Sorbic International Plc

Highlights of theYear

for the year ended 30 September 2013

SUMMARY

- Revenue for the year of £14.6 million (2012: £16.8 million)
- EBITDA more than doubled to £1.2 million (2012: £0.5 million)
- Gross profit margin for the year of 12.9% (2012: 8.6%)
- Profit from operations before impairment of £0.6 million (2012: £0.02 million)
- Loss before tax of £6.1 million after impairment provision of £6.7 million in respect of Inner Mongolia facility (2012: £0.14 million)
- Cash balances at 30 September 2013 of £5.3 million (2012: £4.1 million)
- Net assets per share of £0.21 (2012: £0.38)
- Compensation negotiation for the Group's Inner Mongolia facility restarted

John McLean, Non-Executive Chairman of Sorbic International, commented: "The Board is pleased that during the year the core business has significantly improved profitability and more than doubled EBITDA. The Board remains focused on resolving cash flow constraints, as well as continuing to work to seek a conclusion of the negotiations regarding the Inner Mongolia facility, and will update shareholders on this matter in due course."

www.sorbicinternational.com

Directors, Secretary andAdvisers

Directors

John Nigel Major McLean
Non-Executive Chairman

Wang Yan Ting
President & Chief Executive Officer

Audit Committee

John Nigel Major McLean
Chairman

Remuneration Committee

John Nigel Major McLean
Chairman

Wang Yan Ting

Company Secretary

Nigel Cartwright

Company Number

06280431

Registered Office

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London
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Nominated Adviser and Broker

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POBox82
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Auditor

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Public Relations Advisers

Abchurch Communications Limited
125 Old Broad Street
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Chairman's Statement

INTRODUCTION

The period under review has seen margins in the core business strengthen, despite the backdrop of volatility in the market. The Board remains focused on further improving the Group's operational performance at its Linyi facility and on concluding the negotiations regarding its proposed exit from Inner Mongolia.

Although Sorbic acid selling prices have weakened slightly during the year, this has been offset by a decrease in cost of sales which has improved the margin from 4.1% to 5.6%. Potassium sorbate prices have seen a marginal increase in selling price which, combined with a decrease in cost of sales, has resulted in the margin improving to 20.2% from 13.1% for 2012. As a result of the margin improvements in both business segments, .the overall gross margin has increased from 8.6% to 12.9%, which reflects the cost of sales improvement, but more importantly a constant customer demand, thereby reducing 'spot' sales and allowing more focus on quality and production efficiency. The removal of 'spot' sales has resulted in lower revenues although the factory has remained operating at full capacity.

The relationship with APAC, the Group's US distributor, continues to develop and, for the year, represented 45% of total sales compared to 26% for 2012. This increase of over 50%, which is largely a testament to the high quality product that the Linyi facility produces and the growing demand in the US for the Company's products. As a result of this developing relationship, the balance of sales has shifted from China towards exports and in 2013 only 47% of sales were domestic. This is expected to reduce further in 2014 as the APAC relationship continues to develop.

INNER MONGOLIA FACILITY

As announced on 23 April 2013, the Group had reached agreement with the local authorities in Ulanqab City, Inner Mongolia authorities over compensation terms and the resumption of building in Ulanqab, totalling approximately £5 million. However, with the advent of discussions in Linyi over a possible site re-location due to the redevelopment zone, the Board decided that it should not continue to pursue the commencement of rebuilding in Inner Mongolia while the option existed to expand within Linyi. Accordingly, the local authority in Ulanqab City has been informed that the Company no longer wishes to pursue its original plan in Inner Mongolia and will continue to seek compensation. Negotiations are currently taking place on the understanding that the compensation agreement will be 'fair and reasonable' to both parties. An open dialogue exists with the Inner Mongolia authorities.

Given the investment to date of approximately £9.1 million in Inner Mongolia, the Board has decided that an impairment provision be made of £6.7 million, representing all of the costs incurred to date, but excluding 50% of the equipment which has already been paid for and is considered re-useable in the construction of the new facility in Linyi. The provision will be reassessed on a regular basis, especially when the quantum of the compensation agreement has been agreed.

LINYI FACILITY

As announced on 30 May 2013, the Company has been approached by the local authorities in Linyi City to relocate the Company's facility to a nearby industrial park, whereby it is expected that an enhanced facility can be created. Negotiations are still ongoing and are lengthy, particularly as there is a need to balance the requirement to move quickly against the quantum offered for compensation. It is anticipated that the new site would be approximately 100 mou (1 mou is 0.165 acres), compared to the existing site in Linyi of 66 mou. As detailed in the Interim Results in June 2013, the Board believes that the building of a new factory on an industrial park in Linyi would be funded in entirety by the Linyi authorities.

The Company's land values have increased significantly during Sorbic's occupancy of the Linyi site and the Directors estimate that this increase could be in excess of five times the Company's original cost (66 mou at approximately 80,000 RMB/mou) which, if realised through the compensation agreement, would give the Company a substantial inflow of funds to develop the new site.

GOING CONCERN & LOAN NOTES

The Group has £5.3 million at bank in China, and this cash position is more than adequate for working capital purposes for the existing underlying local operations. Following the re-negotiations of the loan notes earlier this year (of which £2.69 million remains outstanding), the Company extended the repayment date to 31 August 2014 and has revised the convert price to 9 pence. In light of significant recent progress, the Company is currently formulating a plan to address the future needs for all stakeholders and will provide an update as matters develop.

Whether the Group has sufficient working capital resources to continue operational existence in its present form will ultimately be dependent on the outcome of discussions with the loan note holders / shareholders and the successful conclusion of the Inner Mongolia compensation negotiation. Irrespective of the outcomes achieved, the Company will need to transfer funds out of China or raise additional capital to meet ongoing costs and in order to have sufficient resources to meet its obligations as they fall due.

BOARD CHANGES

As previously stated, the Board has been seeking another Non-Executive Director but has, in the interim, appointed James Newman as a consultant and who also acts as an observer to the loan-stock holders. James speaks Mandarin and has been operating in China for over 20 years. Accordingly, until the new factory plan and associated compensation is finalised any appointment of a new Non-Executive Director will be deferred.

OPERATIONAL OUTLOOK

The Board will continue to focus on improving operational efficiencies at its Linyi facility, as well as concluding negotiations in Inner Mongolia and Linyi and formulating a plan for the future strategy of the Group. Trading post the year end has been in line with management expectations and the Group expects that 2014 will see a resolution ofthe outstanding matters.

Board of Directors

John McLean (NonExecutive Chairman)

John McLean, aged 60, is Non-Executive Chairman of Sorbic International Plc, the leading Chinese sorbate producer and distributor and and is Executive Chairman of China Food Company plc, the 9th largest manufacturer and seller of soya sauce in China. More recently, he has been appointed to the boards of the China Britain Business Council (CBBC) as a Non-Executive Director and as Chair of VSO China. In 2007 he joined the board of Humberts plc, the estate agent, and became its Executive Chairman to lead its rescue and ultimate disposal. Prior to this, he carried out a strategic review for Gamma Holdings NV of their UK interests, including Sanderson, the textile and wallpaper company, and as its UK group managing director successfully implemented the turnaround and disposal plan. Sanderson was a global company that was brand and design led and had operations in America, Asia and China. In the nineties, he was Finance Director and then General Manager of ICS, the UK logistics and overnight courier business and co-led a management buy-out of the company with 3i, prior to its successful disposal to Hays plc. John is a Chartered Accountant and was previously with Coopers & Lybrand in both London and New York.

WangYan Ting(President and Chief Executive Officer)

Wang Yan Ting, aged 47, is the Chairman, Chief Executive Officer and founder of Linyi Van Science and Technique Co., Ltd ("LVST"), and is responsible for implementing its strategy and direction. Mr. Wang has more than 20 years of business development experience and nearly eight years' experience in the food preservatives industry. Notably, Mr. Wang spent a number of years as general manager of Linyi Zhongqiao Property Development Limited, a Chinese property developer. Thereafter, he was appointed managing director of Linyi Huasheng Trading Limited, a Chinese company principally involved in the manufacture of chemicals and plastics. Mr. Wang also served in the police force for four years.

Strategic Report

The Directors are pleased to present their report to the members together with the audited financial statements of Sorbic International Plc (the "Company" or "Sorbic International") and its subsidiaries (the "Group") for the year ended 30 September 2013.

The purpose of this Strategic Report is to inform shareholders on several key matters and assist them is assessing the extent to which the directors have performed their legal duty to promote the success of the Company in accordance with section 172 of the Companies Act 2006. This report summarises:

i) Business review and future developments;
ii) Financial review;
iii) Key performance indicators;
iv) Risks affecting the Group; and
v) Going concern.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

Our view of the business and future developments was given in the Chairman's Statement.

FINANCIAL REVIEW

Other than explained below performance for the year ended 30 September 2013 was broadly in line with expectation and a comparison to the year ended 30 September 2013 is summarised below.

	30 September 2013	30 September2012	Percentage Change
Revenue	£14.62m	£16.78m	(13)%
Profit from operations before impairment	£0.604m	£0.022m	2,645%
Impairment loss	£(6.68)m	-	-
Loss before taxation	£(6.1)m	£(0.14)m	4,257%
Cash and cash equivalents	£5.31m	£4.09m	30%
Net assets	£10.45m	£15.98m	(35)%
Loss per share – basic	(13.00)p	(0.66)p	(1,870)%
Loss per share – diluted	(13.00)p	(0.66)p	(1,870)%
Earnings / (loss) per share before impairment: :			
Basic	0.68p	(0.66)	203%
Diluted	0.43p	(0.66)	165%

KEYPERFORMANCEINDICATORS ("KPIs")

The Directors have identified revenue, margins and working capital as major KPIs of the Group. The Group's performance through the year is reflected in our Key Performance Indicator.

At the beginning of the financial year, the Directors placed much importance on the progress of the Inner Mongolia project as the expansion plan is a key strategy the Group had adopted. However, with the disruption caused by the ongoing situation in Inner Mongolia, the Board is focused on reaching an acceptable resolution with the local authorities while exploring alternative proposals for developing a new facility in Linyi.

Strategic Report

Revenue

The Group's revenue for the year ended 30 September 2013 was £14.6 million (2012: £16.8 million), representing an decrease of 13%. In local currency terms,there was a decrease of 15.1%. The average GBP:RMB exchange rate for 2013 was 10.268 (2012: 9.990). The removal of 'spot' sales has resulted in lower revenues, although the factory has remained working at full capacity.

Margins

Gross margin and net profit margin are used to measure the Group's financial performance. The Group's gross profit for FY2013 was £1.9 million (2012: £1.4 million), representing a gross profit margin of 12.9% (2012: 8.6%). The improvement in gross margin has resulted from a decrease in the cost of sales and a marginal increase in the selling price of potassium sorbate.

Working capital

Working capital is managed through closely monitoring the revenue of the constituent parts measured as a comparison of inventory days, accounts receivable days and accounts payable days. In FY2013 andFY2012, the respective days were as follows:

	2013	2012
Inventory	22	13
Accounts receivable	35	32
Accounts payable	2	4

There are no outstanding accounts receivables over due at the year-end. All existing and new customers' creditworthiness are closely scrutinised during this period of uncertainty. Payable turnover cycle has reduced with the Group making quick payments to suppliers to maintain positive credit relationship, as crotonaldehyde supply is tight.

Group Statement of Comprehensive Income

Revenue for the year ended 30September 2013 reached £14.6m compared with the year ended 2012 results of £16.8m. At a gross margin of 12.9% (2012: 8.6%), the Group has improved its result with £0.6 million at operating level (2012: £0.02million) due to an improvement in overall gross margin. However, a net loss for the year of £6.35 million (2012:£(0.28) million) was incurred after taking into account £6.684 million of impairment provision in respect of the Inner Mongolian project and exchange gains of £288,000 (2012: £(272,000). A review of 2013 financial performance is provided in the Chairman statement.

Group Statement of Financial Position

As at 30 September 2013, the Group's net assets stood at £10.45 million (30 September 2012: £15.98 million).

As at 30 September 2013, the Group held cash balance of £5.3 million (2012: £4.09 million), of which £5.1 million (2012 £4.0 million) was held in the People's Republic of China. The increase was primarily due to the improvement in trading.

Strategic Report

RISKS AFFECTING THE GROUP

General economic climate

The general economic climate is volatile and is affected by numerous factors which are beyond the Group's control and which may affect its operations, business and profitability. These factors include the supply and demand of capital, growth in gross domestic product, employment trends and industrial disruption, international economic trends, currency exchange rate fluctuations, the level of interest rates and the rate of inflation, global or regional political events and international events, as well as a range of other market forces, all of which have an impact on demand and business costs. The Board monitors the situation and takes actions as required.

