The following is the text of a report received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

15 December 2009

The Directors
Schramm Holding AG

Guotai Junan Capital Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") of Schramm Holding AG (the "Company") and its subsidiaries (together, the "Group") set out in Sections I to IV below, for inclusion in the prospectus of the Company dated 15 December 2009 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited. The Financial Information comprises the consolidated balance sheets, and the balance sheets of the Company as at 31 December 2006, 2007 and 2008 and 30 June 2009, and the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements for each of the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2008 and 2009 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory notes.

The Company was incorporated in Germany as a limited partnership on 24 October 1985 under the name of "Grebe GmbH & Co. KG". On 26 June 2000, the Company was converted from a limited partnership to a limited company and changed its name to "Schramm Coatings GmbH" by way of "transformation" as allowed under the German legal process. On 21 November 2008, the Company was further converted to a joint stock company and changed its name to "Schramm Holding AG". Pursuant to a group reorganisation as described in Note 2.2 of Section II headed "Reorganisation" below, which was completed on 28 December 2008, the Company became the holding company of the subsidiaries comprising the Group (the "Reorganisation").

As at the date of this report, the Company has direct and indirect interests in the subsidiaries and the respective names of its statutory auditors are set out in Note 34 of Section II below. All of these companies are private companies.

The statutory financial statements of the Company for the years ended 31 December 2006, 2007 and 2008 were prepared in accordance with HGB (Handelsgesetzbuch), German generally accepted accounting principles. The statutory consolidated financial statements of the Company for the period from 1 January 2007 to 16 November 2007, the period from 17 November 2007 to 31 December 2007, and the year ended 31 December 2008 were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by European Union and issued by International Accounting Standards Board ("IASB"). These statutory financial statements were audited by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft.

For the purpose of this report, the directors of the Company have prepared consolidated financial statements of the Company and its subsidiaries for the Relevant Periods, in accordance with IFRS (the "Underlying Financial Statements"). We have audited the Underlying Financial Statements for each of the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009 in accordance with International Standards on Auditing.

The Financial Information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon.

Directors' responsibility

The directors of the Company are responsible for the preparation and the true and fair presentation of the Underlying Financial Statements.

For the financial information for each of the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, the directors of the Company are responsible for the preparation and the true and fair presentation of the financial information in accordance with IFRS. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the financial information that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

For the financial information for the six months ended 30 June 2008, the directors of the Company are responsible for the preparation and the presentation of the financial information in accordance with the accounting policies set out in Note 2 of Section II below which are in conformity with IFRS.

Reporting accountant's responsibility

For the financial information for each of the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, our responsibility is to express an opinion on the financial information based on our examination and to report our opinion to you. We examined the Underlying Financial Statements used in preparing the Financial Information, and carried out such additional procedures as we considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants.

For the financial information for the six months ended 30 June 2008, our responsibility is to express a conclusion on the financial information based on our review and to report our conclusion to you. We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Opinion and review conclusion

In our opinion, the financial information for each of the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, for the purpose of this report, gives a true and fair view of the state of affairs of the Company and the Group as at 31 December 2006, 2007 and 2008 and 30 June 2009 and of the Group's results and cash flows for the respective years and period then ended.

Based on our review, which does not constitute an audit, nothing has come to our attention that causes us to believe that the financial information for the six months ended 30 June 2008, for the purpose of this report, is not prepared, in all material respects, in accordance with the accounting policies set out in Note 2 of Section II below which are in conformity with IFRS.

I. FINANCIAL INFORMATION

The following is the Financial Information of the Group for the Relevant Periods:

CONSOLIDATED INCOME STATEMENTS

		Year ended 31 December			Six months ended 30 June	
	Notes	2006	2007	2008	2008	2009
		€'000	*€'000*	*€'000*	*€'000*	*€'000*
					(unaudited)	
Sales	30	60,211	70,510	93,605	49,234	37,507
Other operating income	5	1,721	1,153	480	584	351
Changes in inventories of finished goods and work in progress		829	555	(350)	221	(1,776)
Cost of materials	6	(33,593)	(39,369)	(51,427)	(26,850)	(18,269)
Employee benefit expenses	7	(12,881)	(13,637)	(17,047)	(8,601)	(8,521)
Depreciation and amortisation	8	(1,725)	(1,938)	(2,638)	(1,224)	(1,444)
Other operating expenses	8	(9,707)	(11,892)	(14,787)	(7,387)	(5,958)
Other (losses)/gains, net	9	(19)	118	1,304	289	(157)
Operating profit		4,836	5,500	9,140	6,266	1,733
Finance income	10	3	45	37	7	73
Finance costs	10	(1,091)	(1,288)	(1,404)	(607)	(709)
Share of profit from jointly controlled entities	16	215	185	42	32	—
Profit before income tax		3,963	4,442	7,815	5,698	1,097
Income tax expense	11	(996)	(1,538)	(2,043)	(1,312)	(579)
Profit attributable to equity holders of the Company		2,967	2,904	5,772	4,386	518
Profit distributions	13	2,827	2,549	—	—	—

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	€ '000	*€ '000*	*€ '000*	*€ '000*	*€ '000*
				(unaudited)	
Profit for the year/period	2,967	2,904	5,772	4,386	518
Translation differences on foreign operations	(11)	(21)	460	(171)	(76)
Other comprehensive income for the year/period	(11)	(21)	460	(171)	(76)
Total comprehensive income attributable to the equity holders of the Company	2,956	2,883	6,232	4,215	442

CONSOLIDATED BALANCE SHEETS

	Notes	As at 31 December			As at 30 June
		2006	**2007**	**2008**	**2009**
		€'000	*€'000*	*€'000*	*€'000*
ASSETS					
Non-current assets					
Intangible assets	14	16	945	2,147	2,510
Property, plant and equipment	15	17,607	22,666	22,787	21,914
Investments in jointly controlled entities	16	362	508	—	—
Other receivables and prepayments	17	1	254	265	255
Deferred income tax assets	27	605	799	792	808
		18,591	25,172	25,991	25,487
Current assets					
Inventories	18	10,895	15,000	18,735	14,176
Trade and bill receivables	19	8,689	19,468	18,206	21,031
Other receivables and prepayments		247	795	2,356	2,153
Income tax recoverable		2	—	585	—
Cash and cash equivalents	20	16	1,131	1,432	2,523
		19,849	36,394	41,314	39,883
Total assets		38,440	61,566	67,305	65,370

	Notes	As at 31 December			As at 30 June
		2006	**2007**	**2008**	**2009**
		€ '000	*€ '000*	*€ '000*	*€ '000*
EQUITY					
Capital and reserves					
Issued capital	21	1,400	1,400	13,155	13,155
Additional paid-in capital	21	1,329	7,878	12,284	12,284
Other reserves	22	—	4,100	(13,253)	(13,329)
Retained earnings		7,918	8,273	14,045	14,563
		10,647	21,651	26,231	26,673
LIABILITIES					
Non-current liabilities					
Pensions and similar obligations	23	1,459	1,172	1,160	1,138
Other provisions	24	722	821	708	798
Financial liabilities	25	14,457	1,551	1,344	4,296
Deferred income tax liabilities	27	1,772	2,022	2,259	2,330
		18,410	5,566	5,471	8,562
Current liabilities					
Other provisions	24	1,655	2,165	1,496	2,107
Financial liabilities	25	4,938	19,869	26,690	21,091
Trade and other payables	26	2,790	12,056	6,997	6,492
Income tax liabilities		—	259	420	445
		9,383	34,349	35,603	30,135
Total liabilities		27,793	39,915	41,074	38,697
Total equity and liabilities		38,440	61,566	67,305	65,370
Net current assets		10,466	2,045	5,711	9,748
Total assets less current liabilities		29,057	27,217	31,702	35,235

BALANCE SHEETS

	Notes	As at 31 December			As at 30 June
		2006	**2007**	**2008**	**2009**
		€'000	*€'000*	*€'000*	*€'000*
ASSETS					
Non-current assets					
Intangible assets	14	16	7	—	—
Property, plant and equipment	15	17,607	17,928	—	—
Investments in subsidiaries	16	—	1,500	34,419	34,419
Investments in jointly controlled entities	16	63	760	—	—
Other receivables and prepayments	17	1	254	—	—
Deferred income tax assets	27	605	492	2	2
		18,292	20,941	34,421	34,421
Current assets					
Inventories	18	10,895	12,594	—	—
Trade and bill receivables	19	8,689	9,808	—	—
Other receivables and prepayments		247	2,325	5,632	4,093
Income tax recoverable		2	—	585	—
Cash and cash equivalents	20	16	296	155	2
		19,849	25,023	6,372	4,095
Total assets		38,141	45,964	40,793	38,516

	Notes	As at 31 December			As at 30 June
		2006	**2007**	**2008**	**2009**
		€'000	*€'000*	*€'000*	*€'000*
EQUITY					
Issued capital	21	1,400	1,400	13,155	13,155
Additional paid-in capital	21	1,329	7,878	12,284	12,284
Retained earnings		7,619	8,015	11,836	11,568
		10,348	17,293	37,275	37,007
LIABILITIES					
Non-current liabilities					
Pensions and similar obligations	23	1,459	1,172	—	—
Other provisions	24	722	812	—	—
Financial liabilities	25	14,457	1,411	—	—
Deferred income tax liabilities	27	1,772	1,435	3	3
		18,410	4,830	3	3
Current liabilities					
Other provisions	24	1,655	2,133	88	163
Financial liabilities	25	4,938	19,031	785	1,263
Trade and other payables	26	2,790	2,592	2,642	80
Income tax liabilities		—	85	—	—
		9,383	23,841	3,515	1,506
Total liabilities		27,793	28,671	3,518	1,509
Total equity and liabilities		38,141	45,964	40,793	38,516
Net current assets		10,466	1,182	2,857	2,589
Total assets less current liabilities		28,758	22,123	37,278	37,010

