decreases	100	-	100
Balance at 31 December 2014	-	**(73,284)**	**(73,284)**
Carrying amount	**-**	**594,761**	**594,761**

The additions in 2014 correspond to improvements relating to the SAP project. The additions due to transfers in the year relate to the capitalised expenses corresponding to the forestry use of Villabona.

a) <u>Fully amortised intangible assets</u>

There were no fully amortised intangible assets still in use at 31 December 2014.

(Expressed in euros)

b) Assets subject to guarantees and title restrictions

At 31 December 2014, the assets recognised under "Other intangible assets" corresponding to forestry use in the amount of EUR 160,110 were provided as collateral for an account payable recognised under "Payable to non-current assets suppliers" amounting to EUR 53,370 (EUR 26,685 as non-current and EUR 26,685 as current), which relates to the debt from acquiring the right.

c) Other

In 2014 no impairment losses were recognised, there were no intangible assets not assigned to operations, and there were no intangible assets located abroad. There are no intangible assets with an indefinite useful life.

6. Property, plant and equipment

The detail of "Property, plant and equipment" and the changes therein are as follows:

2014	Land and buildings	Plant and other items of property, plant and equipment	Property, plant and equipment in the course of construction	Total
Cost of the items				
Balance at 13 August 2014	**507,393**	**1,378,427**	**126,290**	**2,012,110**
Additions or charge for the year	480	45,608	2,410	48,498
Decreases	(13,312)	(208,358)	(1,579)	(223,248)
Transfers	-	-	(67,779)	(67,779)
Balance at 31 December 2014	**494,561**	**1,215,677**	**59,342**	**1,769,580**
Accumulated depreciation				
Balance at 13 August 2013	**(188,736)**	**(374,952)**	**-**	**(563,688)**
Additions or charge for the year	(10,885)	(129,487)	-	(140,372)
Decreases	49,050	211,204	-	260,254
Transfers	-	-	-	-
Balance at 31 December 2014	**(150,571)**	**(293,235)**	**-**	**(443,806)**
Carrying amount	**343,990**	**922,442**	**59,342**	**1,325,774**

a) Impairment losses

In 2014, no significant impairment losses were recognised on the Company's property, plant and equipment.

(Expressed in euros)

b) Fully depreciated items of property, plant and equipment

At 31 December 2014, the cost of the fully depreciated items of property, plant and equipment still in use amounted to EUR 42,991.

c) Property, plant and equipment subject to guarantees

The items of property, plant and equipment are not subject to any type of mortgage guarantees or any other type of collateral.

d) Assets under finance leases

"Plant and other items of property, plant and equipment" includes the following amounts for machinery where the Group is the lessee under a finance lease:

	2014		
Description	**Cost**	**Accumulated depreciation**	**Carrying amount**
Land	78,491	-	78,491
Buildings	407,760	(164,244)	243,516
Machinery	338,969	(304,385)	34,584
Transport equipment	179,527	(114,890)	64,637
	1,004,747	**(583,519)**	**421,228**

e) Insurance

The Company has taken out various insurance policies to cover the risks to which its property, plant and equipment are subject. The coverage from these policies is considered to be sufficient. There are no assets located abroad.

7. Analysis of financial instruments

7.1 Analysis by category

The carrying amount of each of the categories of financial instruments established in the accounting standard for recognising and measuring financial instruments is as follows:

(Expressed in euros)

	Euros		
	Non-current financial assets		
	Equity instruments	Debt securities	Loans, derivatives and other
	2014	2014	2014
Equity instruments (Note 8)	2,439	-	-
Loans and receivables (Note 8)	-	-	1,220,919
Other financial assets (Note 8)	-	-	7,415
	2,439	**-**	**1,228,334**

	Euros		
	Current financial assets		
	Equity instruments	Debt securities	Loans, derivatives and other
	2014	2014	2014
Loans and receivables (Note 8)	-	-	5,432,562
Other financial assets (Note 8)	-	-	27,127
Cash and cash equivalents	-	-	1,861,400
	-	**-**	**7,321,089**

	Euros		
	Non-current financial liabilities		
	Bank borrowings	Debt instruments and other marketable securities	Other
	2014	2014	2014
Accounts payable (Note 12)	340,194	-	2,383,402
	340,194	**-**	**2,383,402**

	Euros		
	Current financial liabilities		
	Bank borrowings	Debt instruments and other marketable securities	Derivatives Other
	2014	2014	2014
Accounts payable (Note 12)	4,247,447	-	2,711,429
	4,247,447	**-**	**2,711,429**

The accounts receivable from and payable to public authorities are not included in this classification as they are not considered financial instruments.