Fluctuations in raw material prices

A significant percentage of the raw materials used in sorbates production are dependent on petroleum. The prices of raw material like crotonaldehyde and acetic acid may fluctuate due to changes in the petroleum supply and demand conditions. Any shortage in the supply or upsurge in demand may lead to an increase in prices, which may adversely affect the Group's profitability. While the Group will seek to mitigate the impact by passing on all or at least part of the cost increase to customers, this is not always possible.

Competition

TheGroup operates in a competitive market. In particular, some competitors may have access to greater financial resources and technical facilities than the Group, which may give them a competitive advantage. Due to the economic climate, competitors may also reduce prices, which may affect the Group's margins. The Board and management meet regularly to review and discuss the Group's strategy in relation to the market situation.

Commercial operations in the PRC

Since 1979, many laws and regulations dealing with economic matters with respect to general and foreign investments have been promulgated in the PRC. In 1982, the PRC National People's Congress amended the constitution to attract foreign investments and to safeguard the "lawful rights and interests" of foreign investors in the PRC. Since then, the trend of legislation has been to enhance the protection afforded to foreign investors and to allow more active control by foreign investors of foreign investment enterprises in the PRC. However, despite significant improvements in its legal system, there still exist difficulties in obtaining swift and equitable enforcement and in obtaining enforcement of judgments by a court of another jurisdiction in the PRC. Further, as a result of political changes, the interpretation of statutes and regulations may be subject to PRC government policies. Such uncertainties may affect the Group's operations and accordingly, its profitability, prospects and financial position. The Group monitors their operations in the PRC on an on-going basis.

Dependence on key executives andpersonnel

Thefuture performance of the Group will depend on its ability to retain the services and personal connections or contacts of key executives and to recruit, motivate and retain other suitably skilled, qualified and experienced personnel. Such key executives are expected to play an important role in the development and growth of the Group, in particular by maintaining good business relationships with regulatory and governmental departments and the Group's existing customers, distributors and suppliers. The Group aims to mitigate this risk by in-house staff development while giving them clear objectives and career paths.

Dependence on licences, registrations, certifications and accreditations

Operations of the Group are dependent on various licences, registrations, certifications and accreditations. The Directors are not aware of any occasion where the Group has been unable to renew its licence so registrations, or had its certifications or accreditations revoked. The Group monitors the status of its licences, registrations, certifications and accreditations and take appropriate action where necessary.

Retention of key business relationships

The Group relies significantly on relationships with other entities (including customers and suppliers) and also on good relationships with Chinese regulatory and government departments. There can be no assurance that the Group's existing relationships will continue or that new ones will be successfully formed and the Group could be adversely affected by changes to such relationships or difficulties in forming new ones. Any circumstance which causes the early termination or non-renewal of one of these key business relationships could adversely impact upon the Group, its business, operating results or prospects. Key customers visit the facilities on a regular basis.

Foreign exchange risks

The Group's dominant transactional currency is RMB, including the cost of materials. However, the Group's overseas sales are denominated in USD. Any future significant fluctuations in USD: RMB exchange rates may expose the Group's trade receivables to exchange losses. The Group monitors exposure to foreign exchange fluctuations on an on-going basis.

Failure to meet health & safety, hygiene, environmental and other regulatory standards and approvals

The Group's businesses are subject to annual inspections and periodic checks by the relevant authorities in the People's Republic of China ("PRC") to ensure that their activities comply with applicable health and safety, hygiene and other environmental standards. In the event that they fail to pass such inspections or checks or otherwise fail to comply with and meet the requisite standards, the relevant authorities may require them to suspend their operations temporarily until such time as they are able to meet the requisite standards or may impose penalties andfines on them for the breach or may even withdraw or suspend their licences or permits or otherwise restrict or prohibit them from continuing their operations, all of which may have an adverse effect on the business and operations, financial results or financial position of the Group. The Group monitors its obligations under relevant local legislation on an on-going basis.

Exposure to environmental liability

The PRC national and provincial environmental protection rules and regulations impose certain fees for the discharge of waste material and penalties or fines for environmental pollution. These rules and regulations also grant the relevant environmental regulatory bodies the power to order the closure of any facility, which causes serious environmental problems. Although the production processes carried on at the Group's facilities in the PRC do not discharge large amounts of pollutants into the environment, there is no guarantee that new requirements promulgated by the relevant authorities in the PRC will not disrupt the Group's production or require the Group to incur additional expenses in relation to environmental protection. The Group monitors its obligations under relevant local legislation on an on-going basis.

Litigation

Legal proceedings, with or without merit, may arise from time to time in the course of the Group's business. The Directors cannot preclude litigation being brought against any member of the Group and any litigation brought against any member of the Group could have a material adverse effect on the financial condition, results or operations of the Group. The Company's business may be materially adversely affected if the Group and/or its employees or agents are found not to have met the appropriate standard of care or exercised their discretion or authority in a prudent or appropriate manner in accordance with accepted standards. The Group regularly monitors any exposure to potential litigation and takes actions as required.

Inner Mongolia Facility

As announced on 23 April 2013, the Group had reached agreement with the local authorities in Ulanqab City, Inner Mongolia authorities over compensation terms and the resumption of building in Ulanqab, totalling approximately £5 million. However, with the advent of discussions in Linyi over a possible site re-location due to the redevelopment zone, the Board decided that it should not continue to pursue the commencement of rebuilding in Inner Mongolia while the option existed to expand within Linyi. Accordingly the local authority in Ulanqab City has been informed that the

Company no longer wishes to pursue its original plan in Inner Mongolia and will continue to seek compensation. Negotiations are currently taking place on the understanding that the compensation agreement will be 'fair and reasonable' to both parties. An open dialogue exists with the Inner Mongolia authorities

Future funding requirements

Overall profitability of the business has improved. Whether the Group has sufficient working capital resources to continue operational existence in its present form will ultimately be dependent on the outcome of discussions with the loan note holders / shareholders and the successful conclusion of the Inner Mongolia compensation negotiation. Irrespective of the outcomes achieved, the Company will need to transfer funds out of China or raise additional capital to meet ongoing costs and in order to have sufficient resources to meet its obligations as they fall due. The Board monitors the situation and takes actions as required.

Financial risk management

The Board reviews and agrees policies for managing financial risks. The financial risk management objectives and policies of the Group are set out in note 27 to the financial statements.

GOING CONCERN

The directors have reviewed forecasts and budgets for the coming year, which have been drawn up with appropriate regard for the current economic environment and the particular circumstances in which the Group operates. These were prepared with reference to historical and current industry knowledge.

The Group has £5.3 million at bank in China, and this cash position is more than adequate for working capital purposes for the existing operations. Following the re-negotiations of the loan notes in 2013 (of which £2.69 million remains outstanding), the Company extended the repayment date to 31 August 2014 and has revised the convert price to 9 pence. In light of significant recent progress the Company is currently formulating a plan to address the future needs for all stakeholders and will provide an update as matters develop.

Whether the Group has sufficient working capital resources to continue operational existence in its present form will ultimately be dependent on the outcome of discussions with the loan note holders / shareholders and the successful conclusion of the Inner Mongolia compensation negotiation. Irrespective of the outcomes achieved, the Company will need to transfer funds out of China or raise additional capital to meet ongoing costs and in order to have sufficient resources to meet its obligations as they fall due.

In approving the financial statements, the Board have recognised that these circumstances creates a level of uncertainty. However, having made enquiries and considered the uncertainties outlined above, the directors have a reasonable expectation that the Company and Group have sufficient resources to continue in operational existence for the foreseeable future. Accordingly, the Board believes it is appropriate to adopt the going concern basis in the preparation of the financial statements.

FUND RAISING

During the year, the Company raised £714,000 gross from the issue of 6,491,051 shares at 11 pence each for working capital and to assist in the development of the business.

On 26 March 2013 the Company announced that it proposed, conditional upon admission and in part on shareholder approval, to raise approximately £0.7 million (before expenses) through the issue of £125,000 of convertible loan notes (the "New A Loan Notes") and 8,331,429 new ordinary shares of 6 pence each ("Placing Shares") which includes certain other new ordinary shares of 6 pence each as described below ("New Ordinary Shares"). The Placing Shares and the New Ordinary Shares were to be issued at 7 pence each.

The required majority of holders of A and B loan notes agreed to amend the terms of the loan note instruments to which such loan notes relate such that the redemption date is now 31 August 2014.

Strategic Report

Key terms of New A Loan Notes (and the revised A and B Notes) are:

- Conversion price is set at price of 9 pence;
- Interest remains at 10% p.a. compounded semi-annually and rolled up to redemption;
- Interest may, at the election of the loan note holders, be paid through the issue of new ordinary shares;
- Redemption premium equal to 1.5% per month, from date of new loan note instrument, if Company chooses to redeem early; and
- Redemption date of 31 August 2014.

The holders of the A and B loan notes are entitled to a one off fee of approximately £243,000, being 10% of the outstanding A and B loan notes, as consideration for their agreeing to the new terms and extended redemption date. This fee will be settled by the issue of 3,482,858 New Ordinary Shares (“Loan Note Shares”).

The Company issued 285,714 New Ordinary Shares to finnCap as partial consideration for its fee in connection with the fundraising and ongoing fees (“Payment Shares”). The Company issued 1,071,429 New Ordinary Shares in respect of the accrued liabilities and ongoing costs (“Liability Shares”). John McLean, the Chairman of the Company received 714,286 of these Liability Shares in settlement of accrued fees and ongoing fees.

The New A Loan Notes were issued following shareholder approval at the 2013 AGM.

By order of the Board

John McLean

Non-Executive Chairman

28th January 2014

Directors' Report

PRINCIPAL ACTIVITIES

The Group is principally engaged in the manufacture and distribution of food preservatives, namely Sorbic Acid and Potassium Sorbat through its subsidiaries in the People's Republic of China (the "PRC") as set out in Note 30.

The results of the Group are set out in detail on page 20.

SHARE CAPITAL

Details of the movement in the Company's share capital are set out in note 22 to the financial statements.

DIVIDENDS

The directors do not recommend payment of a dividend in respect of the year ended 30 September2013.

DIRECTORS

The following directors served the Company during the period:

John Nigel Major McLean	(Non-Executive Chairman)
WangYanTing	(President and Chief Executive Officer)
Ryan NgShin Ju	(resigned 31 March 2013)
Nicholas Michael Norman Smith	(resigned 31 December 2012)

None of the directors has had a material interest in a contract or arrangement of significance to which the Company or any of its subsidiaries was a party during the year except for those disclosed in note 24.

EMPLOYEES

The Board recognises that the Group's employees are its most important asset. Employees are encouraged to train and develop their careers. The Board maintains good working relations with employees by the use of clear channels of communication. The responsibility for communication with the work force rests with the managers through formal and informal meetings.

The Group is committed toachieving equal opportunities and to complying with anti-discrimination legislation.

DISABLED EMPLOYEES

The Group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, when ever possible, for re-training employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and ability.

Directors' Report

ENVIRONMENTAL POLICY

The Group is committed to operating in an environmentally responsible manner and endeavours to adopt the best practicable means to reduce or eliminate polluting releases to the environment or in the disposal of waste products. The Group is committed to complying with environmental legislative requirements.

GENERAL MEETING

The next General Meeting will be held at the Company's legal adviser's office (Stephenson Harwood, 1 Finsbury Circus, London, EC2M 7SH) on 25th February 2014.

SUBSTANTIAL SHAREHOLDING

The Company has been notified that the following shareholders' interests exceeded 3% of the Company's issued ordinary share capital at the date of this report:

Shareholder	Ordinary shares	Percentage of issued share capital
Prime Mega International Limited	20,160,000	35.27%
Westminster Enterprises Limited	3,263,232	5.71%
Walker Crips	2,953,335	5.17%
John & Renate Gunn	2,509,047	4.39%
HermesFinancial Group (BVI) Limited	2,222,222	3.89%
Cap Securities	2,060,522	3.61%
The 181 Fund (Jersey) Ltd	1,800,000	3.15%

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare financial statements in accordance with International Financial ReportingStandards, as adopted by the EU ("IFRS") and applicable law. Under Company Law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit and loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of both the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Report

In so far as each director is aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- each director has taken all steps that he might reasonably expected to have taken as a director in order to make himself aware of any relevant information needed by the auditor in connection with preparing their report and to establish that the auditor is aware of that information.

To the extent that financial information is made available on the Company's website, the directors confirm that they are responsible for the maintenance and integrity of that information. However, as the Internet is accessible in many countries with different legal requirements relating to the preparation and dissemination of financial statements, the directors can give no undertaking that it meets all requirements in all countries in which it may be considered to be published.

AUDITOR

Crowe Clark Whitehill LLP have expressed their willingness to continue as auditor. A resolution to reappoint Crowe Clark Whitehill LLP as auditor of the Company will be proposed at the next AnnualGeneral Meeting.

By order of the Board

John McLean

Non-Executive Chairman

28th January 2014

Directors'Remuneration Report

The remuneration committee presents the Directors' remuneration report for the year ended 30 September 2013.