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Capital and reserves attributable to the equity holders				
	Issued capital	Additional paid-in capital	Retained earnings (Note 22(a))	Other reserves (Note 22)	Total equity
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
As at 1 January 2006	1,400	1,329	7,778	11	10,518
Profit distribution	—	—	(2,827)	—	(2,827)
Profit for the year	—	—	2,967	—	2,967
Exchange differences	—	—	—	(11)	(11)
As at 31 December 2006	1,400	1,329	7,918	—	10,647
Capital contribution (Note 21(a))	—	6,549	—	—	6,549
Profit distribution	—	—	(2,549)	—	(2,549)
Combination of subsidiaries (Note 22(b))	—	—	—	4,121	4,121
Profit for the year	—	—	2,904	—	2,904
Exchange differences	—	—	—	(21)	(21)
As at 31 December 2007	1,400	7,878	8,273	4,100	21,651
Conversion of share capital (Note 21(b))	6,500	(6,500)	—	—	—
Issuance of shares (Note 21(c))	870	—	—	—	870
Issuance of shares (Note 21(e))	4,385	10,906	—	—	15,291
Distribution to previous shareholders (Note 22(b))	—	—	—	(17,813)	(17,813)
Profit for the year	—	—	5,772	—	5,772
Exchange differences	—	—	—	460	460
As at 31 December 2008	13,155	12,284	14,045	(13,253)	26,231
Profit for the period	—	—	518	—	518
Exchange differences	—	—	—	(76)	(76)
As at 30 June 2009	13,155	12,284	14,563	(13,329)	26,673

The profit attributable to shareholders for the years ended 31 December 2006, 2007 and 2008 are dealt with in the financial statements of the Company to the extent of €2,790,000, €2,946,000 and €3,822,000 respectively.

For the six months ended 30 June 2008 (unaudited)

	Capital and reserves attributable to the equity holders				
	Issued capital	Additional paid-in capital	Retained earning (Note 22(a))	Other reserves (Note 22)	Total equity
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
As at 31 December 2007	1,400	7,878	8,273	4,100	21,651
Distribution to previous shareholders	—	—	—	3,616	3,616
Profit for the period	—	—	4,386	—	4,386
Exchange differences	—	—	—	(171)	(171)
As at 30 June 2008	1,400	7,878	12,659	7,545	29,482

The profit attributable to shareholders for the periods ended 30 June 2008 and 2009 are dealt with in the financial statements of the Company to the extent of nil and €269,000 respectively.

CONSOLIDATED CASH FLOW STATEMENTS

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	€ '000	€ '000	€ '000	€ '000 (unaudited)	€ '000
Operating activities					
Net cash generated from/(used in) operations (Note 29)	2,919	3,117	(149)	(1,864)	5,252
Interest paid	(1,091)	(1,288)	(1,404)	(607)	(709)
Interest received	3	45	37	7	73
Income tax (paid)/received	(806)	(127)	—	(1,129)	86
Net cash generated from/(used in) operating activities	1,025	1,747	(1,516)	(3,593)	4,702
Investing activities					
Proceeds from disposals of intangible assets and property, plant and equipment	67	75	55	4	320
Proceeds from sales of investment in a jointly controlled entity	—	—	633	—	—
Purchase of intangible assets and property, plant and equipment	(2,777)	(2,403)	(3,627)	(1,670)	(1,283)
Capital injection to subsidiaries by the previous shareholders	—	—	3,725	3,725	—
Capital injections for investments in jointly controlled entities and subsidiaries	—	(1,602)	(21,744)	(64)	—
Net cash (used in)/generated from investing activities	(2,710)	(3,930)	(20,958)	1,995	(963)
Financing activities					
Proceeds from issuance of additional capitals	—	6,549	16,160	—	—
Profit distribution	(1,560)	(5,640)	(1,557)	(1,557)	—
Proceeds from borrowings	3,527	21,776	8,378	4,317	2,951
Repayments of borrowings	(271)	(19,387)	(206)	—	(5,599)
Net cash generated from/(used in) financing activities	1,696	3,298	22,775	2,760	(2,648)
Increase in cash and cash equivalents	11	1,115	301	1,162	1,091
Cash and cash equivalents at beginning of the year/period	5	16	1,131	1,131	1,432
Cash and cash equivalents at end of the year/period	16	1,131	1,432	2,293	2,523

II NOTES TO THE FINANCIAL INFORMATION

1 General information

Schramm Holding AG (the "Company") and its subsidiaries (together the "Group") is principally engaged in the development, production and sale of automotive, coil, mobile and consumer electronics coatings and electrical insulation paints and varnishes.

The Company was incorporated in Germany as a limited partnership on 24 October 1985 under the name of "Grebe GmbH & Co. KG". On 26 June 2000, the Company was converted from a limited partnership to a limited company and changed its name to "Schramm Coatings GmbH" by way of "transformation" as allowed under the German legal process. On 21 November 2008, the Company was further converted to a joint stock company and changed its name to "Schramm Holding AG". Accordingly, the Company has been regarded as a continuing entity during the Relevant Periods.

The Company has been registered in the commercial register of the Offenbach/Main Local Court (*Amtsgericht Offenbach/Main*) under HRB no. 43749. The address of its registered office is Offenbach, Kettelerstraße 100, Germany.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 *Basis of preparation*

The Financial Information has been prepared in accordance with IFRS issued by the IASB. The Financial Information has been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities (including derivative instruments) at fair value.

The preparation of Financial Information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in Note 4.

The Company has considered the new standards, amendments, interpretations and annual improvement project that may be applicable to the Group's accounting periods beginning on or after 30 June 2009. The Group has not yet early adopted the following new standards, amendments and interpretations that have been issued but are not yet effective. The Directors of the Company anticipate that the application of these new standards, amendments and interpretations will have no material impact on the results and financial position of the Group.

IAS 24 (Amendment)	Related party disclosures
IAS 27 (Revised)	Consolidated and separate financial statements
IAS 32 (Amendment)	Financial instruments: Presentation
IAS 39 (Amendment)	Financial instruments: Recognition and measurement
IFRS 1 (Revised)	First-time adoption of IFRS and IAS 27 — Consolidated and separate financial statements
IFRS 2 (Amendment)	Share-based payment
IFRS 3 (Revised)	Business combinations
IFRS 5	Non-current assets held for sales as discontinued operations
IFRS 9	Financial instruments
IFRIC 17	Distributions of non-cash assets to owners
IFRSs (Amendments)	Improvements to IFRSs 2009

2.2 ***Reorganisation***

On 17 November 2007, SSCP Co., Ltd ("SSCP"), a company incorporated in Korea and listed on the KOSDAQ Market Division of the Korea Exchange, acquired the entire interest in the Company from Grebe Holding AG ("Grebe") and shareholders of Grebe (together the "Former-shareholders") (the "SSCP Acquisition"). The Company became a wholly owned subsidiary of SSCP.

In preparation for the Listing, the Company underwent a group reorganisation (the "Reorganisation") after SSCP became the shareholder of the Company and involved the following events:

Schramm SSCP (Hong Kong) Limited ("Schramm Hong Kong") was incorporated in Hong Kong on 15 July 2005 as a limited liability company and was jointly held by the Company and Samsung Bestview (Hong Kong) Co., Limited ("SBHK"), a company incorporated in Hong Kong and a wholly-owned subsidiary of SSCP, as to 50% each. Pursuant to a sale and purchase agreement in August 2007, the Company acquired SBHK's entire interest in Schramm Hong Kong from SBHK for a cash consideration of HK$780,000 ("Transaction 1"). This transaction was effectively completed on 17 March 2008. Since then, Schramm Hong Kong became a wholly-owned subsidiary of the Company.

Schramm SSCP Co., Ltd. ("Schramm Korea"), a company incorporated in Korea, was established as a legal entity on 11 April 2005 and was jointly held by the Company and SSCP as to 50% each. Pursuant a sale and purchase agreement dated 1 July 2008, the Company acquired SBHK's entire interest in Schramm Korea, from SBHK at a cash consideration of US$1,000,000 ("Transaction 2"). This transaction was effectively completed on 31 July 2008. Since then, Schramm Korea became a wholly-owned subsidiary of the Company.

Samsung Bestview (Huizhou) Co. Limited ("Schramm Huizhou") and Shanghai Hanseng Chemical Paint Company Limited ("Schramm Shanghai") were incorporated as wholly foreign-owned enterprises in the People's Republic of China (the "PRC") on 27 August 2002 and 25 June 2002 respectively. Schramm Huizhou and Schramm Shanghai were indirect wholly-owned subsidiaries of SSCP as at 17 November 2007. Ultra Million Limited ("Ultra Million") and Uranus Limited ("Uranus") were incorporated as limited liability companies in Hong Kong on 22 October 2008 and 20 November 2008 respectively. Ultra Million and Uranus were wholly-owned by SBHK as at 17 November 2007. Pursuant to a sale and purchase agreement dated 30 November 2008, Schramm Hong Kong acquired Ultra Million and Uranus for a cash consideration of US$15,000,000 and US$12,000,000 respectively, on the condition that Ultra Million and Uranus in turn would have acquired Schramm Huizhou and Schramm Shanghai ("Transaction 3"). The Company's acquisitions of Ultra Million and Uranus were effectively completed on 28 December 2008.