(Expressed in euros)

7.2 Analysis by maturity

The amounts of the financial instruments with fixed or determinable maturity, classified by maturity, are as follows:

	Euros						
	Financial assets						
	2015	2016	2017	2018	2019	Subsequent years	Total
Loans to third parties	159,856	-	1,220,919	-	-	-	1,380,775
Loans and receivables	5,299,833	-	-		-		5,299,833
	5,459,689	**-**	**1,220,919**	**-**	**-**	**-**	**6,680,608**

	Euros						
	Financial liabilities						
	2015	2016	2017	2018	2019	Subsequent years	Total
Bank borrowings	4,247,447	151,020	72,675	15,273	15,490	139,202	4,641,107
Accounts payable	2,696,465	360,018	309,524	257,607	257,607	1,145,180	5,026,401
	6,943,912	**511,038**	**382,199**	**272,880**	**273,097**	**1,284,382**	**9,667,508**

8. Loans and receivables

	Euros
	2014
Non-current loans and receivables:	
- Equity instruments	2,439
- Loans to related parties	1,220,919
- Other financial assets	7,415
	1,230,773
Current loans and receivables:	
- Trade receivables	5,317,846
- Sundry accounts receivable	18,808
- Current tax assets	121,487
- Other accounts receivable from public authorities	515,849
- Loans to companies	159,856
- Write-downs	(63,948)
- Other financial assets	27,127
	6,097,025
	7,327,798

The non-current portion of "Loans to related parties" includes a loan to Noroeste de Inversión y Desarrollo, S.L. maturing in 2017 and of which EUR 1,057 thousand have yet to be repaid. This loan earns interest at variable market rates.

"Other accounts receivable from public authorities" relates to the amount of the value added tax refund for September, November and December 2014. This amount was collected in full between February and April 2015.

Given that these are current receivables, measured based on market interest rates, the Company considers that there are no significant differences between the fair value and the nominal value at which they are measured.

The carrying amounts of the loans and receivables are denominated in euros.
The changes in provisions for impairment losses on trade receivables are as follows:

	2014
Beginning balance	**-**
Provision for impairment of accounts receivable	(63,948)
Ending balance	**(63,948)**

9. Inventories

	Euros 2014
Goods held for resale	1,669,987
Raw materials and other supplies	56,624
Advances to suppliers	296,255
	2,022,866

Insurance

The Company has not taken out any insurance policies to cover the risks to which its inventories may be subject, as this risk is considered to be limited since the wood is located in different areas.

Other

There are no firm purchase and sale commitments or futures contracts on the Company’s inventories. There are no circumstances that affect the ownership or availability of the Company’s inventories.

10. Cash and cash equivalents

The balance of “Cash and cash equivalents” at 31 December 2014 is as follows:

	Euros 2014
Cash	1,861,400
	1,861,400

The amount of cash at 31 December 2014 is due to the balance available in the current accounts, which accrue interest at market rates.

(Expressed in euros)

11. Share capital and share premium

a) Share capital

	Euros
	2014
Registered share capital	2,615,369
	2,615,369

At 31 December 2014, the Parent's share capital was represented by 2,615,369 fully paid shares of EUR 1 par value each.

All the shares carry the same rights, there are no bylaw restrictions on their transferability, and they are not listed on the stock market.
At 31 December 2014, the Company's shareholder structure was as follows:

		Euros
2014	**% of Ownership**	**Par value**
José García López	14.40%	376,597
Pilar García Pardo	21.40%	559,693
José Antonio García Pardo	21.40%	559,693
Óscar García Pardo	21.40%	559,693
Manuel García Pardo	21.40%	559,693
	100.00%	**2,615,369**

b) Share premium

	2014
Share premium	**514,415**

The Spanish Corporate Enterprises Act expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use.

Legal reserve

Under Article 274 of the Spanish Corporate Enterprises Act, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount.

Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

(Expressed in euros)

Proposed distribution of profit of the Group's Parent

The proposed distribution of profit and reserves of the Parent, which will be submitted at the General Shareholders' Meeting, is as follows:

	Euros
	2014
Basis of distribution	
Profit for the period	1,632
	1,632

	Euros
	2014
Allocation	
Voluntary reserves	1,632
	1,632

Contribution to consolidated profit

Company	2014
García Forestal, S.L.	190,301
Grupo García Forestal, S.L.	2,331
García Forestal Servicios Forestales, S.L.	3,783
García Forestal Transportes, S.L.	9,715
García Forestal Gestión del Patrimonio, S.L.	-
García Forestal Servicios Energéticos, S.L.	-
	206,130

12. Accounts payable

	Euros
	2014
Non-current accounts payable:	
- Bank loans	299,127
- Non-current obligations under finance leases	41,067
- Other non-current payables	2,383,402
	2,723,596
Current accounts payable:	**2014**
- Bank loans	297,563
- Payment portfolio	2,488,096
- Credit facilities	1,224,254
- Current obligations under finance leases	237,534
- Payable to suppliers and creditors	2,633,631
- Income tax payable	3,892
- Other accounts payable to public authorities	74,574
- Payable to non-current asset suppliers	49,713
- Other financial liabilities	28,086
	7,037,343
	9,001,055

There are no significant differences between the fair value and the carrying amounts of the non-current payables that are recognised by their outstanding principal, and they are settled by applying market interest rates.

The carrying amount of the Company's debts are denominated in euros.

a) Bank loans

This heading mainly includes various bank loans with the following characteristics:

- Loan from Banco Sabadell maturing in 2016 and of which EUR 41 thousand have yet to be repaid. This loan accrues interest at a floating rate (Euribor plus a market spread) and is not subject to any guarantee.

- Loan from Banco Popular maturing in 2015 and of which EUR 57 thousand have yet to be repaid. This loan accrues interest at a floating rate (Euribor plus a market spread) and is not subject to any guarantee.

- Loan from Banco Pastor maturing in 2024 and of which EUR 115 thousand have yet to be repaid. This loan accrues interest at a floating rate (Euribor plus a market spread) and is not subject to any guarantee.

- Loan from La Caixa maturing in 2017 and of which EUR 47 thousand have yet to be repaid. This loan accrues interest at a fixed market rate and is not subject to any guarantee.

- Loan from La Caixa maturing in 2016 and of which EUR 86 thousand have yet to be repaid. This loan accrues interest at a fixed market rate and is not subject to any guarantee.

- Loan from Banco Popular maturing in 2017 and of which EUR 156 thousand have yet to be repaid. This loan accrues interest at a fixed market rate and is not subject to any guarantee.

- Loan from La Caixa maturing in 2016 and of which EUR 55 thousand have yet to be repaid. This loan accrues interest at a fixed market rate and is not subject to any guarantee.

- Loan from La Caixa maturing in 2015 and of which EUR 37 thousand have yet to be repaid. This loan accrues interest at a fixed market rate and is not subject to any guarantee.

Management believes that the Company will be able to meet, in a timely manner, all of the contractual obligations arising from the loans.

(Expressed in euros)

The Company has the following undrawn credit facilities and discount lines:

	Euros		
	2014		
	Balance drawn down	**Limit**	**Undrawn balance**
Credit facilities	1,224,254	1,250,000	25,746
Discount lines	2,488,096	2,500,000	11,904
	3,712,350	**3,750,000**	**37,650**

The credit facilities and discount lines bear interest at variable rates tied to Euribor plus a market spread.

b) Non-current and current payables to non-current asset suppliers

This heading corresponds mainly to the outstanding debt relating to the development expenditure of intangible assets.

c) Other non-current payables

This heading corresponds to loans granted by Empresa Nacional de Innovación, a subsidiary of the Ministry of Industry, which accrue interest at variable and market rates.

d) Disclosures on the period of payment to suppliers

In accordance with transitional provision two of the ICAC Resolution of 29 December 2010, on information to be included in the notes to the financial statements regarding the period of payment to suppliers in commercial transactions, the Company provides information on the amount of the outstanding balances payable to suppliers that were past-due at the reporting date by more than the legal maximum payment period established by Law 15/2010, of 5 July, i.e., greater than 60 days since the provision or receipt of the service or goods.