As Sorbic International plc (the "Company") is an AIM listed company, it is not required to present a Directors' Remuneration report. The Board has chosen to do so as a voluntary disclosure. The information presented meets the requirement of the changes to the AIM Rule 19, effective February 2010.

The Remuneration Committee comprises one independent Non-Executive director, to make recommendations to the Board on the Group's policy and structure for all remuneration of the Directors and senior management.

The purpose of the Remuneration Committee is to review the remuneration policy for the Directors and other senior management and to determine the level of remuneration package in order to attract, motivate and retain talent. The Remuneration Committee will consult with the Chairman of the Board and the Chief Executive Officer in respect of their recommendation in determining the remuneration of the Directors and senior management.

REMUNERATION POLICY

Executive remuneration packages are prudently designed to attract, motivate and retain directors of the necessary calibre and to reward them for enhancing value to shareholders. The performance measurement of the Executive Directors and key members of senior management and the determination of their annual remuneration package is undertaken by the Remuneration Committee. The remuneration of the Non-Executive Directors is determined by the Board, and within the limits set out in the Articles of Association. Executive Directors are entitled to accept appointments outside the Company providing the Board's permission is sought.

The Non-Executive Directors remuneration is determined by the Board, having regard to the level offees payable to Non-Executive directors in the industry generally, the role that individual directors fulfil lin respect of Board and Committee responsibilities and the time committed to the Company's affair.

The policy of the Board is to review the level of Directors' fees and remuneration from time to time. During the year ended 30 September 2013, the remuneration committee carried out a review of the level of directors' fees and remuneration, and decided that the annual fees should remain unchanged for the present.

TERMS OF APPOINTMENT

The Executive Directors have service contracts with the Company or subsidiary in addition to their appointment as directors of the Company. The Company's policy is that directors have contracts for an indefinite term, providing for a maximum of six months notice.

The terms of their appointment provide that at every annual general meeting one-third of the Directors are bound to retire and be subjected to reappointment by Shareholders. The terms also provided that the contract is to continue until termination by either party giving six months' notice or by resolution of the shareholders. There are no liquidated damages or other compensation payable by the Company upon early termination of the directors.

DIRECTORS' REMUNERATION DETAILS

	Salary	Benefits	Bonuses	Fees	Other	2013	2012
	£	£	£	£	£	£	£
John Nigel Major McLean	50,000	-	-	-	-	50,000	50,002
Nicholas Michael Norman Smith	-	-	-	-	-	-	33,107
Wang Yan Ting	123,216	-	-	10,000	747	133,963	130,780
Ray Ang Wee Boon	-	-	-	-	-	-	28,308
Ryan Ng Shin Ju	33,314	-	1,987	5,000	3,037	43,338	106,438

Directors' Remuneration Report

In the year under review no share options and incentive schemes have been granted to the Directors.

Other benefits paid to directors during the year relate to HM Revenue and Customs ("HMRC") national insurance for John McLean and Nicholas Smith, Central Provident Fund (CPF) contributions for Ryan Ng, and consultancy fees for John McLean and Ryan Ng.

The Group's principal Chinese subsidiary, LVST is required to participate in the employee pension schemes operated by the relevant local government authorities in the PRC. £747 was paid during the year for Wang Yan Ting. No other directors received pension payments.

DIRECTORS' INTEREST

The Directors' interest in the share capital of the Company at 30 September 2013 and at the date of this report are shown below:

	Ordinary shares held	
Director	Direct	Deemed
John Nigel Major McLean	1,095,715	-
Wang Yan Ting	-	-
	1,095,715	-

The Directors' interest in the convertible loan notes of the Company at 30 September 2013 and at the date of this report are shown below:

	Convertible loan notes A		Convertible loan notes B	
Director	Direct	Deemed	Direct	Deemed
	£'000	£'000	£'000	£'000
John Nigel Major McLean[1]	-	-	40	-
Wang Yan Ting	-	-	-	-
	-	-	40	-

This report was approved by the Board of Directors on 28th January 2014 and signed on its behalf by:

John McLean
Non-Executive Chairman

Corporate Governance

The Company is committed to serving good standards of corporate governance. In this report, we describe the Company's corporate governance processes and activities with reference to the principles of the Quoted Companies Alliance's Corporate Governance Guidelines. Although there is no requirement to adopt these principles as an AIM company, the directors intend to continue to comply with its main provisions as far as is practicable and appropriate having regard to the size and nature of the Company.

The main features of the Company's corporate governance procedures are as follows:

THE BOARD

The Board comprises of John McLean (Chairman), Wang Yan Ting, Nicholas Smith (resigned on 31 December 2012), Ng Shin Ju Ryan (resigned on 31 March 2013).

The Board meets regularly and is responsible for strategy, performance, approval of major capital projects and the framework of internal controls. Additional meetings are convened to discuss matters that require urgent consideration. The Board has defined a schedule of matters specifically reserved for its decision and delegates certain powers to the Board committees and to the executive directors, collectively and individually.

The number of Board meetings and Board committee meetings held in the current financial year and the attendance of Directors at these meetings are as follows:

	Attendance	Board	Audit Committee	Remuneration Committee
	Number of meetings held	5	3	1
	John McLean	5	3	N.A.
	Nicholas Smith	2	1	1
	Wang Yan Ting	5	N.A.	1
	Ng Shin Ju Ryan	3	2	N.A.

COMMITTEES OF THE BOARD

The Audit Committee, chaired by John McLean, meets at least twice a year with the Company's external auditor present. Its roles mainly include the review of the financial statements, internal controls and the scope and cost of the audit. The executive directors may also be invited to attend its meetings, where the Committee considers it to be appropriate.

The Remuneration Committee, chaired by John McLean, is responsible for making recommendations to the Board on remuneration policy for directors, including the setting of directors' salaries and incentive payments. The Committee is also in charge of recommending the granting of share options to employees.

RELATIONS WITH SHAREHOLDERS

The Board considers it important to communicate a balanced and understandable assessment of the Group's performance and prospects to all investors. The Board maintains frequent contact with institutional investors through regular meetings. The Board regarded the Annual General Meeting ("AGM") as an important opportunity to meet and communicate with individual shareholders. Shareholders are given ample time and opportunity at the company's AGM to express their views and put forward their questions to directors or management concerning the Group. The Board welcomes the views of all shareholders, and other stakeholders, which in the first instance should be communicated to the Chairman.

Corporate Governance

INTERNAL CONTROL

The Board is ultimately responsible for the Group's system of internal controls, including financial, operational, compliance control and risk management, and for reviewing and monitoring itseff ectiveness. The system of internal controls is designed to manage and minimise risk, rather than eliminate it. In pursuing these objectives, internal controls can only provide a reasonable and not absolute assurance against material misstatements or loss.

The Group's system of internal control is designed to assist its business objectives, safeguard the group's assets, ensure compliance with regulation and provide reliable financial information. Regular management meetings review all aspects of the Group's business including any inherent or identified risks. Executive management review the significant risks affecting the business and the policies and procedures by which these risks are managed.

There are established procedures for budgeting and planning capital expenditure, together with the reporting systems for monitoring the Group's business and performance. There is a rolling three month forecast in place, which is used to assess the financial impact of the Group's strategy, together with a comprehensive budgeting system with an annual budget approved by the Board. A monthly report to the Board details the financial performance of the Group for the preceding period versus budget.

The external auditor who is engaged to express an opinion on the Group's financial statements, also consider the systems of internal financial control to the extent necessary to express that opinion. External auditors report the results of their work to management, including executive members of the Board and the Audit Committee.

The Board has adopted the Share Dealing Code for the purpose of compliance with Rule 21 of the AIM Rules and takes steps to ensure compliance with that rule by the Group's employees.

The Board confirms that there is a continuing process for identifying, evaluating and managing the risk faced by the Group. Through the procedures outlined above, the Board has considered all significant aspects of control during the period under review and to date.

Report of the Independent Auditors

We have audited the financial statements of Sorbic International plc for the year ended 30 September 2013, which comprise the Consolidated and Parent Company Statements of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Cash Flow Statements, the Consolidated and Parent Company Statements of Changes in Equity and the related notes numbered 1 to 30.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards(IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part16 of theCompanies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to the minan auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any one 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 AUDITOR

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

In addition, we read all the financial and non-financial information in the Strategic Report, the Chairman's Statement and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 September 2013 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Report of the Independent Auditors

EMPHASIS OF MATTER – GOING CONCERN

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 2.22.1 to the financial statements concerning the Group's and Company's ability to continue as a going concern. As discussed in note 2.22.1, the Company will need to generate funds to repay the Company's existing convertible loan notes which mature on 31 August 2014. These conditions indicate the existence of a material uncertainty, which may cast doubt on the Group and Company's ability to continue as a going concern in the future. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Leo Malkin
SeniorStatutoryAuditor
Forandonbehalfof
CroweClarkWhitehill LLP
StatutoryAuditor
London

St Bride's House
10 Salisbury Square
London
EC4Y 8EH

28th January 2014

Consolidated Statementof Comprehensive Income

	Notes	Year ended 30 September 2013 £	Year ended 30 September 2012 £
Revenue	4	14,619,913	16,780,832
Cost of sales		(12,726,137)	(15,341,214)
Gross profit		1,893,776	1,439,618
Distribution and selling expenses		(184,121)	(193,048)
Administrative expenses		(1,105,984)	(1,224,871)
Profit from operations before impairment		603,671	21,699
Impairment loss	6	(6,684,701)	-
(Loss)/ profit from operations		(6,081,030)	21,699
Finance income	7	30,867	33,994
Finance costs	8	(74,471)	(91,770)
Unrealised foreign exchange loss		(5,016)	(108,329)
Loss before tax		(6,129,650)	(144,406)
Income tax expense	11	(221,240)	(133,669)
Loss forthe year	12	(6,350,890)	(278,075)
Other comprehensive income			
- Exchange differences on translating foreign operation		288,423	(271,753)
Total comprehensive loss, net of tax		(6,062,467)	(549,828)
Loss attributable to equity holders of the parent		(6,350,890)	(278,075)
Total comprehensive loss for the year attributable to equity holders of the parent		(6,062,467)	(549,828)
Loss per share			
-Basic (pence)	13	(13	(0.66)
-Diluted (pence)	13	(13	(0.66)
Adjusted earnings / (loss) per share (before impairment loss)			
- Basic (pence)	13	0	(0.66)
- Diluted(pence)	13	0	(0.66)

The notes on pages 29 to 63 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

	Share capital	*Share premium*	*Capital reserve*	*Surplus reserve*	*Retained earning*	*Share based payment reserve*	*Foreign currency translation reserve*	*Reverse acquisition reserve*	*Hedging reserve*	*Convertible loan notes - equity*	*Total equity attributable to owners of the parent*
	£	£	£	£	£	£	£	£	£	£	£
At 30 September 2011	2,313,810	21,836,795	2,783,379	496,173	7,480,987	30,000	2,237,745	(20,911,925)	(451,353)	76,019	15,891,630
Issue of ordinary share	389,463	324,553	-	-	-	-	-		-	-	714,016
Share issue costs	-	(76,275)	-	-	-	-	-		-	-	(76,275)
Loss for the period	-	-	-	-	(278,075)	-	-		-	-	(278,075)
Other comprehensive income:											
Exchange differences on translation of foreign operations	-	-	(58,160)	(10,368)	-	-	(203,225)	-	-	-	(271,753)
Total comprehensive income for the period	-	-	(58,160)	(10,368)	(278,075)	-	(203,225)	-	-	-	(549,828)
At 30 September 2012	2,703,273	22,085,073	2,725,219	485,805	7,202,912	30,000	2,034,520	(20,911,925)	(451,353)	76,019	15,979,543
Issue of ordinary share	499,886	83,314	-	-	-	-	-	-	-	-	583,200
Share issue costs	-	(48,122)	-	-	-	-	-	-	-	-	(48,122)
Expiry of share options	-	-	-	-	30,000	(30,000)	-	-	-	-	-
Loss for the period	-	-	-	-	(6,350,890)	-	-		-	-	(6,350,890)
Other comprehensive income:											
Exchange differences on translation of foreign operations	-	-	63,699	11,356	-	-	211,544	-	-	1,824	288,423
Total comprehensive income for the period	-	-	63,699	11,356	(6,350,890)	-	211,544	-	-	1,824	(6,062,467)
At 30 September 2013	3,203,159	22,120,265	2,788,918	497,161	882,022	-	2,246,064	(20,911,925)	(451,353)	77,843	10,452,154