Schramm Operatives Germany GmbH was incorporated in Germany on 15 July 2008 and was registered with the commercial register on 22 August 2008 as a limited liability company. It is a wholly-owned subsidiary of the Company. On 1 December 2008, its name was changed to Schramm Coatings GmbH ("Schramm Coatings"). The Company was granted a new share in Schramm Coatings created by way of capital increase of €5,000.

Pursuant to the Spin-off Agreement dated 28 August 2008, the Company transferred its entire operational business (except for certain service contracts, legal title of certain specified assets and interest in Schramm Coatings) and its interest in subsidiaries and jointly controlled entity to Schramm Coatings. Pursuant to the Spin-off Agreement, all business transacted and all acts performed by the Company in relation to its business operations were deemed to have been transacted and performed by Schramm Coatings with effect from 1 January 2008. Accordingly, the Company became an investment holding company of the Group and Schramm Coatings became the principal operating company of the Group in Europe.

Since Schramm Hong Kong, Schramm Korea, Schramm Huizhou, Schramm Shanghai were subsidiaries of SSCP as at 17 November 2007, the acquisitions as detailed in Transaction 1, Transaction 2 and Transaction 3 (the "Transactions") were considered as transactions under common control. Accordingly, the Transactions have been accounted for using merger accounting as if the Company had been the holding company of these companies since 17 November 2007. The Financial Information include the financial position, results and cash flows of the companies comprising the Group as if Transaction 1, Transaction 2 and Transaction 3 had been in existence since 17 November 2007, or since their respective dates of incorporation/establishment, whichever is later.

2.3 ***Consolidation***

(a) *Common control combination*

The Financial Information includes the financial information of the Company and all of its subsidiaries made up to the respective year/period end.

The Financial Information incorporates the financial information of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the Financial Information are presented as if the entities or businesses had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities or businesses are eliminated on consolidation.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the period in which it is incurred.

(b) *Subsidiaries*

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Acquisition of subsidiaries by the Group other than those described in Note 2.3(a) above are accounted for using the purchase method of accounting. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses (Note 2.8). The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(c) *Joint ventures*

Jointly controlled entities are entities where the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity. Investments in jointly controlled entities are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its jointly controlled entities' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investments. When the Group's share of losses in a jointly controlled entity equals or exceeds its interest in the jointly controlled entity, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entity.

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interests in the jointly controlled entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2.4 ***Segment information***

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

2.5 ***Foreign currency translation***

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Financial Information are presented in Euros ("EURO" or "€"), which is the Company's functional and the Group's presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

All foreign exchange gains and losses are presented in the income statement within "other (losses)/gains - net".

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

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the available-for-sale reserve in equity.

(iii) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.6 ***Property, plant and equipment***

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in the consolidated income statement during the financial period in which they are incurred.

Freehold land is not amortised. Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Buildings and leasehold improvements	20 to 40 years
Technical equipment and machinery	4 to 10 years
Motor vehicles, furniture and other office equipment	3 to 15 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other (losses)/gains — net" in the income statement.

2.7 ***Intangible assets***

(i) *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in "Intangible assets". Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units ("CGUs") or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

(ii) *Research and development costs*

Costs associated with research activities are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable assets controlled by the Group are recognised as intangible assets when the following criteria are met:

(a) it is technically feasible to complete the product so that it will be available for use;

(b) management intends to complete the product and use or sell it;

(c) there is an ability to use or sell the product;

(d) it can be demonstrated how the product will generate probable future economic benefits;

(e) adequate technical, financial and other resources to complete the development and to use or sell the product are available; and

(f) the expenditure attributable to the product during its development can be reliably measured.

Directly attributable costs that are recognised as part of the product include the product development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Product development costs recognised as assets are amortised over their estimated useful lives, which does not exceed four years.

(iii) *Computer software*

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three to five years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

2.8 ***Impairment of investments in subsidiaries, jointly controlled entities and non-financial assets***

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 ***Financial assets***

2.9.1 *Classification*

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determine the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

2.9.2 *Recognition and measurement*

Regular way purchases and sales of financial assets are recognised on the trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are recognised in the consolidated income statement, in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the consolidated income statement when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group established fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. Impairment testing of trade and other receivables is described in Note 2.12.

2.10 ***Derivative 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 designed as a hedging instrument, and if so, the nature of the item being hedged.

Since the derivative instruments entered into by the Group do not quality for hedge accounting, changes in the fair value of these derivative instruments are recognised immediately in the consolidated income statement within "other (losses)/gains — net".

2.11 ***Inventories***

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 ***Trade and other receivables***

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision 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 the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited against the consolidated income statement.

2.13 ***Cash and cash equivalents***

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated balance sheet.

2.14 ***Trade and other payables***

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 ***Borrowings***

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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.

2.16 ***Current and deferred income tax***

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries and jointly controlled entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Information. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, jointly controlled entities, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.17 ***Employee benefits***

(a) *Pension and similar obligations*

The Group has both defined benefit and defined contribution plans. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the consolidated balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of value of plan assets or 10% of the present value of the defined benefit obligation are changed or credited to income over the employees' expected average remaining working lives.

Past-service costs are recognised immediately in income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The employees of the Group located in the People's Republic of China (the "PRC") are covered by the local municipal government-sponsored pension and medical benefit plans. The relevant government agencies are responsible for settling to the employees. The Group contributes to these pension and medical benefit plans on a monthly basis based on a percentage of the salaries of the employees. In respect of forfeited contributions paid by the Group on behalf of its employees who leave the pension plan prior to vesting fully in such contributions, such contributions may not be used by the Group to reduce the existing level of contributions. Under these plans, the Group has no legal or constructive obligation for the benefits beyond the contribution made. Contributions to these plans are expensed as incurred.

(b) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrued to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(c) *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(d) *Profit-sharing and bonus plans*

Provisions for profit sharing and bonus plans due wholly within twelve months after balance sheet date are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

2.18 ***Provisions***

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

2.19 ***Revenue recognition***

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) *Sales of goods*

The Group manufactures and sells specialty coating products. Sales of goods are recognised when a group entity has delivered products to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

(ii) *Interest income*

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(iii) *License fees income*

Income from license fees is recognised on an accrual basis over time and in accordance with the substance of the relevant agreement.

2.20 ***Leases — as a lessee***

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made by the Group under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.21 ***Earnings per share***

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares.

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Anti-dilutive potential ordinary shares are not considered in the calculation of the diluted earnings per share. Potential ordinary shares are anti-dilutive when the conversion in ordinary shares increases the earnings per share or decreases the net losses per share.

2.22 ***Contingent liabilities***

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the Group' s financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

3 Financial risk management

The Group operates mainly in Europe and in Asia and its activities expose it to a variety of financial risks (including market risk, such as currency risk and interest rate risk; liquidity risk and credit risk) as part of its ordinary operating activities. The Group's overall risk management programme seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to mitigate certain risk exposures.

(i) ***Market risk***

Market risk can be broken down into currency risk and interest rate risk.

(a) *Foreign exchange risk*

Exchange rate risk arises from future commercial transactions both on the purchase side from the purchase of raw materials as well as on the sales side from the sale of goods, recognised assets and liabilities.

Majority of the Group's subsidiaries conduct their transactions in their functional currencies. The Group's operations in Europe are located in the Euro zone and majority of the sales and purchases transactions are denominated in Euros. The Group's sales and purchases in China are mainly denominated in Renminbi ("RMB") while certain purchases from overseas suppliers are denominated in US dollars ("USD") and Hong Kong dollars ("HK$"). The Group's subsidiaries in China borrowed short-term bank loans denominated in US dollars amounted to USD 5,500,000 as at 31 December 2008 for settlement of certain accounts payable.

The Group does not use foreign exchange contracts to hedge foreign exchange risk arising from sales and purchases transactions as management considers the present exposure to foreign exchange risk is not significant. Accordingly, no sensitivity analysis is presented.

(b) *Interest rate risk*

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from bank borrowings. 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. The details of the Group's borrowings are set out in Note 25.

Majority of the Group's short-term borrowings were taken out at variable interest rate. As at 31 December 2008, the Group's borrowings at variable interest rate amounted €21,088,000. The Group manages its cash flow interest rate risk by using variable to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from variable rates to fixed rates. The details of the interest rate swap contracts included in Note 32.

If interest rates had been 200 basis points higher/lower with other variables held constant, post tax profit for the years ended 31 December 2006, 2007 and 2008 and periods ended 30 June 2008 and 2009 would have been lower/higher by €209,000, €249,000, €341,000, €175,000 and €165,000 respectively, mainly as a result of interest expenses on variable rate borrowings.

The above sensitivity does not take into consideration of the effect of a higher/lower interest rate on the fair value of the derivatives designed to manage the cash flow interest risk floating to fixed interest rate swaps. The fair value of these derivatives at period end is not material.

(ii) ***Liquidity risk***

Liquidity risk is managed on the basis of cash flow planning and forecast. As part of liquidity risk management, the Group monitors its liquidity requirements arising from operating activities, from investing activities and from financing activities. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of credit facilities. Due to the dynamic nature of the underlying business, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	As at 31 December									As at 30 June		
	2006			2007			2008			2009		
	Up to 1 year	1 to 5 years	> 5 years	Up to 1 year	1 to 5 years	> 5 years	Up to 1 year	1 to 5 years	> 5 years	Up to 1 year	1 to 5 years	> 5 years
	€'000	*€'000*	*€'000*	*€'000*	*€'000*	*€'000*	*€'000*	*€'000*	*€'000*	*€'000*	*€'000*	*€'000*
Bank borrowings	237	407	23	18,266	399	168	26,607	217	118	21,150	3,454	71
Amounts due to shareholders	388	15,642	—	—	—	—	—	—	—	—	—	—
Profit distribution	4,648	—	—	1,557	—	—	—	—	—	—	—	—
Finance leases liabilities	159	596	1,106	159	581	962	181	644	818	176	628	747
Other provisions	1,655	722	—	2,165	821	—	1,496	708	—	2,107	798	—
Trade and other payables	2,790	—	—	12,056	—	—	6,997	—	—	6,492	—	—
	9,877	17,367	1,129	34,203	1,801	1,130	35,281	1,569	936	29,925	4,880	818

(iii) ***Credit risk***

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the period end dates in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheets.