	2014	
	Euros	%*
**Within the maximum payment period Other	16,559,584	100% -
Total payments made in the period	16,559,584	100%
Weighted average period of late payment (days)	-	-
Payments at year-end not made in the maximum payment period	-	-

(Expressed in euros)

13. Deferred tax liabilities

The detail of deferred tax assets and liabilities is as follows:

DEFERRED TAX ASSETS

	Euros
	2014
Temporary differences	36,908
	36,908

DEFERRED TAX LIABILITIES

	Euros
	2014
Temporary differences	90,986
	90,986

The changes in deferred tax assets and liabilities were as follows:

DEFERRED TAX ASSETS	**Euros**
	2014
Beginning balance	**93,077**
Charged to the income statement	14,835
Tax credits used	(71,004)
Ending balance	**36,908**

DEFERRED TAX LIABILITIES	**Euros**
	2014
Beginning balance	**119,239**
Charged to the income statement (Note 15)	(28,244)
Taxes charged directly to equity	-
Ending balance	**90,995**

The Sole Director considers that the tax assets are recoverable based on these estimates made and, therefore, are only capitalised to the extent that they are recoverable.

The deferred taxes charged or credited to the income statement for the year correspond mainly to the following:

- Environmental tax credits used amounting to EUR 71,004. The Group capitalised environmental tax credits arising in 2013.

- Temporary differences in assets amounting to EUR 14,835 corresponding to the non-deductibility of 30% of the amortisation and depreciation for the year.

- Temporary differences in liabilities amounting to EUR 28,243 corresponding to the reversal of the accelerated depreciation allowances corresponding to leases.

The deferred taxes charged or credited to equity in the year correspond to the tax effect of grants related to assets.

The Company did not have any tax loss carryforwards at 31 December 2014 or 2013.

(Expressed in euros)

14. Revenue and expenses

a) Revenue

The revenue from the Company's ordinary activities is distributed geographically as follows:

Geographical market	2014
Spain	42%
EU countries	57%
Rest of the world	1%
	100%

b) Cost of goods held for resale, raw materials and other consumables used

	Euros
Cost of raw materials and other consumables used	**2014**
Purchases:	
Purchases in Spain	10,592,438
Changes in inventories	(375,023)
	10,217,415

c) Staff costs

	Euros
Staff costs	**2014**
Wages, salaries and similar expenses	312,878
Termination benefits	16,928
Employee benefit costs:	
- Other employee benefit costs	85,384
	415,190

The average number of employees in the year, by professional category, is as follows:

	2014
Clerical staff	5
Marketing, sales and similar staff	24
Unqualified employees	3
	32

(Expressed in euros)

The breakdown of the Company's staff by category and gender at the reporting date is as follows:

	2014		
	Men	**Women**	**Total**
Clerical staff	3	2	5
Marketing, sales and similar staff	21	1	22
	24	**3**	**27**

15. Income tax and tax matters

The reconciliation of net income and expenses for the year to the taxable profit for income tax purposes is as follows:

			Euros
	2014		
	Income statement		
	Increases	**Decreases**	**TOTAL**
Income and expenses for the period			**206,130**
Income tax	102,286	-	102,286
Adjustment to taxable profit (permanent differences)	12,908	-	12,908
Adjustment to taxable profit (temporary differences)	143,597	-	143,597
Consolidation adjustments			19,629
Taxable profit			**484,550**

The Group companies have the last four years open to review by the tax authorities for the main taxes applicable thereto, with the exception of those companies incorporated in 2013 and 2014.

As a result of the different possible interpretations of current tax legislation in force, inter alia, additional liabilities may arise as a result of a tax audit. In any case, the Company's Sole Director considers that these liabilities, should they arise, will not have a material effect on the financial statements.

Grupo García Forestal, S.L., which was incorporated in 2013, submitted a request to the tax authorities for the registration as of 1 January 2015 of the tax group headed by the Parent and the subsidiaries García Forestal, S.L., García Forestal Servicios Forestales, S.L., García Forestal Transportes, S.L., García Forestal Servicios Energéticos, S.L. and García Forestal Gestión del Patrimonio, S.L. On 16 January 2015, the tax authorities reported that the tax group number would be 67/15.

(Expressed in euros)

16. Contingencies

On 18 December 2008, the tax authorities commenced a tax audit of García Forestal, S.L. (a subsidiary of the Group) in relation to value added tax for 2005 and 2006. As a result of this audit, a tax assessment was issued on 25 February 2010 for an amount of EUR 238,201 (corresponding in full to the settlement as no penalty was applied), which the Company signed on a contested basis. On 24 February 2011, the tax authorities subsequently issued an assessment for EUR 247,241 (the difference between the assessment signed on a contested basis in relation to the interest accrued between the date of the assessment and the settlement). Subsequently, on 5 February 2014 the Regional Economic-Administrative Tribunal partially upheld the claim, handing down a ruling and reducing the amount claimed to EUR 45,000. The tax authorities have yet to issue a new settlement. In any case, this ruling has once again been appealed before the Central Economic-Administrative Tribunal. This assessment and settlement are being appealed through the economic-administrative jurisdiction before the Central Economic-Administrative Tribunal, and a ruling has yet to be handed down. The settlement has been suspended, since a guarantee has been provided in this connection (Note 20).