Company Statement of Changes in Equity

	Share capital £	*Share premium* £	*Share base payment reserve* £	*Convertible loan notes - Equity* £	*Accumulated loss* £	*Total equity* £
As at 30 September 2011	2,313,810	21,836,795	30,000	76,019	(1,607,315)	22,649,309
Issue of ordinary share	389,463	324,553	-	-	-	714,016
Share issue costs	-	(76,275)	-	-	-	(76,275)
Loss for the period	-	-	-	-	(7,177,413)	(7,177,413)
Total Comprehensive Income	-	-	-	-	(7,177,413)	(7,177,413)
As at 30 September 2012	2,703,273	22,085,073	30,000	76,019	(8,784,728)	16,109,637
Issue of ordinary share	499,886	83,314	-			583,200
Share issue costs	-	(48,122)	-	-	-	(48,122)
Convertible loan notes-Equity	-	-	-	1,824	-	1,824
Expiry of share options	-	-	(30,000)	-	30,000	-
Loss for the period	-	-	-	-	(6,858,064)	(6,858,064)
Total Comprehensive Income	-	-	-	-	(6,858,064)	(6,858,064)
As at 30 September 2013	3,203,159	22,120,265	-	77,843	(15,612,792)	9,788,475

Consolidated Statementof Financial Position

	Notes	As at 30 September 2013 £	As at 30 September 2012 £
ASSETS			
Non-current assets			
Property, plant and equipment	14	6,001,071	11,054,035
Land use rights	15	2,243,331	3,856,722
		8,244,402	14,910,757
Current assets			
Inventories	16	1,083,429	426,868
Trade receivables	17	1,271,036	1,563,368
Prepayments, deposits and other receivables	18	259,040	203,041
Cash and cash equivalents	19	5,311,311	4,088,593
Amount due from director	20	6,142,668	6,016,249
		14,067,484	12,298,119
Total assets		22,311,886	27,208,876
LIABILITIES			
Current liabilities			
Trade payables		96,226	67,552
Advanced payments		161,143	149,755
Accruals and other payables		225,336	278,797
Amount due to directors	20	8,588,833	8,392,663
Current tax liabilities		102,780	30,154
Convertible loan notes	25	2,685,414	2,310,412
		11,859,732	11,229,333
Total liabilities		11,859,732	11,229,333

Consolidated Statementof Financial Position

	Notes	As at 30 September 2013 £	As at 30 September 2012 £
EQUITY			
Capital and reserves attributable to equity holdersof the Company			
Share capital	22	3,203,159	2,703,273
Share premium	22	22,120,265	22,085,073
Capital reserves	23.1	2,788,918	2,725,219
Surplus reserves	23.2	497,161	485,805
Retained earnings		882,022	7,202,912
Share based payment reserve	23.3	-	30,000
Reverse acquisition reserve	23.4	(20,911,925)	(20,911,925)
Convertible loan notes–equity	25	77,842	76,019
Foreign currency translation reserve		2,246,065	2,034,520
Hedging reserve	23.5	(451,353)	(451,353)
Total equity		10,452,154	15,979,543
Total equity and liabilities		22,311,886	27,208,876

These financial statements were approved by the directors and authorised for issue on 28th January 2014, and signed on their behalf by:

John McLean
Non-Executive Chairman

Company Number: 06280431

Company Statementof Financial Position

	Notes	As at 30 September 2013 £	As at 30 September 2012 £
ASSETS			
Non-current assets			
Investment in subsidiary	30	13,056,257	14,483,735
		13,056,257	14,483,735
Current assets			
Prepayments, deposits and other receivables	18	15,776	2,590
Amount due from subsidiary–HonourField	24	-	4,726,522
Cash and cash equivalents	19	164,590	1,079
Total current assets		180,366	4,730,191
Total assets		13,236,623	19,213,926
LIABILITIES			
Current liabilities			
Accruals and other payables		81,789	118.184
Amount due to subsidiary–HonourField	24	680,945	675,693
Convertible loan notes	25	2,685,414	2,310,412
Total current liabilities		3,448,148	3,104,289
Total liabilities		3,448,148	3,104,289

Company Statementof Financial Position

	Notes	As at 30 September 2013 £	As at 30 September 2012 £
EQUITY			
Capital and reserves attributable to equity holders of the the Company			
Share capital	22	3,203,159	2,703,273
Share premium	22	22,120,265	22,085,073
Share based payment reserve	23.3	-	30,000
Convertible loan notes–Equity	25	77,842	76,019
Accumulated loss		(15,612,791)	(8,784,728)
Total equity		9,788,475	16,109,637
Total equity and liabilities		13,236,623	19,213,926

These financial statements were approved by the directors and authorised for issue on 28th January 2014 and signed on their behalf by:

John McLean
Non-Executive Chairman

Company Number: 06280431

Consolidated Cash Flow Statement

	Notes	Year ended 30 September 2013 £	Year ended 30 September 2012 £
CASHFLOWS FROM OPERATING ACTIVITIES			
Loss for the period before tax		(6,129,650)	(144,406)
Adjustments for:			
Amortisation of prepaid land lease payments	15	54,109	52,750
Depreciation	14	564,294	546,792
Impairment loss	6	6,684,701	-
Interest income	7	(30,867)	(33,994)
Interest expense	8	74,471	91,770
Operating cash flows		1,217,058	512,912
Changes in working capital:			
(Increase)/ decrease in inventories		(646,583)	237,630
Increase / (decrease)in trade and other receivables		174,505	(12,243)
Decrease in trade and other payables		(19,525)	(162,884)
Cash generated from operations		725,455	849,983
Income tax paid		(150,543)	(151,056)
Interest paid		(74,471)	(49,239)
Net cash generated from operating activities		500,441	375,120
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment additions		-	(393,851)
Interest received		30,881	33,994
Net cash generated from/(used in) investing activities		30,881	(359,857)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from financial institution		1,208,400	2,460,000
Repayment of loan from financial institution		(1,208,400)	(2,460,000)
Proceeds from issuance of new shares, net of issue costs		535,078	637,741
Proceeds from issuance of convertible loan notes		88,260	-
Netcash generated fromfinancingactivities		623,338	637,741
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,154,660	653,004
Exchange gains/(losses) on cash and cash equivalents		68,058	(85,249)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		4,088,593	3,520,838
CASH AND CASH EQUIVALENTS AT END OF PERIOD	19	5,311,311	4,088,593

Company Cash flowstatement

	Notes	For Year Ended 30 September 2013 £	For Year Ended 30 September 2012 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation	29	(6,858,064)	(7,177,413)
Adjustments for:			
Interest income		(49)	(5)
Interest expenses		288,565	288,666
Impairment provision	30	6,250,000	6,500,000
Operating cash flows		(319,548)	(390,752)
Decrease/ (increase)in receivables		(109,186)	31,419
Increase /(decrease) in payables		(31,143)	148,249
Increase in amount due from subsidiary		-	(250,000)
Cash generated from operations		(459,877)	(461,084)
Interest paid		-	(244,135)
Net cash used in operating activities		(459,877)	(705,219)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		49	5
Net cash from investing activities		49	5
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceedsfromissuanceofconvertibleloannotes		88,261	-
Proceeds from issuance of new shares, net of issue costs		535,078	637,741
Net cash generated from financing activities		623,339	637,741
NET CHANGE IN CASH AND CASH EQUIVALENTS		163,511	(67,473)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		1,079	68,552
CASH AND CASH EQUIVALENTS AT END OF PERIOD	19	164,590	1,079

Notes to the Financial Statements

1. GENERAL INFORMATION AND PRINCIPAL ACTIVITIES

Sorbic International Plc and its subsidiaries' (the "Group") principal activities include the production and sale of food preservatives, Sorbic Acid and Potassium Sorbate. The Group's main operations are in the People's Republic of China ("PRC").

Sorbic International Plc, a public limited company, is the Group's ultimate parent company. It is incorporated and domiciled in the United Kingdom. The address of Sorbic International's registered office is 17 Hanover Square, London W1S 1HU. Sorbic International's shares are listed on the AIM Market of the London Stock Exchange.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. *Basis of preparation*

The Group's financial statements for the year ended 30 September 2013are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

The Directors have formed a judgement that there is an expectation that the Company and Group as a whole have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing the financial statements as described further in note 2.21.1 to the financial statements.

The accounting policies adopted by the Group are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of IFRS that are effective for annual periods beginning on or after 1 October 2012. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

Issued but not yet EU adopted

IFRS 1 – Amendments–Government loans
IFRS 9 - Financial instruments

Issued and EU adopted

IFRS 1 – Amendments - severe hyperinflation and removal of fixed dates for first time adoption
IFRS 7 (amended) - Financial instruments disclosures
IFRS 10 - Consolidated Financial Statements
IFRS 11 - Joint Arrangements
IFRS 12 - Disclosure of Interests in other entities
IFRS 13 - Fair value measurement
IAS 1 - (amended) – Presentation of items of other comprehensive income
IAS 12 - (amended) – Deferred tax: Recovery of underlying Assets
IAS 19 - (amended) – Employee Benefits
IAS 27 - Separate Financial Statements
IAS 28 - Investments in Associates and Joint Ventures
IFRIC 20 - Stripping costs in the production Phase of a surface mine
Transition guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)

The Directors do not anticipate that the adoption of these standards and interpretations in future reporting periods will have a material impact on the Company's results.

2.2. *Presentation of Financial Statements*

The consolidated financial statements are presented in accordance to IAS 1 – Presentation of Financial Statements (revised 2007) and comprise the financial statements of all the entities within the Group. The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses are eliminated on consolidation.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2.1. Reverse acquisition accounting

In April 2008, HonourField successfully completed the acquisition of Linyi Van Science and Technology Limited (“LVST”) for a total purchase consideration of £3,624,495.

A qualitative and quantitative analysis of these factors leads the directors to conclude that in this transaction LVST should be treated as the accounting acquirer as the executive management of LVST became that of HonourField as well as the agreement between management and acquiring shareholders.

In September 2008, the Company successfully completed the acquisition of HonourField and its subsidiary for a total purchase consideration of upto £20,120,000, excluding expenses, as fulfilled by an immediate issuance of 16,526,667 new Ordinary shares of the Company upon completion of the acquisition. A further 10,300,000 new Ordinary shares was issued in the year to 30 September 2009 upon HonourField meeting its profit target under a deferred consideration scheme known as the Escrow share scheme.

Due to the relative values of the companies, the former HonourField shareholders became majority shareholders with 68.15 per cent of the enlarged ordinary share capital in Sorbic International, and hence hold the majority of the voting rights. Further, the executive management of the LVST became that of HonourField and Sorbic International. A qualitative and quantitative analysis of these factors leads the Directors to conclude that in this transaction HonourField has the controlling interest and should be treated as the accounting acquirer.

In determining the appropriate accounting treatment for the reverse acquisition, the directors have considered the Application Supplementto IFRS3, Business Combinations. However, they have concluded that this transaction falls outside of the scope of IFRS3, since Sorbic International, whose activities prior to the acquisition were limited to the management of cash resources and the maintenance of its listing, did not constitute a business. It has therefore been determined that the transaction should be accounted for in a manner that is similar to the reverse accounting as described in IFRS3, but without recognising goodwill.

In accordance with IAS8 Accounting Policies, Changes in Accounting Estimates and Errors, in developing an appropriate accounting policy the directors have considered the pronouncements of other standard-setting bodies and specifically looked to accounting principles generally accepted in the United States of America (“USGAAP”) for guidance (FAS141, Business Combinations) as well as SEC rules. Under US GAAP, in a reverse acquisition, the target company (HonourField) is treated as the acquiring company for financial reporting purposes (no purchase accounting adjustments) and the fair value of the issuing company’s common shares (Sorbic International) is recognised, together with adjustments necessary to reflect the net tangible and identifiable intangible assets at their fair value with any remainder assigned to goodwill (full application of purchase accounting).

Under USGAAP, such a transaction is treated as an equity issuance by the operating entity (in this case HonourField). As a result, the cost of the combination is deemed to equal the net monetaryassets of the acquiree (Sorbic International) plus transaction costs. Only costs incurred by the “target” company can be capitalised.

2.3. Revenue

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenue from the sales of manufactured goods and trading of raw material are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customer.

Interest income is recognised on a time-proportion basis using the effective interest method.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4. Income tax and taxation

2.4.1. Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

2.4.2. Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales is recognised as part of the cost of acquisition of the asset or as part of the expense it emas applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

2.4.3. Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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Deferred tax is recognised on differences between the carry in amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition(other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt within equity.

Deferred tax assets and liabilities are off set when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Notes to the Financial Statements

2. SIGNIFICANTACCOUNTING POLICIES(continued)

2.5. Employee benefits

HonourField, based in Singapore, makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme.

The Group's Chinese subsidiaries follow the rules and regulations stipulated by the PRC, including:

2.5.1. Pension obligations

LVST contributes to defined contribution retirement schemes, which are available to all employees. Contributions to the schemes by LVST and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to the consolidated statement of comprehensive income represents contributions payable by LVST to the scheme.

2.5.2. Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan, which is without realistic possibility of withdrawal.