Credit risk is managed by reviewing the credit worthiness of customers before entering into transactions. The Group makes references to credit ratings from external credit agencies, if available. Payment terms and conditions are modified appropriately in response to any deterioration of the credit ratings of the customers.

The Group has established different credit terms for customers. The average credit period granted to trade debtors was 30 to 90 days. Occasionally, certain debtors enjoy a longer credit period. The Group reviews the recoverable amount of each individual debt at each balance sheet date, taking into account its financial position, past experience and other factors to ensure that adequate impairment loss are made for irrecoverable amounts.

Cash transactions are limited to financial institutions with high credit quality.

The Group does not have significant exposure to any individual debtors or counterparties.

Occasionally, customer will settle after the credit period given. Management will consider various ways to handle the situation including suspension of supplies until settlement is made, taking legal action or requesting security.

(iv) ***Capital risk management***

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.

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated by dividing the total borrowings with total assets.

The gearing ratios at the Relevant Periods were as follows:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	€ '000	*€ '000*	*€ '000*	*€ '000*
Bank borrowings	621	18,734	26,892	24,295
Loans due to shareholders	12,927	—	—	—
Total borrowings	13,548	18,734	26,892	24,295
Total assets	38,440	61,566	67,305	65,370
	35.2%	30.4%	40.0%	37.2%

4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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 addressed below.

(a) ***Useful lives of property, plant and equipment and intangible assets***

The Group's management determines the estimated useful lives, and related depreciation and amortisation charges for its property, plant and equipment and intangible assets. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment and intangible assets of similar nature and functions. Management will increase the depreciation and amortisation charges where useful lives are less than previously estimated lives. It will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable and amortisation lives and therefore depreciation and amortisation expense in future periods.

(b) ***Impairment of non-financial assets***

The Group tests annually whether goodwill has suffered any impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on the higher of value-in-use calculations and fair value less costs to sell. These calculations require the use of judgments and estimates.

Management judgment is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate.

Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the income statement.

(c) ***Estimated provision for inventories***

Inventories are written down to net realisable value based on an assessment of the realisability of inventories. Write downs on inventories are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of judgment and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-downs of inventories in the periods in which such estimate has been changed.

(d) ***Estimated impairment of receivables***

The Group makes provision for impairment of receivables based on an assessment of the recoverability of the receivables. Provisions are applied to receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment of receivables requires the use of judgment and estimates. Where the expectations are different from the original estimates, such differences will impact the carrying value of receivables and loss for the impairment of receivable is recognised in the years in which such estimates have been changed.

(e) ***Income taxes and deferred income tax***

The Group is subject to income taxes in various jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be required. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectations are different from the original estimates, such differences will impact the recognition of deferred tax assets and income tax charges in the period in which such estimates have been changed.

(f) ***Research and development costs***

Critical judgment by the Group's management is applied when deciding whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgments are based on the best information available at each balance sheet date. In addition, all internal activities related to the research and development of new products is continuously monitored by the Group's management.

5 Other operating income

Other operating income are analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
				(unaudited)	
Write-back of accruals and other payables	8	75	38	288	64
Write-back of provision for impairment of accounts receivables	54	71	—	6	3
Management fee income from related parties	921	407	56	12	—
License fee income	135	85	83	45	14
Others	603	515	303	233	270
	1,721	1,153	480	584	351

6 Cost of materials

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
				(unaudited)	
Purchase of raw materials, supplies and goods	32,720	38,349	50,637	26,374	17,958
Other services	873	1,020	790	476	311
	33,593	39,369	51,427	26,850	18,269

For the years ended 31 December 2006, 2007 and 2008 and periods ended 30 June 2008 and 2009, the cost of materials included write-down of inventory to net realisable value of €828,000, €1,080,000, €1,176,000, €1,050,000 and €713,000 respectively. There were no reversals of write-downs of inventories in prior years.

7 Employee benefit expenses

(a) ***Employee benefit expenses are analysed as follows:***

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
				(unaudited)	
Wages and salaries	10,716	11,276	14,901	7,557	7,606
Social security contributions	1,988	2,108	2,765	1,436	1,261
Pension costs	77	150	358	3	35
Other personnel costs	100	103	—	93	129
	12,881	13,637	18,024	9,089	9,031
Less: Employee benefit expenses capitalised as development costs	—	—	(977)	(488)	(510)
	12,881	13,637	17,047	8,601	8,521

(b) ***Directors' emoluments***

Prior to 21 November 2008, the Company was a limited company and there was no board of directors pursuant to the relevant German laws. On 21 November 2008, the Company was converted to a joint stock company and board of directors has been formed with Mr. Peter Brenner, Mr. Kyung Seok Chae and Mr. Sung Yoon Kim as the directors of the Company.

The remuneration of every director of the Company paid/payable by the Group for the Relevant Periods in respect of their services provided to the Group is set out below:

	Fees	Basic salaries, allowances and benefits in kind	Discretionary bonus	Retirement benefits schemes contributions	Total
	€ '000	*€ '000*	*€ '000*	*€ '000*	*€ '000*
For the year ended 31 December 2006					
Directors:					
Mr. Brenner Peter	135	11	119	8	273
Mr. Chae Kyung Seok	—	—	—	—	—
Mr. Kim Sung Yoon	—	—	—	—	—
Supervisors:					
Mr. Oh Jung Hyun	—	—	—	—	—
Mr. Chang Suk Whan	—	—	—	—	—
Mr. Koo Jeong Gui	—	—	—	—	—
For the year ended 31 December 2007					
Directors:					
Mr. Brenner Peter	243	14	189	20	466
Mr. Chae Kyung Seok	—	—	—	—	—
Mr. Kim Sung Yoon	—	—	—	—	—
Supervisors:					
Mr. Oh Jung Hyun	—	—	—	—	—
Mr. Chang Suk Whan	—	—	—	—	—
Mr. Koo Jeong Gui	—	—	—	—	—
For the year ended 31 December 2008					
Directors:					
Mr. Brenner Peter	360	13	—	33	406
Mr. Chae Kyung Seok	17	—	—	—	17
Mr. Kim Sung Yoon	17	—	—	—	17
Supervisors:					
Mr. Oh Jung Hyun	2	—	—	—	2
Mr. Chang Suk Whan	1	—	—	—	1
Mr. Koo Jeong Gui	1	—	—	—	1

The remuneration of every director for the period ended 30 June 2008 (unaudited) is set out below:

	Fees	Basic salaries, allowances and benefits in kind	Discretionary bonus	Retirement benefits schemes contributions	Total
	€ '000	*€ '000*	*€ '000*	*€ '000*	*€ '000*
For the period ended 30 June 2008 *(unaudited)*					
Directors:					
Mr. Brenner Peter	180	6	—	14	200
Mr. Chae Kyung Seok	—	—	—	—	—
Mr. Kim Sung Yoon	—	—	—	—	—
Supervisors:					
Mr. Oh Jung Hyun	—	—	—	—	—
Mr. Chang Suk Whan	—	—	—	—	—
Mr. Koo Jeong Gui	—	—	—	—	—
For the period ended 30 June 2009					
Directors:					
Mr. Brenner Peter	187	5	—	21	213
Mr. Kyung Seok Chae	67	—	—	—	67
Mr. Sung Yoon Kim	26	—	—	—	26
Supervisors:					
Mr. Oh Jung Hyun	2	—	—	—	2
Mr. Chang Suk Whan	2	—	—	—	2
Mr. Koo Jeong Gui	1	—	—	—	1

There were no arrangement under which a director has waived or agreed to waive any emoluments in the Relevant Periods. There were no payments made during the Relevant Periods to directors as an inducement to join the Group or as compensation for loss of office.

(c) ***Five highest paid individuals***

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2006, 2007 and 2008 and periods ended 30 June 2008 and 2009, include 1, 1 and 1 and 1 and 2 directors whose emoluments are reflected in the analysis presented above.