On this same date tax audits were initiated in relation to income tax for 2005 and 2006. As a result of this audit, a tax assessment was issued on 28 February 2013 for EUR 915,323 (EUR 553,058 corresponding to the settlement and EUR 362,265 to the penalty), which the Company signed on a contested basis. Subsequently, on 3 May 2013, the tax authorities issued a settlement for EUR 389,557, correcting the amount of EUR 553,058, thus increasing the tax debt to a total of EUR 751,822. This assessment and settlement are being appealed through the economic-administrative jurisdiction before the Regional Economic-Administrative Tribunal, and a ruling has yet to be handed down. The penalty is temporarily suspended until a ruling is handed down by the Regional Economic-Administrative Tribunal. The settlement has also been suspended, since a guarantee has been provided in this connection (Note 23).

In both processes, the Sole Director considers that these settlements and penalties are unfounded in accordance with the criteria of the tax advisors upon estimating that it is highly likely that the appeals through the economic-administrative jurisdiction will be upheld and, therefore, no provision has been recognised in this connection in these consolidated financial statements.

17. Remuneration of directors acting severally and senior executives

a) Remuneration of and loans to the Sole Director and senior executives

In 2014 all types of remuneration of the Sole Director and senior executives are considered in the amount of loans granted to the Sole Director.

No obligations were assumed with regard to pensions or life insurance with the Sole Director or senior executives.

The Company granted the following loans to the Sole Director in 2014:

	Euros
	2014
Loans granted to directors	1,208,819

The loans granted to directors accrue interest at market rates.

(Expressed in euros)

b) Information required by Article 229 of the Spanish Corporate Enterprises Act:

In 2014 the directors that held positions on the Board of Directors, in their duty to avoid conflicts of interest with those of the Company, complied with the obligations stipulated in Article 228 of the Consolidated Spanish Corporate Enterprises Act. Similarly, the directors and those persons related thereto were not involved in any of the conflicts of interest envisaged in Article 229 of this law.

18. Information on the environment

The carrying amount of the environmental assets at 31 December 2014 is as follows:

	2014		
Description	**Cost**	**Accumulated depreciation**	**Carrying amount**
Machinery	390,000	(173,424)	216,576
Transport equipment	111,400	(89,878)	21,522
	501,400	**(263,302)**	**238,098**

In 2014 and 2013 no expenses were incurred in relation to the protection and improvement of the environment and there were no environmental contingencies.

19. Related party transactions

a) Balances arising from loans:

	Euros
Related company	**Loans granted**
	2014
Noroeste de Inversión y Desarrollo, S.L.	1,057,712
Total	**1,057,712**

b) Transactions arising from loans:

	Euros
Related company	**Finance income**
	2014
Noroeste de Inversión y Desarrollo, S.L.	22,712
Total	**22,712**

Transactions with Group companies and related parties were carried out in the normal course of the Company’s business and on an arm’s-length basis.

(Expressed in euros)

20. Events after the reporting date

There have not been any significant events with an effect on the Group's equity since the reporting date.

21. Segment reporting

In 2014 no transactions were carried out other than those included in the main business segment (the purchase, sale, import, export, processing and handling of all manner of wood).

22. Fees paid to auditors

The fees accrued in 2014 and 2013 by PricewaterhouseCoopers Auditores, S.L., the auditor of Grupo García Forestal, S.L. and subsidiaries, are detailed below:

2014	Euros			
Description	**PricewaterhouseCoopers Auditores, S.L.**	**Other companies of the PwC network**	**Other auditors**	**Total**
Audit services	**16,500**	-	-	**16,500**
Other attest services	-	-	-	**-**
Tax counselling	-	-	-	**-**
Other services	-	-	-	**-**
Total	**16,500**	**-**	**-**	**16,500**

23. Commitments

The Group has provided the tax authorities with guarantees for EUR 540,137 to suspend the enforcement of the two settlements appealed through the economic-administrative jurisdiction corresponding to the value added tax and income tax assessments for 2005 and 2006 (Note 16).