2.6. Functional and foreign currency

2.6.1. Functional and presentation currency

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (the"functional currency"); i.e. The functional currency of LVST and Inner Mongolia Van Science Technique Co., Ltd is Renminbi and the functional currency of all other group companies is Sterling. The financial information is presented in Sterling, which is Sorbic International's functional and presentational currency.

2.6.2. Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the rates ruling on the balance sheet date. Profits and losses resulting from this translation policy are included in the consolidated statement of comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the consolidated statement of comprehensive income during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less the irresidual values over the estimated useful lives on a straight-line basis. The estimated useful lives of property, plant and equipment are as follows:

	Useful economic life (years)
Buildings	20
Plant and machinery	12
Office equipment and fixtures	5
Motor vehicles	5

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

Construction in progress represents buildings under construction and plant and machinery pending installation, and is stated at cost less impairment losses. The assets would be transferred to the respective class of assets on completion. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, an disrecognised in the consolidated statement of comprehensive income.

2.8. Land use rights

Land use rights are capitalised and stated at cost less accumulated amortisation and impairment losses. Amortisation is provided on a straight-line basis over the term of the rights, and is included within administrative expenses in the consolidated statement of comprehensive income.

2.9. Inventories

Inventories are stated at the lower of cost and netrealisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The Group reviews an ageing analysis at each balance sheet date and makes allowances for obsolete and slow-moving inventory items identified that are no longer suitable for use in production.

2.10. Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at a mortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of trade. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cashflows,discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in the consolidated statement of comprehensive income.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11. Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets, inventories and receivables to determine whether there is any indication that an asset may be impaired. If any such indication exists, there coverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate there coverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

For the year ended 30 September 2013, the Group made a total impairment provision of £6.68 million, consisting of £1.65 million of its intangible assets as well as £5.03 million against property, plant and equipment of Inner Mongolia to reflect its fair value in accordance with IAS 36. Further detail is provided in note 6 to the financial statements.

For the year ended 30 September 2013, the Company made an impairment provision of £5.25 million on its investments in Honour Field Group to reflect its fair value in accordance with IAS 36. Further detail is provided in note 30 to the financial statements.

2.12. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value.

2.13. Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

2.14. Borrowings and borrowing costs

2.14.1. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14.2. Borrowing costs

Borrowing costs are generally expensedasincurred. Borrowing costs are capitalised if they are directlly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing cost commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is incurred. The amount of borrowing cost capitalised during the year was £nil (FY2012: £286,666).

2.15. Financial instruments

Financial assets and financial liabilities are recognised and derecognised on a trade date basis where the purchase or sale of the instrument is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value, plus directlyattributable transaction costs except in the case of financial assets at fair value through profit or loss. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

2.16. Convertible loan notes

Convertible loan notes issued by the Group are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using prevailing market interest rate for similar non-convertible debt. The difference between the proceeds from issuing the convertible loan notes and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group is included in equity.

Issue costs are apportioned between the liability and equity components of the convertible loan notes based on their relative carrying amounts at the respective date of issue. The portion relating to the equity component is charged directly against equity.

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible loan note.

2.17. Equity

For the purpose of preparing the consolidated financial statement of the Group, the share capital represents the nominal value of the issued share capital of Sorbic International. Share premium represents the excess over nominal value of the fair value consideration received for equity shares net of expenses of the share issue.

The PRC statutory reserves comprise of the capital reserves and the surplus reserves of the subsidiaries of Honour Field established in the PRC, which were set-up in accordance with their respective article of association and the relevant PRC laws and regulations.

The reverse acquisition reserve arises as a result of following the accounting method described in note 2.2.1 in respect of the reverse takeover completed in 2008.

Foreign currency translation reserve represents the difference arising from translation of investment in overseas subsidiaries.

The accounting policies adopted for specific equity relatedfinancial instruments and arrangements are set out below.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18. Share-based payments

All share-based payment arrangements are recognised in the consolidated financial statements in the period in which the associated goods or services are provided. The Group operates equity-settled share-based remuneration plans for remuneration of its employees, although to-date no options have been granted under these plans.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values at the date the services are provided.

All equity-settled share based payments are recognised as an expense with a corresponding credit to “Share based payment reserve”. Where the cost relates to the issue of shares, the cost has been off set against share premium. Upon exercise of the share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

2.19. Derivatives financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- hedges of a net investment in a foreign operation (net investment hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in off setting changes in fair values or cash flows of hedged items. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

2.19.1. Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the consolidated statement of comprehensive income, together with any changes in the fair value of the hedged or liability that are attributable to the hedged risk. The Group only applies fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effect portion of interest rate swaps hedging fixed rate borrowings is recognised in the consolidated statement of comprehensive income within “finance costs”. The gain or loss relating to the ineffective portion is recognised in the consolidated statement of comprehensive income within “other gains/(losses)—net”. Changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk are recognised in the consolidated statement of comprehensive income within ‘finance costs’. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19. Derivatives financial instruments and hedging activities (continued)

2.19.2. Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of comprehensive income within “other gains/(losses)—net”.

Amounts accumulated in equity are recycled in the consolidated statement of comprehensive income in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the consolidated statement of comprehensive income within “financecosts”. The gain or loss relating to the ineffective portion is recognised in the consolidated statement of comprehensive income within “other gains/(losses)—net”. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets) the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in case of inventory or in depreciation in case of fixed assets.

Whenahedginginstrumentexpiresorissold,orwhenahedgeno longermeetsthecriteriafor hedgeaccounting,anycumulativegainorlossexistinginequityatthattimeremainsinequity andisrecognisedwhentheforecasttransactionisultimatelyrecognisedintheconsolidated statementofcomprehensiveincome.Whenaforecasttransactionisnolongerexpectedto occur,thecumulativegainorlossthatwasreportedin equityisimmediatelytransferredtothe consolidatedstatementofcomprehensiveincomewithin“othergains/(losses)— net”.

2.19.3. Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of comprehensive income within “other gains/(losses)—net”. Gains and losses accumulated in equity are included in the consolidated statement of comprehensive income when the foreign operation is partially disposed of or sold.

2.19.4. Derivatives at fair value through profit or loss and accounted for at fair value through profit or loss.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any these derivative instruments are recognised immediately in the consolidated statement of comprehensive income within “othergains/(losses)— net”.

2.20. Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an out flow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount can not be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow is remote.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21. Investments in subsidiary undertakings

Investment in subsidiary companies is stated at cost, less provision for diminution in carrying value. The Board conducts annual impairment review of its investment to ensure that the Company's assets are not carried at more than their recoverable amount.

2.22. Key assumptions and sources of estimation uncertainty

The preparation of financial statements inconformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period.

Although these estimates are based on management's best knowledge of the amount, event or actions, results ultimately may differ from those estimates. The directors have reviewed the accounting policies set out above and consider them to be the most appropriate to the Group's business activities.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

2.22.1. Going concern

The preparation of financial statements requires an assessment on the validity of the going concern assumption. The validity of the going concern assumption is dependent on finance being available for the continuing working capital requirements of the Group and finance for the development of the Group's projects becoming available.

As discussed in the Chairman's Statement, the following key areas impact on the going concern basis:

i) The successful resolution of the ongoing discussions with the local authorities in Ulanqab City, Inner Mongolia.

ii) The Company's requirement for either further equity fund raising or the transfer of funds from the Chinese operations in order to meet the Company's ongoing costs as discussed further in note 2.22.4.

iii) The Company has convertible loan notes which mature on 31 August 2014. The repayment, conversion or renegotiation of the loan notes is dependent on matters such as the performance of the Group and the successful conclusion of the points highlighted above in respect of the ongoing discussions with the local authorities in Ulanqab City, Inner Mongolia.

In approving the financial statements, the Board have recognised that the combination of these circumstances creates a level of uncertainty. However, having made enquiries and considered the uncertainties outlined above, the directors have a reasonable expectation that the Company and the Group have sufficient resources to continue in operational existence for the foreseeable future. Accordingly, the Board believes it is appropriate to adopt the going concern basis in the preparation of the financial statements.

Further details concerning going concern are discussed under the Directors' Report.

The Group also uses the following estimates and assumptions that do not have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year. These are:

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22.2. Impairment of property, plant and equipment

The Group evaluates whether items of property, plant and equipment have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable, in accordance with the stated accounting policy. The recoverable amounts of cash generating units have been determined based on value-in-usecalculations. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. The Group will continue to review the carrying value of their property, plant and equipment and adjustments will be made in future periods should an impairment loss be identified.For the year ending 30 September 2013, the Group made a total impairment provision of £6.68 million, consisting of £1.65 million of its intangible assets as well as £5.03 million against property, plant and equipment of Inner Mongolia to reflect its fair value in accordance with IAS 36. Further detail is provided in note 6 to the financial statements. The carrying amounts of these assets are shown in Note 14.

2.22.3. Impairment loss of trade and other receivables

The Group's policy for doubtful receivables is based on the on-going evaluation of the collectability and aging analysis of the trade and other receivables and on management's judgements. Considerable judgement is required in accessing the ultimate realisation of these receivables, including the current credit worthiness and the past collection history of each debtor. If the financial condition of the Group's debtors were to deteriorate, resulting in an impairment of the ability to make payments, additional impairment loss of trade and other receivable may be required. The Group will continue to review the carrying value of their trade and other receivables and adjustments will be made in future periods should an impairment loss be identified. The carrying amounts of these assets are shown in Note17 and 18.

2.22.4. Commercial and business environment in the PRC

The Group's main trading operations are based in the People's Republic of China ("PRC").

The Chinese system operates within a political framework of communist control. Although the Directors believe that political conditions in the PRC are generally stable, changes may occur in its political, fiscal and legal systems which might affect the ownership or operation of the Group's interests, including, inter alia, changes in exchange control regulations, changes in government and in legislative and regulatory regimes.

Activities, assets and entities based in the PRC within the group may be impacted by these evolving structures as well as other China related considerations, which could impact on the control of individual assets or the control of whole entities.

Whilst it is not possible to quantify the potential effect of such uncertainty on the group's operations, it is noted that the group is currently has been approached by the Linyi authorities to relocate the current facility in Linyi due to the area being rezoned by local authorities. As previously reported, the Group's plans to build in Inner Mongolia were changed following the Inner Mongolia Authority's requirement to rezone the company's factory.

Overall, the Group recognises that doing business in the PRC entails certain ambiguities and risks. The lack of consistency and predictability in the outcome of dispute resolutions, the lack of certainty in the interpretation, implementation and enforcement of the PRC laws and regulations and political system, may affect the Group's business, profitability, financial position and prospect.

Notes to the Financial Statements

3. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of bank and other borrowings, and equity attributable to equity holders of the Company, comprising issued share capital and reserves.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, returncapital to shareholders, issue new shares or sell assets to reduce debt.

Consistentwithothersintheindustry,theGroupmonitorscapitalonthebasisofthegearingratioand alsodebtsto equityratio.

3.1 Gearing ratio

The gearing ratio is defined and calculated by the Group as a total of interest-bearing borrowings to the owners'equity. Total equity includes mainly equity attributable to equity holders of the company.

During the year ended 30 September 2013, the Group's strategy was to maintain the gearing ratio at a moderate level within 1:3 in order to secure access to finance at a reasonable cost. The gearing ratios as at the balance sheet dates were as follows:

Group	As at 30 September 2013 £	As at 30 September 2012 £
Debts- interest bearing		
Bank borrowings	-	-
Shareholder's loan	-	-
Convertible loan notes	2,685,414	2,310,412
Total	2,685,414	2,310,412
Equity		
Capital and reserves attributable to equity holders of the company	10,452,154	15,979,543
Gearing ratio	1:3.9	1:6.9

The debt to equity ratio is defined and calculated by the Group as total debt (total liabilities) to the owner's equity, at 30 September 2013 was1:1.1 (2012:1:1.4).

Group	As at 30 September 2013 £	As at 30 September 2012 £
Total debts	11,859,732	11,229,333
Capital and reserves attributable to equity of the company holders	10,452,154	15,979,543
Debt to equity ratio	1:1.1	1:1.4

Notes to the Financial Statements

4. REVENUE

All revenues relates to the sales of goods. Revenue represents the invoiced value of goods, net of discounts and returns. An analysis of the Group's revenue is as follows:

	Year ended 30 September 2013	Year ended 30 September 2012
	£	£
Sale of Sorbic Acid	7,283,223	8,445,895
Sale of Potassium Sorbate	7,336,690	8,334,937
	14,619,913	16,780,832

5. SEGMENTALINFORMATION

For the purpose of IFRS 8 the chief operating decision-maker ("CODM"), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors ("the Board"). The Board consists of the Chairman and the Chief Executive Officer. The Board determines the operating segments based on reports reviewed and used by the Board for strategicdecision-making and resource allocation.

Segment information is presented in respect of the Group's geographical and operating segments.