The emoluments payable to the remaining 4, 4 and 4 and 4 and 3 individuals during the years ended 31 December 2006, 2007 and 2008 and periods ended 30 June 2008 and 2009 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
				(unaudited)	
Wages and salaries	439	453	688	328	295
Pension costs	5	5	6	3	3
	444	458	694	331	298

The emoluments of the individuals fell within the following bands:

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
				(unaudited)	
Nil to €95,000 (equivalent to HK$1,000,000)	1	—	—	3	2
€95,001 to €142,500 (equivalent to HK$1,500,000)	3	4	3	—	—
€142,501 to €190,000 (equivalent to HK$2,000,000)	—	—	—	1	1
€285,001 to €332,500 (equivalent to HK$3,500,000)	—	—	1	—	—

8 Other operating expenses

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
				(unaudited)	
Auditors' remuneration	42	203	167	61	121
Depreciation	1,704	1,929	2,527	1,205	1,273
Amortisation	21	9	111	19	171
Freight charges	2,211	2,533	2,923	1,562	1,149
Legal and consulting expenses	1,460	1,275	2,031	520	318
Energy and water costs	1,290	1,312	1,442	794	738
Repair and maintenance costs	836	1,192	1,110	618	410
Travelling expenses	382	501	1,009	405	317
Operating lease rental in respect of building, equipment and motor vehicles	174	277	764	403	526
Others	3,312	4,599	5,341	3,024	2,379
Total depreciation, amortisation and other operating expenses	11,432	13,830	17,425	8,611	7,402

9 Other (losses)/gains, net

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
				(unaudited)	
Net foreign exchange gain	—	102	1,293	294	14
(Loss)/gain on disposal of property, plant and equipment	(19)	16	1	(5)	(23)
Gain on disposal of a jointly controlled entity	—	—	108	—	—
Fair value losses on derivatives (Note 32)	—	—	(98)	—	(148)
	(19)	118	1,304	289	(157)

10 Finance income and costs

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
				(unaudited)	
Finance income					
Interest income on short-term bank deposits	3	45	37	7	73
Finance costs					
Interest expense on loans due to shareholders	(895)	—	—	—	—
Interest expense on bank borrowings wholly repayable within five years	(28)	(1,141)	(1,248)	(529)	(633)
Interest expense on finance lease liabilities	(94)	(89)	(90)	(45)	(43)
Net interest expense on pensions and similar obligations	(74)	(58)	(66)	(33)	(33)
	(1,091)	(1,288)	(1,404)	(607)	(709)
Finance costs, net	(1,088)	(1,243)	(1,367)	(600)	(636)

11 Income tax expense

The amount of income tax charged to the consolidated income statement represents:

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	€ '000	*€ '000*	*€ '000*	*€ '000*	*€ '000*
				(unaudited)	
Current income tax	1,026	1,706	1,774	1,177	524
Deferred taxes (Note 27)	(30)	(168)	269	135	55
	996	1,538	2,043	1,312	579

The Company and Schramm Coating are subject to the German corporate income tax, the solidarity surcharge as well as trade tax. The applicable tax rates for the years ended 31 December 2006, 2007 and 2008 and the period ended 30 June 2009 are 39%, 39%, 31% and 31% respectively. The lower tax rate for 2008 is the result of the reduction of the German corporate income tax under the German Corporate Tax Reform Act 2008 *(Unternehmensteuerreformgesetz 2008)*.

Subsidiaries established in Mainland China are subject to enterprise income tax at the following rates:

	Year ended 31 December			Six months ended 30 June
	2006	**2007**	**2008**	**2009**
Schramm Huizhou	—	—	—	12.5%
Schramm Shanghai	13.5%	12%	25%	25%

Schramm Huizhou is entitled to foreign enterprise income tax holiday of "2-year exemption and 3-year 50% reduction" commencing from its first profit making year which was 2007. Schramm Huizhou was entitled to tax exemption for both 2007 and 2008. Starting from 2009, it will be enjoying a 50% reduction of the statutory tax rate of 25%, i.e. 12.5%.

Schramm Shanghai is located in Shanghai Qingpu Industrial Zone which is subject to foreign enterprise income tax rate of 27%. It was also entitled to the income tax holiday of "2-year exemption and 3-year 50% reduction" commencing from its first profit making year which was 2003. In addition, Schramm Shanghai was entitled to a further exemption of 1.5% of tax from the local municipal government in 2007. Accordingly, it was subject to a tax rate of 13.5% in 2006, 12% in 2007 and a full tax rate of 25% in 2008 and years onward.

The tax on the Group's profit before income tax for the Relevant Periods differ from the theoretical amount that would arise using the German tax rates as follows:

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
				(unaudited)	
Profit before income tax	3,963	4,442	7,815	5,698	1,097
Tax calculated at the German tax rates	1,545	1,732	2,422	1,766	340
Corporate tax credits	(795)	—	—	—	—
Effect of different assessment base for German trade tax	(10)	(3)	(36)	—	—
Effect of different taxation rates in other countries	—	(9)	(505)	(475)	(43)
Tax losses for which no deferred income tax asset was recognised	—	14	—	9	73
Effect of changes in tax rate and tax laws	—	(189)	(50)	—	—
Expenses not deductible for taxation purpose	361	67	34	—	138
Income not subject to taxation	(14)	(61)	(58)	—	(2)
Share of profit from jointly controlled entities	(84)	(65)	(13)	(10)	—
Others	(7)	52	249	22	73
Income tax expense	996	1,538	2,043	1,312	579
The weighted average applicable tax rate in %	25.1	34.6	26.1	23.0	52.8

12 Earnings per share

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to the change in the legal status of the Company from a limited company to a joint stock company during the Relevant Periods as disclosed in Note 1 above.

13 Profit distributions

Profit distributions represent the amounts distributed to the then shareholders of the Company during the Relevant Periods pursuant to the respective profit and loss transfer agreements entered into between the Company and the shareholders prior to its conversion to a joint stock company.

14 Intangible assets

Year ended 31 December 2006

	Group			
	Goodwill	**Computer software**	**Development costs**	**Total**
	€'000	*€'000*	*€'000*	*€'000*
Cost				
At 1 January 2006	—	1,603	—	1,603
Additions	—	9	—	9
At 31 December 2006	—	1,612	—	1,612
Accumulated amortisation and impairment charges				
At 1 January 2006	—	1,575	—	1,575
Charge for the year	—	21	—	21
At 31 December 2006	—	1,596	—	1,596
Net book value				
At 31 December 2006	—	16	—	16

Year ended 31 December 2007

	Group			
	Goodwill	Computer software	Development costs	Total
	€ '000	*€ '000*	*€ '000*	*€ '000*
Cost				
At 1 January 2007	—	1,612	—	1,612
Acquisition of a subsidiary	936	9	—	945
At 31 December 2007	936	1,621	—	2,557
Accumulated amortisation and impairment charges				
At 1 January 2007	—	1,596	—	1,596
Acquisition of a subsidiary	—	7	—	7
Charge for the year	—	9	—	9
At 31 December 2007	—	1,612	—	1,612
Net book value				
At 31 December 2007	936	9	—	945

Year ended 31 December 2008

	Group			
	Goodwill	Computer software	Development costs	Total
	€ '000	*€ '000*	*€ '000*	*€ '000*
Cost				
At 1 January 2008	936	1,621	—	2,557
Additions	—	336	977	1,313
At 31 December 2008	936	1,957	977	3,870
Accumulated amortisation and impairment charges				
At 1 January 2008	—	1,612	—	1,612
Charge for the year	—	19	92	111
At 31 December 2008	—	1,631	92	1,723
Net book value				
At 31 December 2008	936	326	885	2,147

Period ended 30 June 2009

	Group			
	Goodwill	Computer software	Development costs	Total
	€ '000	*€ '000*	*€ '000*	*€ '000*
Cost				
At 1 January 2009	936	1,957	977	3,870
Additions	—	24	510	534
At 30 June 2009	936	1,981	1,487	4,404
Accumulated amortisation and impairment charges				
At 1 January 2009	—	1,631	92	1,723
Charge for the period	—	33	138	171
At 30 June 2009	—	1,664	230	1,894
Net book value				
At 30 June 2009	936	317	1,257	2,510

Development costs

For the year ended 31 December 2008 and six months ended 30 June 2009, development costs for formulations of €977,000 and €510,000 were recognised as intangible assets respectively and are amortised over four years on a straight-line basis. Research and development expenses incurred during the years ended 31 December 2006, 2007, 2008 and six months ended 30 June 2009 amounted to €3,800,000, €9,100,000, €6,500,000 and €2,926,000 respectively.

Goodwill

For the year ended 31 December 2008, goodwill arose from the acquisition of Schramm Coatings Iberia S.A., Barcelona, Spain ("Schramm Spain"). It is mainly attributable to the anticipated profitability of operations and the anticipated future operating synergies. Details of the acquisition are disclosed in note 31. Goodwill is allocated to the Group's CGUs identified according to its business segments. As at 31 December 2008, the Group's goodwill amounting to €936,000 is wholly attributable to the Automotive and General Industry segment.

For the purpose of impairment review, the recoverable amount of goodwill is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate stated below. The growth rate does not exceed the long-term average growth rate for the Automotive and General Industry segment.

Key assumptions used for value-in-use calculations are as follows:

Growth rate	1%
Discount rate	7.5%

Management estimates the pre-tax discount rate that reflects market assessments of the time value of money and specific risks relating to the industry. Management believes that any reasonably foreseeable change in any of the above key assumptions would not cause the carrying amount of goodwill to exceed the recoverable amount.