The Group is also the guarantor of two loans with different banks granted to Contrafores, S.L., the outstanding balance of which at 31 December 2014 was EUR 396,220.

The Sole Director considers that these guarantees will not be enforced, since the risk has been assessed and limited. Therefore, no type of economic loss is expected to arise for the Group in relation to the aforementioned guarantees.

GRUPO GARCÍA FORESTAL, S.L. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR 2014
(Expressed in euros)

a) Business performance

Given the country's current economic situation, and the existing complexity and competitiveness in the wood industry, it can be confirmed that the estimates made at the beginning of the year were reasonably met. In this regard, the continued business activity is demonstrated in the consolidated net profit for the period from 13 August 2014 to 31 December 2014, which amounted to EUR 206,130 (EUR 676,879 if the consolidated income statement is considered for the period from 1 January 2014 to 31 December 2014, as detailed in section g).

The current economic crisis will also most likely affect the demand for wood products, with a possible deterioration of the market, which may affect the volume of transactions in the coming year. The Company expects to overcome these difficulties by optimising management and improving productivity, in order to reduce costs in view of a potential decrease in demand.

This potential deterioration of the market is expected to be overcome through the guidelines described above, in the hopes of swift economic recovery.

b) Research and development

In 2014 the Company did not engage in any research and development activity.

c) Events after the reporting period

At the date of authorisation for issue of these financial statements no events occurred after the reporting period that may have a significant effect on the Group's equity or that reveal situations that may affect the true and fair view of the consolidated financial statements.

d) Treasury shares

There were no changes to the Parent's treasury shares in 2014.

e) Environmental management

There were environmental matters in 2014 that were included in Note 18 to the consolidated financial statements.

f) Use of financial instruments

The Group does not use financial derivatives. The financial risk management targets and policies as well as the Company's exposure to the various risks are detailed in Note 4 to the financial statements.

g) Income statement

If the consolidated income statement were to cover twelve months, from 1 January 2014 to 31 December 2014, it would be as follows:

GRUPO GARCÍA FORESTAL, S.L. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR 2014
(Expressed in euros)

	2014
CONTINUING OPERATIONS	
Revenue	**29,423,318**
Sales	28,769,470
Services rendered	653,848
Procurements	**(20,682,507)**
Cost of goods held for resale used	(18,427,596)
Cost of raw materials and other consumables used	(536,788)
Work performed by other companies	(1,718,123)
Other operating income	**322,895**
Non-core and other current operating income	322,895
Staff costs	**(999,027)**
Wages, salaries and similar expenses	(787,971)
Employee benefit costs	(211,056)
Other operating expenses	**(6,769,487)**
Outside services	(6,697,508)
Taxes other than income tax	(8,031)
Losses on, impairment of and change in allowances for trade receivables	(63,948)
Depreciation and amortisation charge	**(306,103)**
Amortisation of intangible assets	(73,384)
Depreciation of property, plant and equipment	(232,719)
Allocation to profit or loss of grants related to non-financial non-current assets and other grants	**74,537**
Impairment and gains or losses on disposal of non-current assets	**164,953**
Gains or losses on disposals and other	164,953
Other gains or losses	**(40,155)**
Extraordinary income	12,176
Extraordinary expenses	(52,331)
PROFIT FROM OPERATIONS	**1,188,424**
Finance income	**87,537**
From marketable securities and other financial instruments	87,537
From third parties	87,537
Finance costs	**(306,466)**
On debts to third parties	(306,466)
Impairment and gains or losses on disposal of financial instruments	**4,623**
Gains or losses on disposals and other	4,623
FINANCIAL LOSS	**(214,306)**
PROFIT BEFORE TAX	**974,118**
Income tax	**(297,240)**
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	**676,878**
PROFIT FOR THE PERIOD	**676,878**
Profit attributed to the Parent	**676,878**

In Cedeira, on 31 March 2015

GRUPO GARCÍA FORESTAL, S.L. AND SUBSIDIARIES

PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATED DIRECTORS' REPORT FOR 2014

In Cedeira, on 31 March 2015, the Sole Director authorised for issue these consolidated financial statements and the consolidated director's report for 2014 of GRUPO GARCÍA FORESTAL, S.L. and subsidiaries, which include the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in equity, the consolidated statement of cash flows and notes to the consolidated financial statements. The directors' report for the year ended 31 December 2014 was also authorised for issue.

[*Signature*]

Noroeste de Inversión y Desarrollo, S.L.
Represented by Manuel García Pardo
Sole Director