The Group's operating segments are as follows:

(i) Sorbic acid
(ii) Potassium sorbate
(iii) Head office and other adjustments, which incorporates a measure of assets and liabilities not included in the other segments

During the year ended 30 September 2013 the Group earned approximately 45% (2012:26%) of its revenue through its American distributor, APAC.

Geographical Information-Revenue	Year ended 30 September 2013	Year ended 30 September 2012
	£	£
PRC	6,862,773	8,554,055
United States	6,604,170	4,325,670
Russia	107,018	595,254
Netherlands	375,194	979,653
Other	670,758	2,326,200
Consolidated	14,619,913	16,780,832

5. SEGMENTAL INFORMATION (continued)

All non-current assets are held in the PRC.

Operating Segments	Sorbic acid	Potassium sorbate	Head office and other adjustments	Consolidated
	£	£	£	£
Year ended 30 September 2013				
Revenue	7,283,223	7,336,690	-	14,619,913
Grossprofit	412,064	1,481,712	-	1,893,776
Loss before taxation	-	-	(6,129,650)	(6,129,650)
Taxation	-	-	(221,240)	(221,240)
Net loss after tax	-	-	(6,350,890)	(6,350,890)
Segment assets	299,957	232,652	21,779,277	22,311,886
Segment liabilities	-	-	11,859,732	11,859,732
Finance income	-	-	30,867	30,867
Finance costs	-	-	(74,471)	(74,471)
Depreciation and amortisation	322,760	295,643	-	618,403
Capital expenditure	-	-	-	-
Year ended 30 September 2012				
Revenue	8,445,895	8,334,937	-	16,780,832
Gross profit	342,746	1,096,872	-	1,439,618
Profit before taxation	-	-	(144,406)	(144,406)
Taxation	-	-	(133,669)	(133,669)
Net loss after tax	-	-	(278,075)	(278,075)
Segment assets	370,696	276,925	26,561,254	27,208,875
Segment liabilities			(11,229,333)	(11,229,333)
Finance income	-	-	33,994	33,994
Finance costs	-	-	(91,770)	(91,770)
Depreciation and amortisation	309,141	290,401	-	599,542
Capital expenditure	-	-	393,851	393,851

6. IMPAIRMENT LOSS

During the year, the Directors decided not to continue to pursue the commencement of rebuilding the existing facility in Inner Mongolia. The Group continues to seek compensation and negotiations are currently taking place on the understanding that the compensation agreement will be 'fair and reasonable' to both parties.

As the basis of negotiation with the Inner Mongolia authorities has now changed, the Directors have considered it appropriate to impair certain assets relating to the facility in Inner Mongolia. The net book value of the non-current assets in respect of Inner Mongolia prior to any impairment amounted to £9.14 million, of which £1.65 million is included within intangible assets, and the remaining £7.59 million is included within plant, property and equipment. The Directors made an impairment provision against all of the intangible assets (£1.65 million) as well as £5.03 million against property, plant and equipment. The total provision in this respect amounts to £6.68 million. As part of the negotiations, the Group understands that any further liabilities relating to the Inner Mongolia facility will be met by the compensation arrangements, and the Group has reduced the Capital Commitment as disclosed in note 26 accordingly.

The unprovided non-current assets relate to equipment purchased which the Directors expect to use in a new facility. The provision will be reassessed on an ongoing basis as well as when the quantum of the compensation agreement has been agreed.

Notes to the Financial Statements

7. FINANCE INCOME

Finance income and costs included are all interest related. The following amounts have been included in the income statement line for the reporting periods presented:

	Year ended 30 September 2013	Year ended 30 September 2012
	£	£
Interest income	30,867	33,994

8. FINANCE COST

	Year ended 30 September 2013	Year ended 30 September 2012
	£	£
Interest on bank loans and borrowings	74,471	91,770

9. STAFFCOSTS

	Year ended 30 September 2013	Year ended 30 September 2012
	£	£
Directors'remuneration:		
Fees as directors	15,000	58,333
For management	174,340	190,322
Othe remoluments	45,495	90,975
Pension costs	5,908	9,004
	240,743	348,634

There are no directors to whom retirement benefits are accruing under money purchase pension schemes.

Staff costs, including directors'remuneration:

	Year ended 30 September 2013	Year ended 30 September 2012
	£	£
Wages and salaries	641,138	444,896
Social security costs	78,015	55,053
Pension costs	122,235	118,787
	841,388	618,736

Notes to the Financial Statements

9. Staff Costs (continued)

	Year ended 30 September 2013	Year ended 30 September 2012
	No.	No.
Management	17	19
Sales	10	10
Production and administration	235	235
	262	264

Average number of persons employed by the Group, including directors.

10. RETIREMENT BENEFIT SCHEMES

The Company makes contributions to HM Revenue and Customs national insurance for the UK directors.

HonourField is based in Singapore, and makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme.

The Group's Chinese subsidiaries are required to participate in the employee pension schemes operated by the relevant local government authorities in the PRC. The PRC government is responsible for the pension liabilities to the employee pension scheme. LVST is required to make contributions for those employees who are registered as permanent residents in the PRC and are within the scope of the relevant PRC regulations at rates ranging from 19% to 20% of the employees' salaries.

	Year ended 30 September 2013	Year ended 30 September 2012
	£	£
UK	2,391	3,166
Singapore	3,738	8,091
China	71,886	107,530
	78,015	118,787

Notes to the Financial Statements

11. INCOME TAX EXPENSES

	Year ended 30 September 2013	Year ended 30 September 2012
	£	£
Current tax	221,240	133,669
	221,240	133,669
Loss before tax	(6,129,650)	(144,406)
Tax on loss at standard rate(25%;2012: 25%)*	(1,532,413)	(36,102)
Tax effect of non-deductible expenditure	1,753,653	133,669
Tax losses carried forward against future period	-	36,102
Current tax expense recognised in income statement	221,240	133,669
Effective tax rate	(3.6)%	(92.6)%

*The Company is subject to a United Kingdom tax rate of 24% (2012:26%). No tax provision is provided at the Company level, as all current profits are foreign derived income. The tax charge on profits assessable has been calculated at the rates of tax prevailing in China, in which the Group through its China subsidiaries operates, based on existing legislation, interpretation and practices in respect thereof.

The Company's subsidiary HonourField International Limited is a BVI registered company and it has tax-exempt status.

The Company's subsidiary Linyi Van Science and Technique Co., Limited ("LVST") is subject to a PRC Enterprise Income Tax rate of 25% (2012: 25%).

Deferred income tax assets are recognised for tax losses in the United Kingdom which are carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of £694,270(2012: £639,724) in respect of losses amounting to £2,892,792 (2012:£2,284,727) that can be carried forward against future taxable income since future taxable profits were not considered probable.

12. LOSS / PROFIT FOR THE PERIOD

The Group's operating profit / loss from operations for the period is stated after charging the following:

	Year ended 30 September 2013	Year ended 30 September 2012
	£	£
Depreciation	564,294	546,792
Exchange losses	5,016	108,329
Amortisation of prepaid land lease payments	54,109	52,750
Impairment loss		
– Property, plant and equipment	5,034,228	-
– Land use right	1,650,473	-
Auditor's remuneration:		
– Fees payable for the audit of the Company' annual accounts	54,000	54,000
– Fees payable to the Company's auditor and its associates for other services	12,500	12,500

13. EARNING PERSHARE

Basic	2013	2012
Loss attributable to equity holders of the Company (£)	(6,350,890)	(278,075)
Weighted average number of ordinary shares in issued (number)	48,843,733	42,336,872
Basic loss per share (pence)	(13.00)	(0.66)

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: share options and convertible loan notes. For the convertible loan notes, a calculation is done to determine the number of shares that could have been acquired based on the monetary value of the subscription rights attached to outstanding share options and convertible loan notes. The number of shares calculated as above is adjusted for the number of shares that would have been issued assuming the exercise of the convertible loan notes. The contingently issuable shares included within the share options and convertible loan notes are anti-dilutive and are not included in the calculation.

	2013	2012
Loss attributable to equity holders of the Company (£)	(6,350,890)	(278,075)
Weighted average number of Ordinary shares in issue (number)	48,843,733	42,336,872
Adjustments for:		
Convertible loan notes (number)	-	-
Share options (number)	-	-
	48,843,733	42,336,872
Diluted loss per share (pence)	(13.00)	(0.66)

Adjusted earnings per share has been calculated by adding back the impairment loss of £6,684,701 (2012: nil) to the loss of £6,350,890 (2012: loss of £278,075).

	2013	2012
Loss attributable toequity holders of the Company (£)	(6,350,890)	(278,075)
Adjustments for:		
Impairment loss (£)	6,684,701	-
Profit / (loss)attributable to equity holders of the Company (£)	333,811	(278,075)
Weighted average number of Ordinary shares in issue (number)	48,843,733	42,336,872
Basic earnings / (loss) per share (pence)	0.68	(0.66)
Adjustments for:		
Convertible loan notes (number)	28,477,778	-
Share options (number)	-	-
	77,321,511	42,336,872
Diluted earnings /(loss) per share (pence)	0.43	(0.66)

Notes to the Financial Statements

14. PROPERTY,PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Office equipment andfixtures	Motor vehicles	Construction in progress	Total
	£	£	£	£	£	£
Cost						
At 1 October 2011	3,371,153	4,677,281	65,053	91,981	6,838,698	15,044,166
Additions	-	107,200	-	-	524,198	631,398
Transfer	-	-	-	-	(15)	(15)
Translation differences	(70,442)	(99,555)	(1,359)	(1,922)	(375,466)	(548,744)
At 30 September 2012	3,300,711	4,684,926	63,694	90,059	6,987,415	15,126,805
Additions	-	-	-	-	288,552	288,552
Transfer	-	-	-	-	-	-
Translation differences	77,151	109,505	1,489	2,105	151,072	341,322
At 30 September 2013	3,377,862	4,794,431	65,183	92,164	7,427,039	15,756,679
Accumulated depreciation and impairment						
At 1 October 2011	854,635	2,648,776	57,284	50,016	-	3,610,711
Charge for the year	158,309	368,847	3,833	15,803	-	546,792
Translation differences	(20,546)	(61,612)	(1,262)	(1,313)	-	(84,733)
At 30 September 2012	992,398	2,956,011	59,855	64,506	-	4,072,770
Charge for the year	162,389	387,027	427	14,451	-	564,294
Translation differences	19,930	61,631	1,391	1,364	-	84,316
Impairment	59,995	-	-	-	4,974,233	5,034,228
At 30 September 2013	1,234,712	3,404,669	61,673	80,321	4,974,233	9,755,608
Carrying amount						
At 30 September 2012	2,308,313	1,728,915	3,839	25,553	6,987,415	11,054,035
At 30 September 2013	2,143,150	1,389,762	3,510	11,843	2,452,806	6,001,071

During the year, the Directors decided not to continue to pursue the commencement of rebuilding the existing facility in Inner Mongolia. The Group continues to seek compensation and negotiations are currently taking place on the understanding that the compensation agreement will be 'fair and reasonable' to both parties.

The Directors made an impairment provision of £5.03 million against construction in progress, further details of which are described in note 6. The unprovided non-current assets relate to equipment purchased which the Directors expect to use in a new facility. The provision will be reassessed when the quantum of the compensation agreement has been agreed.

Notes to the Financial Statements

15. LAND USE RIGHTS

	Year ended 30 September 2013	Year ended 30 September 2012
	£	£
Cost		
Beginning of period	4,112,821	4,200,596
Addition	-	-
Translation difference	96,134	(87,775)
End of period	4,208,955	4,112,821
Accumulated amortisation		
Beginning of period	256,099	208,605
Charge for the year	54,109	52,750
Impairment loss	1,650,473	-
Translation difference	4,943	(5,256)
End of period	1,965,624	256,099
Carrying amount	2,243,331	3,856,722

The Group's prepaid land lease payments represent payments for land use rights situated in the PRC under medium term leases. The Group's land use rights lease prepayments are being amortised straight-line over 48-50 years terms and included under administration expenses in the consolidated statement of comprehensive income.

During the year, the Directors decided not to continue to pursue the commencement of rebuilding the existing facility in Inner Mongolia. The Group continues to seek compensation and negotiations are currently taking place on the understanding that the compensation agreement will be 'fair and reasonable' to both parties.

Accordingly, the Directors have made an impairment provision against all the relevant intangible assets of £1.65 million, further details of which are described in note 6.

16. INVENTORIES

Group	As at 30 September 2013	As at 30 September 2012
	£	£
Raw materials	314,850	351,458
Consumables	16,831	15,326
Finished goods	751,748	60,084
	1,083,429	426,868

17. TRADE RECEIVABLES

Trade receivables are unsecured, non-interest bearing and on 3 months' terms. They are recognised at their original invoice amounts, which represent their fair values on initial recognition less provision for impairment where it is required.

Trade receivables that are less than three months past due are not considered impaired.