Company

	Computer software			
	Year ended 31 December			**Period ended 30 June**
	2006	**2007**	**2008**	**2009**
	€'000	*€'000*	*€'000*	*€'000*
Cost				
At 1 January	1,603	1,612	1,612	—
Additions	9	—	—	—
Transfer to a subsidiary	—	—	(1,612)	—
At end of the year/period	1,612	1,612	—	—
Accumulated amortisation and impairment charges				
At 1 January	1,575	1,596	1,605	—
Charge for the year/period	21	9	—	—
Transfer to a subsidiary	—	—	(1,605)	—
At end of the year/period	1,596	1,605	—	—
Net book value				
At end of the year/period	16	7	—	—

15 Property, plant and equipment

(a) Movements of property, plant and equipment of the Group are as follows:

Year ended 31 December 2006

	Group				
	Land, buildings and leasehold improvements	Technical equipment and machinery	Motor vehicles, furniture and other office equipment	Prepayments and assets under construction	Total
	€ '000	*€ '000*	*€ '000*	*€ '000*	*€ '000*
Costs					
At 1 January 2006	15,749	15,171	8,953	118	39,991
Additions	34	1,359	896	479	2,768
Disposals	—	—	(277)	(2)	(279)
Transfers	—	54	56	(110)	—
At 31 December 2006	15,783	16,584	9,628	485	42,480
Accumulated depreciation and impairment charges					
At 1 January 2006	5,815	10,003	7,544	—	23,362
Charge for the year	382	838	484	—	1,704
Disposals	—	—	(193)	—	(193)
At 31 December 2006	6,197	10,841	7,835	—	24,873
Net book value					
At 31 December 2006	9,586	5,743	1,793	485	17,607

Year ended 31 December 2007

	Group				
	Land, buildings and leasehold improvements	**Technical equipment and machinery**	**Motor vehicles, furniture and other office equipment**	**Prepayments and assets under construction**	**Total**
	€ '000	*€ '000*	*€ '000*	*€ '000*	*€ '000*
Costs					
At 1 January 2007	15,783	16,584	9,628	485	42,480
Exchange differences	10	17	12	—	39
Combination of subsidiaries	2,854	2,171	676	12	5,713
Additions	273	512	1,070	548	2,403
Disposals	—	(2)	(335)	—	(337)
Transfers	188	245	45	(478)	—
At 31 December 2007	19,108	19,527	11,096	567	50,298
Accumulated depreciation and impairment charges					
At 1 January 2007	6,197	10,841	7,835	—	24,873
Exchange differences	—	(1)	—	—	(1)
Combination of subsidiaries	262	761	86	—	1,109
Charge for the year	406	961	562	—	1,929
Disposals	—	(2)	(276)	—	(278)
At 31 December 2007	6,865	12,560	8,207	—	27,632
Net book value					
At 31 December 2007	12,243	6,967	2,889	567	22,666

Year ended 31 December 2008

	Group				
	Land, buildings and leasehold improvements	Technical equipment and machinery	Motor vehicles, furniture and other office equipment	Prepayments and assets under construction	Total
	€ '000	*€ '000*	*€ '000*	*€ '000*	*€ '000*
Costs					
At 1 January 2008	19,108	19,527	11,096	567	50,298
Exchange differences	51	95	70	8	224
Additions	105	935	879	591	2,510
Disposals	—	—	(139)	—	(139)
Transfers	212	697	50	(959)	—
At 31 December 2008	19,476	21,254	11,956	207	52,893
Accumulated depreciation and impairment charges					
At 1 January 2008	6,865	12,560	8,207	—	27,632
Exchange differences	10	11	11	—	32
Charge for the year	568	1,278	681	—	2,527
Disposals	—	—	(85)	—	(85)
At 31 December 2008	7,443	13,849	8,814	—	30,106
Net book value					
At 31 December 2008	12,033	7,405	3,142	207	22,787

Period ended 30 June 2009

	Group				
	Land, buildings and leasehold improvements	Technical equipment and machinery	Motor vehicles, furniture and other office equipment	Prepayments and assets under construction	Total
	€ '000	*€ '000*	*€ '000*	*€ '000*	*€ '000*
Costs					
At 1 January 2009	19,476	21,254	11,956	207	52,893
Exchange differences	(3)	(7)	(4)	—	(14)
Additions	28	171	110	440	749
Disposals	—	(214)	(226)	(1)	(441)
At 30 June 2009	19,501	21,204	11,836	646	53,187
Accumulated depreciation and impairment charges					
At 1 January 2009	7,443	13,849	8,814	—	30,106
Exchange differences	(4)	(4)	(2)	—	(10)
Charge for the period	293	641	339	—	1,273
Disposals	—	(8)	(88)	—	(96)
At 30 June 2009	7,732	14,478	9,063	—	31,273
Net book value					
At 30 June 2009	11,769	6,726	2,773	646	21,914

(b) Movements of property, plant and equipment of the Company are as follows:

Year ended 31 December 2006

	Company				
	Land, buildings and leasehold improvements	**Technical equipment and machinery**	**Motor vehicles, furniture and other office equipment**	**Prepayments and assets under construction**	**Total**
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
Costs					
At 1 January 2006	15,749	15,171	8,953	118	39,991
Additions	34	1,359	896	479	2,768
Disposals	—	—	(277)	(2)	(279)
Transfers	—	54	56	(110)	—
At 31 December 2006	15,783	16,584	9,628	485	42,480
Accumulated depreciation and impairment charges					
At 1 January 2006	5,815	10,003	7,544	—	23,362
Charge for the year	382	838	484	—	1,704
Disposals	—	—	(193)	—	(193)
At 31 December 2006	6,197	10,841	7,835	—	24,873
Net book value					
At 31 December 2006	9,586	5,743	1,793	485	17,607

Year ended 31 December 2007

	Company				
	Land, buildings and leasehold improvements	**Technical equipment and machinery**	**Motor vehicles, furniture and other office equipment**	**Prepayments and assets under construction**	**Total**
	€ '000	*€ '000*	*€ '000*	*€ '000*	*€ '000*
Costs					
At 1 January 2007	15,783	16,584	9,628	485	42,480
Additions	272	460	1,026	488	2,246
Disposals	—	(1)	(335)	—	(336)
Transfers	189	244	45	(478)	—
At 31 December 2007	16,244	17,287	10,364	495	44,390
Accumulated depreciation and impairment charges					
At 1 January 2007	6,197	10,841	7,835	—	24,873
Charge for the year	389	934	544	—	1,867
Disposals	—	(2)	(276)	—	(278)
At 31 December 2007	6,586	11,773	8,103	—	26,462
Net book value					
At 31 December 2007	9,658	5,514	2,261	495	17,928

Year ended 31 December 2008

	Company				
	Land, buildings and leasehold improvements	**Technical equipment and machinery**	**Motor vehicles, furniture and other office equipment**	**Prepayments and assets under construction**	**Total**
	€ '000	*€ '000*	*€ '000*	*€ '000*	*€ '000*
Costs					
At 1 January 2008	16,244	17,287	10,364	495	44,390
Transfer to a subsidiary	(16,244)	(17,287)	(10,364)	(495)	(44,390)
At 31 December 2008	—	—	—	—	—
Accumulated depreciation and impairment charges					
At 1 January 2008	6,586	11,773	8,103	—	26,462
Transfer to a subsidiary	(6,586)	(11,773)	(8,103)	—	(26,462)
At 31 December 2008	—	—	—	—	—
Net book value					
At 31 December 2008	—	—	—	—	—

Period ended 30 June 2009

	Company				
	Land, buildings and leasehold improvements	Technical equipment and machinery	Motor vehicles, furniture and other office equipment	Prepayments and assets under construction	Total
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
Costs					
At 1 January 2009 and 30 June 2009	—	—	—	—	—
Accumulated depreciation and impairment charges					
At 1 January 2009 and 30 June 2009	—	—	—	—	—
Net book value					
At 1 January 2009 and 30 June 2009	—	—	—	—	—

(c) Technical equipment and machinery of the Group includes the following amounts where the Group is a lessee under a finance lease:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	€'000	*€'000*	*€'000*	*€'000*
Cost	1,534	1,534	1,534	1,643
Accumulated depreciation	(223)	(325)	(339)	(513)
Net book value	1,311	1,209	1,195	1,130

As at 31 December 2006, 2007, 2008 and 30 June 2009, certain property, plant and equipment of €4,700,000, €4,700,000, €409,000 and €409,000 of the Group were pledged as securities for certain bank borrowings (Note 25).

The above disclosures for the Group for 31 December 2006 and 2007 are also applicable to the Company.

16 Investments in jointly controlled entities and subsidiaries

(a) The movements of the Group's share of net assets of jointly controlled entities are as follows:

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	€ '000	*€ '000*	*€ '000*	*€ '000* (unaudited)	*€ '000*
At beginning of the year/period	197	362	508	508	—
Additions	—	697	—	—	—
Disposals	—	—	(525)	—	—
Transfers	—	(490)	—	—	—
Share of profit	215	185	42	32	—
Dividend received	(39)	(207)	(25)	(25)	—
Exchange differences	(11)	(39)	—	—	—
At end of the year/period	362	508	—	515	—

(b) The Group's share of revenue and results of its jointly controlled entities, all of which are unlisted, and their aggregate assets and liabilities, are as follows:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	€ '000	*€ '000*	*€ '000*	*€ '000*
Non-current assets	3	1	—	—
Current assets	757	629	—	—
Non-current liabilities	(6)	—	—	—
Current liabilities	(415)	(270)	—	—

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	€ '000	*€ '000*	*€ '000*	*€ '000* (unaudited)	*€ '000*
Income	3,857	3,811	1,288	1,085	—
Expenses	(3,642)	(3,626)	(1,246)	(1,053)	—

(c) The Company's investments in jointly controlled entities are as follows:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	€'000	*€'000*	*€'000*	*€'000*
Unlisted investments, at cost	63	760	—	—

(d) The Company's investments in subsidiaries are as follows:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	€'000	*€'000*	*€'000*	*€'000*
Unlisted investments, at cost	—	1,500	34,419	34,419

(e) The details of jointly controlled entities and subsidiaries are disclosed in Note 34.

17 Other receivables and prepayments

As at 31 December 2007, 2008 and 30 June 2009, included in the Group's and the Company's non-current other receivables and prepayments was a deposit of €250,000, which is denominated in EURO and non-interest bearing. This amount is pledged as securities for partial early retirement obligations of the Group's employee in Germany (*Altersteilzeit*).

18 Inventories

The Group's inventories are analysed as follows:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	€'000	*€'000*	*€'000*	*€'000*
Raw materials and consumables	4,445	7,133	11,330	8,660
Work-in-progress	2,730	3,186	2,834	2,497
Finished goods	3,720	4,681	4,571	3,019
	10,895	15,000	18,735	14,176

The Company's inventories are analysed as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	€'000	*€'000*	*€'000*	*€'000*
Raw materials and consumables	4,445	5,325	—	—
Work-in-progress	2,730	3,135	—	—
Finished goods	3,720	4,134	—	—
	10,895	12,594	—	—

19 Trade and bill receivables

The Group's trade and bill receivables are analysed as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	€'000	*€'000*	*€'000*	*€'000*
Trade receivables — related parties	—	18	40	32
Trade receivables — third parties	8,775	19,273	17,686	20,203
Trade receivables, gross	8,775	19,291	17,726	20,235
Less: provision for impairment of receivables	(86)	(112)	(522)	(322)
Trade receivables, net	8,689	19,179	17,204	19,913
Bill receivables	—	289	1,002	1,118
	8,689	19,468	18,206	21,031

The Company's trade and bill receivables are analysed as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	€ '000	*€ '000*	*€ '000*	*€ '000*
Trade receivables — related parties	—	308	—	—
Trade receivables — third parties	8,775	9,559	—	—
Trade receivables, gross	8,775	9,867	—	—
Less: provision for impairment of receivables	(86)	(59)	—	—
Trade receivables, net	8,689	9,808	—	—

The carrying amounts of the Group's and the Company's trade and bill receivables approximate their fair value at the balance sheet date. There is no concentration of credit risk with respect to trade and bill receivables, as the Group has a large number of customers, dispersed internationally. The maximum exposure to credit risk at each balance sheet date is the fair value of receivables set out above.

The majority of the Group's and the Company's customers are granted with credit terms of 30 to 90 days. Occasionally, certain customers enjoy a longer credit period. Ageing analysis of trade receivables from due date at the respective balance sheet dates are as follows:

	Group			
	As at 31 December			As at 30 June
	2006	2007	2008	2009
	€ '000	*€ '000*	*€ '000*	*€ '000*
Within 3 months	8,652	16,302	13,189	16,493
3 to 6 months	40	1,684	3,147	2,406
6 to 9 months	25	707	609	1,284
9 to 12 months	16	410	478	38
Over 12 months	42	188	303	14
	8,775	19,291	17,726	20,235

	Company			
	As at 31 December			As at 30 June
	2006	2007	2008	2009
	€ '000	€ '000	€ '000	€ '000
Within 3 months	8,652	9,781	—	—
3 to 6 months	40	26	—	—
6 to 9 months	25	42	—	—
9 to 12 months	16	8	—	—
Over 12 months	42	10	—	—
	8,775	9,867	—	—

The ageing analysis of trade receivables past due but not impaired by due date is as follows. These relate to a number of independent customers for whom there is no recent history of default.

	Group			
	As at 31 December			As at 30 June
	2006	2007	2008	2009
	€ '000	€ '000	€ '000	€ '000
Within 3 months	1,274	4,257	2,235	1,610
3 to 6 months	40	1,662	3,082	2,235
6 to 9 months	—	702	411	904
9 to 12 months	—	410	432	38
Over 12 months	—	148	226	14
	1,314	7,179	6,386	4,801

	Company			
	As at 31 December			As at 30 June
	2006	2007	2008	2009
	€ '000	€ '000	€ '000	€ '000
Within 3 months	1,274	2,818	—	—
3 to 6 months	40	10	—	—
6 to 9 months	—	42	—	—
9 to 12 months	—	8	—	—
Over 12 months	—	—	—	—
	1,314	2,878	—	—

The ageing analysis of trade receivables impaired and provided for is as follows. The individually impaired receivables mainly relate to customers, which are in unexpected difficult economic situations.

	Group			
	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	€ '000	*€ '000*	*€ '000*	*€ '000*
Within 3 months	3	45	308	210
3 to 6 months	—	22	65	177
6 to 9 months	25	5	198	146
9 to 12 months	16	—	45	4
Over 12 months	42	40	77	23
	86	112	693	560
Less: provision	(86)	(112)	(522)	(322)
Net amount	—	—	171	238

	Company			
	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	€ '000	*€ '000*	*€ '000*	*€ '000*
Within 3 months	3	33	—	—
3 to 6 months	—	16	—	—
6 to 9 months	25	—	—	—
9 to 12 months	16	—	—	—
Over 12 months	42	10	—	—
	86	59	—	—
Less: provision	(86)	(59)	—	—
Net amount	—	—	—	—

The Group's and the Company's movements for provision of impairment of trade receivables are as follows:

	Group				
	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	€ '000	*€ '000*	*€ '000*	*€ '000*	*€ '000*
				(unaudited)	
At beginning of the year/period	131	86	112	112	522
Provision for impairment	45	116	441	33	58
Amounts written off	(56)	(7)	(27)	(20)	(50)
Amounts written back	(34)	(83)	—	(14)	(207)
Exchange differences	—	—	(4)	(5)	(1)
At end of the year/period	86	112	522	106	322

	Company				
	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	€ '000	*€ '000*	*€ '000*	*€ '000*	*€ '000*
				(unaudited)	
At beginning of the year/period	131	86	59	59	—
Provision for impairment	45	63	—	—	—
Amounts written off	(56)	(7)	—	—	—
Amounts written back	(34)	(83)	—	—	—
Transfer to a subsidiary	—	—	(59)	—	—
At end of the year/period	86	59	—	59	—

The creation and release of provision for impaired receivables have been included in "other operating expenses" in the consolidated income statements. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	Year ended 31 December			As at 30 June
	2006	2007	2008	2009
	€ '000	*€ '000*	*€ '000*	*€ '000*
EURO	8,775	10,437	7,064	9,915
USD	—	104	326	1,223
RMB	—	7,331	9,022	7,431
WON	—	1,419	1,314	1,666
	8,775	19,291	17,726	20,235

20 Cash and cash equivalents

The Group's cash and cash equivalents are as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	€ '000	*€ '000*	*€ '000*	*€ '000*
Cash on hand	2	71	5	15
Cash at bank	14	1,060	1,427	2,508
	16	1,131	1,432	2,523

Cash and bank deposits of the Group were denominated in the following currencies:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	€'000	*€'000*	*€'000*	*€'000*
EURO	16	347	529	320
HK$	—	—	5	52
RMB	—	518	752	1,664
USD	—	100	65	309
WON	—	166	81	178
	16	1,131	1,432	2,523

Cash at bank earns interest at floating rates based on daily bank deposit rates.

RMB is not a freely convertible currency in the international market. The remittance of these RMB funds out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government.

The Company's cash and cash equivalents are all denominated in EURO and are analysed as follows:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	€'000	*€'000*	*€'000*	*€'000*
Cash on hand	2	71	—	—
Cash at bank	14	225	155	2
	16	296	155	2

21 Share capital

	Number of quota/shares	Share capital € '000	Additional paid-in capital € '000
Issue and fully paid:			
At 1 January 2006 and 31 December 2006	1*	1,400	1,329
Capital contributions by SSCP (Note a)	—	—	6,549
At 31 December 2007	1	1,400	7,878
Conversion of additional paid-in capital (Note b)	—	6,500	(6,500)
Issuance of shares (Note c)	3*	870	—
At 21 November 2008	4	8,770	1,378
Conversion from a limited company to a joint stock company on 21 November 2008 (Note d)	8,770	8,770	1,378
Issuance of shares (Note e)	4,385	4,385	10,906
At 31 December 2008 and 30 June 2009	13,155	13,155	12,284

*: quota of a German limited company ("GmbH")

Details of the changes in the Company's share capital are as follows:

Notes

(a) Pursuant to Section 272(2), No. 4 Handelsgesetzbuch ("HGB"), SSCP, injected €6,549,000 as additional paid-in capital to further strengthen the Company's equity position.

(b) By a notarial deed and resolution of the general meeting of shareholders dated 17 January 2008, the Company increased its share capital by €6,500,000 by conversion of the additional paid-in capital, which was effective on 8 July 2008.

(c) By a notarial deed dated 28 July 2008, the Company increased its share capital by €870,000 by issuing one quota for cash consideration of €300,000 to Myriad Fine Investment Limited, one quota for cash consideration of €350,000 to Pacific Finance Limited and one quota for a cash consideration of €220,000 to Apex Link Investment Limited.

(d) On 21 November 2008, the Company was converted to a joint stock company and changed its name to "Schramm Holding AG". The Company's share capital of €8,770,000 was transformed into 8,770,000 shares with par value of €1 each.

(e) On 21 November 2008, a general mandate was granted to the Board of Directors it was authorized to increase the share capital of the Company by an amount up to €4,385,000 by the issuance of new shares before 1 August 2013 (the "Authorised Capital").

The general mandate under the Authorised Capital was exercised and the share capital of the Company was increased by €4,385,000 to €13,155,000 through the issue of 4,385,000 shares, at €3.487 per share, to Humble Humanity Limited for a cash consideration of €15,291,000. The capital increase was registered with the commercial register on 24 April 2009.

22 Other reserves

	Group		
	Merger reserve *(Note b)* *€ '000*	**Other reserves** *€ '000*	**Total** *€ '000*
At 1 January 2006	—	11	11
Exchange differences	—	(11)	(11)
At 31 December 2006	—	—	—
Exchange differences	—	(21)	(21)
Combination of subsidiaries (note b)	4,121	—	4,121
At 31 December 2007	4,121	(21)	4,100
Exchange differences	—	460	460
Distribution to previous shareholders (note b)	(17,813)	—	(17,813)
At 31 December 2008	(13,692)	439	(13,253)
Exchange differences	—	(76)	(76)
At 30 June 2009	(13,692)	363	(13,329)

(a) Under German law, only the retained earnings of the individual financial statements of Schramm Holding AG prepared in accordance with HGB are available for distribution.