The ageing analysis of trade receivables past due but not impaired are set out below. These relate to a number of independent customers for whom there is no recent history of default.

	As at 30 September 2013	As at 30 September 2012
	£	£
Up to three months	1,271,036	1,563,368

Notes to the Financial Statements

17. TRADE RECEIVABLES (continued)

Trade receivables that are neither past due nor impaired are considered to be fully recoverable. There are no concentrations of credit risk in trade receivable.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group	As at 30 September 2013	As at 30 September 2012
	£	£
Prepayments	243,264	190,045
Otherreceivables	15,776	12,996
	259,040	203,041

Company	As at 30 September 2013	As at 30 September 2012
	£	£
Prepayments	-	-
Otherreceivables	15,776	2,590
	15,776	2,590

19. CASH AND CASH EQUIVALENTS

Group	As at 30 September 2013	As at 30 September 2012
	£	£
Cashandcashequivalents	5,311,311	4,088,593

The cash and cash equivalents are denominated in the following currencies:

	As at 30 September 2013	As at 30 September 2012
	£	£
Renminbi	5,123,074	4,035,811
Singapore Dollar	4,652	20,044
Pound Sterling	183,585	32,738
	5,311,311	4,088,593

The conversion of Renminbi denominated cash and bank balances into foreign currencies and the remittance of these funds out of the PRC are subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

Company	As at 30 September 2013	As at 30 September 2012
	£	£
Cash and cash equivalents	164,590	1,079

20. AMOUNTS DUE FROM/ (TO) DIRECTOR

Group	Asat 30 September2013	Asat 30 September2012
	£	£
Wang Yan Ting:		
Amount due from directors	6,142,668	6,016,249
Amount due to directors	(8,588,833)	(8,392,663)

The director loans are denominated in Renminbi and are unsecured.

Mr. Wang Yan Ting is a director of the Company and the former owner of LVST. RMB50.8 million (£5.1 million) within the amount due from directors relates to transactions entered with the director to resolve a tax position that arose due to the acquisition of LVST. In order to resolve the position, a loan of RMB50.8 million (£5.1million) was made by Wang Yan Ting ("WYT"), a director and shareholder in Sorbic International plc and the former owner of LVST to LVST, and a contribution of the same amount was made by WYT to HonourField International Limited ("HF"). These amounts are repayable on demand. Since the legal agreements relating to the set off of the above transactions have not been executed at the date of statement of financial position, the amounts due to and due from WYT are included in other payables and other receivables respectively. Further loans have since been made to finance the Group's expansion plans in Inner Mongolia.

The amount due to directors consists of the loan from the director in relation to the above tax position and additional loans from the director to fund the Group's expansion plans. All these loans repayable on demand, unsecured, interest free.

21. INTEREST-BEARING BORROWINGS

There are no outstanding short-term bank loans as at 30 September 2013 and 2012. The effective interest rate of the bank loan utilised by the Group during the year was approximately 6.3% (2012: 5.16%)

Notes to the Financial Statements

22. SHARE CAPITAL

	As at 30 September 2013	As at 30 September 2012
	£	£
Authorised		
100,000,000 ordinary share of £0.06 each	6,000,000	6,000,000

The movement on the share capital account was as follows:

Issued, called up and fully paid	£
At 1 October 2011 38,563,500 Ordinary shares of £0.06 each	2,313,810
Issue of shares on 27 February 2012 5,513,641 Ordinary shares of £0.06 each	330,818
Issue of shares on 30 March 2012 977,410 Ordinary shares of £0.06 each	58,645
At 30 September 2012 45,054,551 Ordinary shares of £0.06 each	2,703,273
Issue of shares on 28 March 2013 3,274,286 Ordinary shares of £0.06 each	196,457
Issue of shares on 26 April 2013 5,057,143 Ordinary shares of £0.06 each	303,429
At 30 September 2013	3,203,159

The principal amount of the convertible loan notes issued on 27 August 2010, 25 February 2011 and 26th March 2013 can be converted into such number of new fully paid ordinary shares of the Company at a conversion price of 9 pence per share at any time up to the final redemption date of 31st August 2014. As at 30 September 2013, 28,477,778ordinary shares are reserved for issue. No conversion took place during the year.

The movement on the share premium account was as follows:

Share premium	£
As at 1 October 2011	21,836,795
Issue of shares on 27 February and 30 March 2012 for a consideration of £0.11 per share	324,553
Share issue costs	(76,275)
At 30 September 2012	22,085,073
Issue of shares on 28 March and 26 April 2013 for a consideration of £0.06 per share	83,314
Share issue costs	(48,122)
At 30 September 2013	22,120,265

Notes to the Financial Statements

23. RESERVES

23.1. Capital reserve

The capital reserve comprises the surplus between the fair value of the net assets and the nominal value of shares issued when LVST was converted/ acquired from a state-owned enterprise to a limited company

The capital reserve can only be used for conversion into share capital.

Domestic PRC companies are also required to transfer 5% to 10% of net profit, as determined under PRC accounting regulations, to the statutory common welfare fund. This fund can only be used to provide staff welfare facilities and other collective benefits to the employees of that company. This fund is non-distributable other than in the event of liquidation.

23.2. Surplus reserve

In accordance with the relevant PRC laws and regulations, PRC domestic companies are required to transfer10% of their profit after income tax, determined in accordance with PRC GAAP, to the statutory reserves, until the balance of the reserve reaches 50% of the registered capital of that company. Subject to certain restrictions as set out in the relevant PRC regulations, the statutory reserve may be used to offset against accumulated losses, if any.

23.3. Share based payment reserve

Share based payment reserve represents equity-settled share-based payments until such share options are exercised.

	As at 30 September 2013	As at 30 September 2012
	£	£
Share options granted to		
Hermes Capital for subscription of 400,000 new ordinary shares	-	20,000
Finn Cap for subscription of 200,000 new ordinary shares	-	10,000
	-	30,000

In 2008, Sorbic International granted Hermes Capital and JM Finn Capital Markets Limited ("FinnCap") warrants to subscribe for 400,000 and 200,000 new ordinary shares of the Company, respectively, at a subscription price of £0.75 per share. The warrant may be exercised at any time during the period of five years from 29 September 2008 on wards. These warrants expired during the year and the reserve has been released to the profit and loss reserve.

23.4. Reverse acquisition reserve

The reverse acquisition reserve arises as a result of following the accounting method described in note 2.2.1 in respect of the reverse acquisition.

23.5. Hedging reserves

The hedging reserve arises as a result of following the accounting method described in note2.19.3 and relates to the foreign currency exchange losses that arose from the Renminbi denominated consideration for the acquisition exercise.

Notes to the Financial Statements

24. RELATED PARTY TRANSACTIONS

Group

An entity or individual is considered a related party of the Group for the purpose of the financial statements if:

(i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or
(ii)it is subject to common control

In addition to related party information disclosed elsewhere in the financial statements, the following significant related party transactions took place during the year on terms agreed between the parties:

	As at 30 September 2013	As at 30 September 2012
	£	£
Director–JohnMcLean		
Convertible loan interest charged	4,614	4,630
Consultancy Fee	50,000	51,000
Director–AngWeeBoon		
Consultancy Fee	-	27,475

24.1. Albany Capital Group Limited ("Albany Capital") is a shareholder of the Company and was providing administrative service and acted as adviser to the Company in relation to the reverse takeover and re-admission to AIM. Mr. John McLean was a common director in the Company and AlbanyCapital until he stepped down as director of Albany Capital on the 31 May 2012.

24.2. Ang Wee Boon resigned from his position as Non-Executive director of the Company on the 31 October 2011.

24.3. Compensation of key management personnel (as recognised in the consolidated income statement)

	Number of directors /key management	As at 30 September 2013	As at 30 September 2012
		£	£
Directors remuneration: (Short-term employee benefits)			
Wages and emoluments	3	240,743	348,635
Key management: (Short-term employee benefits)			
Wages and emoluments	2	181,462	237,218

24. RELATED PARTY TRANSACTIONS (continued)

24.4. Convertible loan notes

Outstanding convertible loan notes owed to director, John McLean were as follows:

	As at 30 September 2013		As at 30 September 2012	
	Direct	Deemed	Direct	Deemed
	£	£	£	£
Principal	40,000	-	40,000	-
Interest accrued	6,309	-	1,695	-

Deemed interests are in direct holdings, namely shares owned by the spouse of a director, or by a company in which a director holds office.

Company

The following significant related party transaction took place during the year on terms agreed between the parties:

	As at 30 September 2013	As at 30 September 2012
	£	£
Honourfield International Limited		
Amount due from subsidiary	4,822,522	4,726,522
Amount due to subsidiary	680,945	675,693
Management fee income from a subsidiary	24,000	24,000

The amount due from a subsidiary represents an amount advanced by Sorbic International to a subsidiary. It is unsecured, interest free and has no fixed terms of repayment.

The amount due to a subsidiary represents payments made by the subsidiary on behalf of the Company. It is unsecured, interest free and has no fixed terms of repayment.

25. CONVERTIBLE LOAN NOTES

Convertible loan notes A (the "A Loan Notes") and Convertible loan notes B (the "B Loan Notes") were issued on 27 August 2010 and 25 February 2011 respectively. The loan notes are convertible into ordinary shares of the Company at any time between the date of issue of the notes and their maturity date of 26 February 2013 at £0.26 per share.

The effective interest rate used to calculate the interest charged for both A and B loan notes to the income statement was 12%.

On 26 March 2013 the Company announced that it proposed, conditional upon admission and in part on shareholder approval, to raise approximately £0.7 million (before expenses) through the issue of £125,000 of convertible loan notes (the "New A Loan Notes") and 8,331,429 new ordinary shares of 6 pence each, to be issued at 7 pence each. Subsequently at the 2013 AGM, the shareholders gave their approval and the securities were admitted to listing.

The required majority of holders of A and B loan notes agreed to amend the terms of the loan note instruments to which such loan notes relate such that the redemption date is now 31 August 2014. The New A Loan Notes were issued subject to the terms of the A loan note instrument and the New A Loan Notes will have the same terms as the A and B Loan Notes currently in issue.

Key terms of New A Loan Notes (and the revised A and B Notes) are:

- Conversion price is set at price of 9 pence;
- Interest remains at 10% p.a. compounded semi-annually and rolled up to redemption;
- Interest may, at the election of the loan note holders, be paid through the issue of new ordinary shares;
- Redemption premium equal to 1.5% per month, from date of new loan note instrument, if Company chooses to redeem early; and
- Redemption date of 31 August 2014.

The net proceeds received from the issue of the convertible loan notes have been split between the liability element and an equity component, representing the fair value of the embedded option to convert the liability into equity of the Group as follows:

30 September 2013		**A Loan Notes**			**B Loan Notes**		**Total**
	Gross amount	**Transaction costs**	**Net amount**	**Gross amount**	**Transaction costs**	**Net amount**	**Net amount**
	£	£	£	£	£	£	£
Convertible loan notes issued	1,687,000	150,732	1,536,268	876,000	72,199	803,801	2,340,069
Equity component	58,969	4,876	54,093	25,887	2,137	23,750	77,843
Liability component at date of issue	1,628,031	145,856	1,482,175	850,113	70,062	780,051	2,262,226
Transfer of A to B notes			(395,292)			395,292	-
Interest charged			444,641			380,514	825,155
Interest paid			(228,032)			(173,935)	(401,967)
Liability component at 30 September 2013			1,303,492			1,381,922	2,685,414

30 September 2012		**A Loan Notes**			**B Loan Notes**		**Total**
	Gross amount	**Transaction costs**	**Net amount**	**Gross amount**	**Transaction costs**	**Net amount**	**Net amount**
	£	£	£	£	£	£	£
Convertible loan notes issued	1,562,000	114,301	1,447,699	876,000	72,199	803,801	2,251,500
Equity component	56,395	4,126	52,269	25,887	2,137	23,750	76,019
Liability component at date of issue	1,505,605	110,175	1,395,430	850,113	70,062	780,051	2,175,481
Transfer of A to B notes			(395,292)			395,292	-
Interest charged			304,492			232,406	536,898
Interest paid			(228,032)			(173,935)	(401,967)
Liability component at 30 September 2012			1,076,598			1,233,814	2,310,412

Notes to the Financial Statements

26. CAPITALCOMMITMENTS

The Group's capital commitments at the balance sheet date are as follows:

	As at 30 September 2013	As at 30 September 2012
	£	£
Contracted but not provided for		
- Construction in progress	3,300,000	6,753,101

Following thedecision to not to pursue the commencement of rebuilding the existing facility in Inner Mongolia, the remaining capital commitment represents amounts contracted but not provided for in respect of equipment purchases.

27. FINANCIAL INSTRUMENTS

Categories of financial instruments

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

Summary of financial assets and liabilities by category.

Group	As at 30 September 2013	As at 30 September 2012
	£	£
Trade and other receivables: Loans and receivables	7,672,744	7,782,657
Cash and cash equivalent: Loans and receivables	5,311,311	4,088,593
	12,984,055	11,871,250
Non-financial assets	16,012,533	15,337,626
	28,996,588	27,208,876
Trade and other payables, amount due to related companies		
-Financial liabilities recorded at amortised cost	9,071,538	8,888,767
Convertible loan notes	2,685,414	2,310,412
	11,756,952	11,199,179
Non-financial liabilities	102,780	30,154
	11,859,732	11,229,333

Company	As at 30 September 2013	As at 30 September 2012
	£	£
Trade and other receivables:- Loans and receivables	4,838,298	4,729,112
Cash and cash equivalent:- Loans and receivables	164,590	1,079
	5,002,888	4,730,191
Non-financial assets	14,483,735	14,483,735
	19,486,623	19,213,926
Trade and other payables, amount due to related parties and shareholders:		
-Financial liabilities recorded at amortised cost	762,734	793,877
Non-financial liabilities	-	-
Convertible loan notes	2,685,414	2,310,412
	3,448,148	3,104,289

27. FINANCIAL INSTRUMENTS (continued)

Risk management objectives and policies

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities. The Group establishes and coordinates its risk management at its headquarters in China, in close co-operation with the Board of directors. The Group focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets. The overall financial risk management objective is to ensure that the Group enhances shareholders' value. Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group's financial risk management policies.

The Group does not engage in the tradingof financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

27.1 Currency risk

The Group's ultimate holding company is located in United Kingdom and its monetary assets;liabilities and transactions are principally denominate in the functional currency of respective group entities ,which are mainly British Pound ("GBP"). However, most of the transactions of the Group are carried out in the PRC– where its subsidiary LVST operates. The Group's sales transactions are transacted either in Renminbi ("RMB") and US Dollar ("USD") where as all related purchases and loan borrowings transactions are therefore denominated in Renminbi ("RMB"). The amounts to be paid and received in RMB are expected to largely off set one another. No hedging activity is undertaken. For the financial period, the Group's expenses incurred were in a combination of GBP, RMB and Singapore Dollar("SGD").

Facing the continuous appreciation of RMB against GBP and USD, the Group is facing the following foreign currency translation exposure:

Group	As at 30 September 2013 £			As at 30 September 2012 £		
Nominal amounts	RMB	USD	SGD	RMB	USD	SGD
Financial assets						
- trade receivables	726,689	544,347	-	895,217	668,151	-
- other receivables	243,264	-	-	200,450	-	-
- cash & banks	5,123,074	-	4,652	4,035,811	-	20,044
- amount due from director	6,142,668	-	-	6,016,249	-	-
Financial liabilities						
- trade payables	(96,226)	-	-	(67,552)	-	-
- other payables	(95,260)	-	-	(92,277)	-	-
- short term borrowings	-	-	-	-	-	-
- accrual	(209,428)	-	-	(243,095)	-	(5,150)
- amount due to director	(8,588,833)	-	-	(8,392,663)	-	-
Short term exposure	3,245,948	544,347	4,652	2,352,140	668,151	14,894

Notes to the Financial Statements

27. FINANCIAL INSTRUMENTS(continued)

27.1 Currency risk(continued)

The following table illustrates the sensitivity of the net result for the year and equity in regards to the Group's financial assets and financial liabilities and the GBP–RMB, GBP – USD, and GBP–SGD exchange rate. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each balance sheet date.

If the GBP had weakened against the RMB, USD and SGD by 1% (2012: 3%),1% (2012:3%) and 1% (2012: 1%) respectively, then this would have had the following increase/(decrease) in the net result for the year and equity.

	As at 30 September 2013			As at 30 September 2012		
		£			£	
	RMB	USD	SGD	RMB	USD	SGD
	+1%	+1%	+1%	+3%	+3%	+1%
Net result for the year	31,431	5,443	47	70,564	20,045	149
Equity	31,431	5,443	47	70,564	20,045	149

If the GBP had strengthened against the RMB, USD and SGD by 1% (2012:1%), 1% (2012:1%) and 1% (2012:1%) respectively, then this would have had the following increase/(decrease) in the net result for the year and equity.

	As at 30 September 2013			As at 30 September 2012		
		£			£	
	RMB	USD	SGD	RMB	USD	SGD
	-1%	-1%	-1%	-1%	-1%	-1%
Net result for the year	-31,431	-5,443	-47	-23,521	-6,682	-149
Equity	-31,431	-5,443	-47	-23,521	-6,682	-149

Company

The Company is not exposed to foreign currency risk as all of the transactions during the year are denominated in GBP.

Notes to the Financial Statements

27. FINANCIAL INSTRUMENTS(continued)

27.2 *Interest rate sensitivity*

The Group's policy is to minimise interest rate cash flow risk exposure on long-term financing. Longer-term borrowings are therefore usually at fixed rates. As at 30 September 2013, there are no outstanding interest-bearing short-term borrowings.

The Group is also exposed to cash flow interest rate risk in relation to the fluctuation of the prevailing market interest rate on interest-bearing financial assets and financial liabilities. Interest-bearing financial assets are mainly balance with banks, which are short term in nature.

The Group's interest rate risk arises from interest-bearing financial liabilities that mainly are short-term borrowings arrangements. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

Interest rate sensitivityanalysis

The sensitivity analysis below has been determined based on the exposure to variable interest rate for non-derivative instruments at the balance sheet date. For variable-rate borrowings, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year.

A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rate.

Group

	As at 30 September 2013 Change in interest rate		As at 30 September 2012 Change in interest rate	
	+1%	-1%	+1%	-1%
	£	£	£	£
Cashandbanks	53,118	(30,283)	41,380	(25,299)
Loanandborrowings	(26,854)	26,854	(37,910)	37,910
	26,264	(3,429)	3,470	12,611

As at 30 September 2013, if interest rates had been 100 basis points higher/lower and all other variables were held constant, this would increase the Group's profit after tax and retained earnings by approximately GBP26,264/(GBP3,429) (2012: increase by GBP3,470/GBP12,611)

Notes to the Financial Statements

27. FINANCIALINSTRUMENTS (continued)

27.2. Interest rate sensitivity (continued)

Company

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +1% and -1%. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the company's financial instruments held as at the balance sheet date. All other variables are held constant.

	As at 30 September 2013 Change in interest rate		As at 30 September 2012 Change in interest rate	
	+1%	-1%	+1%	-1%
	£	£	£	£
Cash and banks	1,646	(59)	11	(5)
Loan and borrowings	(26,854)	26,854	(24,380)	24,380
	(25,208)	26,795	(24,369)	24,375

27.3 Credit risk

The Group's maximum exposure to credit risk in the event of the counter parties failure to perform their obligations as at 30 September 2013 in relation to each class of recognised financial assets is the carrying value of those assets as stated in the consolidated balance sheet, as summarised below:

Group

	As at 30 September 2013	As at 30 September 2012
	£	£
Trade and other receivables	1,530,076	1,766,409
Amount due from related company	-	-
Amount due from director	6,142,668	6,016,249
Cash and cash equivalent	5,311,311	4,088,593
	12,984,055	11,871,251

The Group's credit risk is primarily attributable to trade receivables. In order to minimise the credit risk, the management of the Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

In addition, the Group reviews the recoverable amount of each individual trade and other debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group's management considers that all the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality. The credit risk on liquid funds is considered negligible because the counterparties are banks with high credit ratings.

All trade receivables as at 30 September 2013 are current.

Notes to the Financial Statements

27. FINANCIAL INSTRUMENTS (continued)

27.3 Credit risk (continued)

Company

	As at 30 September 2013	As at 30 September 2012
	£	£
Trade and other receivables	15,776	4,729,112
Cash and cash equivalent	164,590	1,079
	180,366	4,730,191

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure.

27.4 Liquidity risk analysis

Group

The Group's objective is to ensure adequate funds to meet commitments associated with its financial liabilities.

Cashflows are closely monitored on an ongoing basis. The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long term and short-term financial liabilities as well as cash-outflows due in day-to-day operation. Capital investments are committed only after confirming the source of funds ;e.g. securing long-term financial facilities. Liquidity needs are monitored in various time bands, on a day-to-day basis, as well as on the basis of a rolling one month and three months projection. Long term liquidity needs for a 360-day lookout period are identified in the year-end budget.

In the management of the liquidity risk, the Group monitors and try to maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of bank borrowings from time to time and is of the opinion that most of the bank borrowings can be renewed based on the strength of the Group's earnings and asset base.

Any repayments for amounts due to related parties or shareholders are negotiated so as not to jeopardise the working capital requirement of the Group.

The following table details the Group's contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

As at 30 September 2013

	Less than 1 month	Less than 3 months	3 to 12 months	Total
	£	£	£	£
Trade and other payables	482,705	-	-	482,705
Amount due to shareholders and directors	-	-	8,588,833	8,588,833
Convertible loan notes	-	-	2,685,414	2,685,414
	482,705	-	11,274,247	11,756,952

27. FINANCIAL INSTRUMENTS (continued)

27.4 Liquidity risk (continued)

This compares to the maturity of the Group's financial liabilities in the previous reporting periods as follows:

As at 30 September 2012

	Less than 1 month	Less than 3 months	3 to 12 months	Total
	£	£	£	£
Trade and other payables	381,334	3,542	16,362	401,238
Amount due to shareholders and directors	-	-	8,392,663	8,392,663
	381,334	3,542	8,409,025	8,793,901

The above contractual maturities reflect the gross cash flows, which may differ to the carrying values of the liabilities at the balance sheet date.

Company

As at 30 September 2013, the Company's liabilities have contractual maturities which are summarised below:

	Less than 1 month	Less than 3 months	3 to 12 months	Total
	£	£	£	£
Trade and other payables	81,790	-	680,945	762,735

This compares to the maturity of the Company's financial liabilities in the previous reporting period as follows:

As at 30 September 2012

	Less than 1 month	Less than 3 months	3 to 12 months	Total
	£	£	£	£
Trade and other payables	24,621	10,364	669,177	704,161

(note: the financial liabilities amount shown above did not include tax liabilities payables)

27.5 Carrying value of financial assets and liabilities

The fair value of financial assets and financial liabilities approximates their carrying amounts, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 10.0%.

28 CONTROLLING PARTY

Sorbic International is a public listed company which is not controlled by any one party.

29 PARENT COMPANY RESULTS

No income statement has been prepared for the parent company as allowed by section 408 of the Companies Act 2006. The Company has made a net loss of £6,858,064 for the year ended 30 September 2013 (2012: Loss £7,177,413).

30 SUBSIDIARY UNDERTAKINGS

As at 30 September 2013, the Company had the following subsidiaries:

Name of Subsidiary	**Date and place of establishment**	**Percentage of equity attributable to Sorbic International**	**Principal activities**
HonourField InternationalLimited ("Honour Field")	3 July2007 BVI	100%	HoldingCompany
<u>HeldbyHonourField</u>			
Linyi Van ScienceandTechnique Co.,Ltd("LVST")	17 July2001 PRC	100%	Production and sale of food preservatives
<u>HeldbyLVST</u>			
InnerMongoliaVanScience and TechniqueCompanyLimited	22 January2010 PRC	100%	Production and sale of food preservatives

	2013	2013	2013	2012	2012	2012
	Amounts due from subsidiary	**Shares in group undertakings**	**Total**	**Amounts due from subsidiary**	**Shares in group undertakings**	**Total**
	£	£	£	£	£	£
Cost at 1 October	-	20,983,735	20,983,735	-	20,983,735	20,983,735
Reclassification	4,822,522	-	4,822,522	-	-	-
Cost at 30 September	4,822,522	20,983,735	25,806,257	-	20,983,735	20,983,735
Provision for impairment						
Beginning of period	-	(6,500,000)	(6,500,000)	-	-	-
Charge for the year	-	(6,250,000)	(6,250,000)	-	(6,500,000)	(6,500,000)
End of period	-	(12,750,000)	(12,750,000)	-	(6,500,000)	(6,500,000)
Carrying amount	4,822,522	8,233,735	13,056,257	-	14,483,735	14,483,735

Investmentinsubsidiarycompaniesisstatedatcost, less provisionfordiminutionincarryingvalue. The Board conducts annual impairment review of its investment to ensure that the Company's assets are not carried at more than their recoverable amount. Given that the net assets of the Honour Field Group are below the investment value, the Company made an impairment provision of £6.25 million on its investment in Honour Field International Limited to reflect its fair value in accordance with IAS 36. The recoverable amount was derived using a discount rate of 12% on expected future cashflows.

Following the reassessment of the Group's strategy and the associated impairments disclosed in note 6, the Company has reviewed and reclassified the loan to Honour Field Group as an investment in subsidiaries to reflect the now long-term nature of the balance as at the year end 30 September 2013.