(b) The merger reserve of the Group represents the difference between the total of nominal value of the shares or the capital of the subsidiaries that had been acquired of EUR314,000 and the pre-acquisition reserves of these subsidiaries of EUR4,297,000 as at 17 November 2007, and the investment consideration of EUR490,000 paid by the Company to effect the common control acquisition. Movement in 2008 represented increase in registered capital injected by the previous shareholders of subsidiaries acquired of EUR4,245,000, set off with the investment consideration paid by the Company of EUR22,058,000 to acquire the capital of the subsidiaries of EUR2,351,000 and the pre-acquisition reserves of the subsidiaries of EUR6,015,000.

23 Pensions and similar obligations

The provision for pensions and similar obligations covers the pension fund scheme of the Company and Schramm Coating and two individual pension schemes with employees in Germany.

The pension fund scheme is a defined benefit scheme which covers commitments for retirement, disability and survivor benefits of employees of the Group. The amount of benefits depends on the length of service and the remuneration payable to the employees. The scheme is unfunded and is covered by funding through assets of the Group.

In addition to the pension fund scheme, there are two individual pension schemes. Both individual pension schemes are secured by pledged reinsurance policies. One of these individual schemes is refinanced by a single-premium endowment life insurance policy. The pensions obligation under the individual pension scheme and the present value of the pledged pension reinsurance policy recognised as plan assets are congruent with each other and are stated on a net basis in the financial statement to the extent that the reinsurance is pledged (so-called plan assets.) The additional disability insurance policy of such scheme is not covered by a congruent pledge.

Actuarial methods and assumptions (pension fund agreement):

- Calculation basis: 2005 G actuarial tables of Dr. Klaus Heubeck (same in 2007 and 2006)
- Notional interest rate: 5.75% p.a. (2007:4.5%-5.5% p.a.; 2006: 4.5% p.a.)
- Pension and salary growth trend: 2.0% p.a. (2007: 2.0% p.a.; 2006: 2.0% p.a.)

Actuarial methods and assumptions (two individual commitments):

- Calculation basis: 2005 G actuarial tables of Dr. Klaus Heubeck (same in 2007)
- Notional interest rate: 5.8% p.a. (2007: 6.0% p.a.)
- Pension and salary growth trend: 0% p.a. (2007: 0% p.a.)
- Return on plan assets: 4.0% (2007: 0%)
- Pledged congruent reinsurance policies from Alte Leipziger Leben (with the exception of one disability pension commitment)

(a) The amounts recognised in the Group's consolidated balance sheet are determined as follows:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	€ '000	*€ '000*	*€ '000*	*€ '000*
Present value of all defined benefit obligations	1,558	1,080	1,042	1,072
Present value of pension plan assets under reinsurance policy	(187)	(137)	(192)	(204)
	1,371	943	850	868
Unrecognised actuarial gains	88	229	310	270
Liability recognised in the consolidated balance sheet	1,459	1,172	1,160	1,138

The movements in the defined benefit obligation over the years are as follows:

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	€ '000	*€ '000*	*€ '000*	*€ '000*	*€ '000*
At beginning of the year/period	1,628	1,558	1,080	1,080	1,042
Current service costs	1	14	7	4	3
Interest costs	74	69	66	33	33
Actuarial gains	(88)	(144)	(102)	(51)	21
Plan curtailments	—	(75)	45	23	—
Pension payments	(57)	(342)	(54)	(27)	(27)
At end of the year/period	1,558	1,080	1,042	1,062	1,072

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the present value of the defined benefit obligation are recognised in the income statement over the employees' expected average remaining working lives of 5.5 years in 2007 and 6.5 years in 2008. The movement of unrecognised actuarial gains are as follows:

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
				(unaudited)	
Unrecognised actuarial gains brought forward	—	(88)	(229)	(229)	(310)
Recognised in the income statement	—	3	21	11	19
Current year/period changes	(88)	(144)	(102)	(51)	21
Unrecognised actuarial gains carried forward	(88)	(229)	(310)	(269)	(270)

For the years ended 31 December 2006, 2007 and 2008 and periods ended 30 June 2008 and 2009, the actuarial gains/(losses) arose included an amount of €88,000, €144,000, €65,000, €51,000 and €(21,000) respectively for the result of changes in the notional interest rate.

Expected contributions to post-employment benefit plans for the period ending 30 June 2009 are EUR30,000.

The amounts recognised in the income statement are as follows:

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
				(unaudited)	
Current service costs	1	(61)	7	4	3
Interest expense	74	69	66	33	33
Recognition of net gains	—	(3)	(21)	(11)	(19)
Total pension cost	75	5	52	26	17

The interest expense shown above is reported as finance costs in the income statement. The remaining amounts are included in employee benefit expenses.

In addition, costs have been incurred for defined contribution plans operated by the governments where the Group operates. These expenses are reported under employee benefit expenses as social security expenses.

(b) The amounts recognised in the Company's balance sheet are determined as follows:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	€ '000	*€ '000*	*€ '000*	*€ '000*
Present value of all defined benefit obligations	1,558	1,080	11	12
Present value of pension plan assets under reinsurance policy	(187)	(137)	(11)	(12)
	1,371	943	—	—
Unrecognised actuarial gains	88	229	—	—
Liability recognised in the balance sheet	1,459	1,172	—	—

The movements in the defined benefit obligation over the years are as follows:

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	€ '000	*€ '000*	*€ '000*	*€ '000*	*€ '000*
				(unaudited)	
At beginning of the year/period	1,628	1,558	1,080	1,080	11
Current service costs	1	14	1	1	1
Interest costs	74	69	1	—	—
Actuarial gains	(88)	(144)	—	—	—
Plan curtailments	—	(75)	4	2	—
Pension payments	(57)	(342)	—	—	—
Transfer to a subsidiary	—	—	(1,075)	(1,075)	—
At end of the year/period	1,558	1,080	11	8	12

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the present value of the defined benefit obligation are recognised in the income statement over the employees' expected average remaining working lives of 5.5 years in 2007 and 6.5 years in 2008. The movement of unrecognised actuarial gains are as follows:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	€'000	*€'000*	*€'000*	*€'000*
Unrecognised actuarial gains brought forward	—	(88)	(229)	—
Recognised in the income statement	—	3	—	—
Current year changes	(88)	(144)	—	—
Transfer to a subsidiary	—	—	229	—
Unrecognised actuarial gains carried forward	(88)	(229)	—	—

For the years ended 31 December 2006, 2007 and 2008 and periods ended 30 June 2008 and 2009, the actuarial gains/(losses) arose included an amount of €88,000, €144,000, €65,000, €51,000 and €(21,000) respectively for the result of changes in the notional interest rate.

The amounts recognised in the income statement are as follows:

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
				(unaudited)	
Current service costs	1	(61)	1	—	1
Interest expense	74	69	1	—	—
Recognition of net gains	—	(2)	—	—	—
Total pension cost	75	6	2	—	1

Expected contributions to post-employment benefit plans for the period ending 30 June 2009 are EUR30,000.

The interest expense shown above reported as finance costs in the income statement. The remaining amounts are included in personnel costs.

In addition, costs have been incurred for defined contribution plans operated by the governments where the Group operates. These expenses are reported under personnel costs as social security expenses.

24 Other provisions

The movement in the Group's other provisions are analysed as follows:

	Personnel provisions *€ '000*	Other provisions *€ '000*	Total *€ '000*
At 1 January 2006	1,222	858	2,080
Charged/(credited) to the income statement:			
- Additional provisions	612	909	1,521
- Unused amounts reversed	—	(8)	(8)
Used during the year	(400)	(816)	(1,216)
At 31 December 2006	1,434	943	2,377
Charged/(credited) to the income statement:			
- Additional provisions	759	1,505	2,264
- Unused amounts reversed	—	(84)	(84)
Used during the year	(711)	(860)	(1,571)
At 31 December 2007	1,482	1,504	2,986
Charged/(credited) to the income statement:			
- Additional provisions	404	3,321	3,725
- Unused amounts reversed	(1)	(69)	(70)
Used during the year	(788)	(3,647)	(4,435)
Exchange differences	(2)	—	(2)
At 31 December 2008	1,095	1,109	2,204
Charged/(credited) to the income statement:			
- Additional provisions	133	1,604	1,737
- Unused amounts reversed	—	(207)	(207)
Used during the period	(230)	(599)	(829)
At 30 June 2009	998	1,907	2,905

Personnel provisions mainly include provision for partial early retirement obligations which are mainly attributable to the Group's employees in Germany, and accruals for vacations, overtime and bonuses for the Group's employees. The provision for partial early retirement relates to the provision made by an employer where the employee first works full time (for less pay) and in return is eligible to an early retirement. The employer provides for the time the employee is in early retirement while the employee is still working.

Partial early retirement relates to a German local labor regulation of 1996 to "Provide for a smooth transition to retirement". The central feature of the law is the provision for the part-time employment of older employees who, in agreement with their employer, can reduce their working week by half when they reach a certain age ("Altersteilzeit" - partial early retirement). If the employer increases the employee's part-time remuneration by x% and pays contributions to the pension scheme on the basis of y% of full-time remuneration then, under certain circumstances, the employment office will reimburse the employer for this outlay. An important condition for reimbursement is that the vacancy created by partial early retirement is filled by the hiring of an unemployed person or the acceptance of a trainee.

Many sectors in Germany have agreed on partial early retirement schemes.

Other provisions during the Relevant Periods mainly comprises provision for warranty and product claims.

Analysis of the Group's total provisions:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	€ '000	*€ '000*	*€ '000*	*€ '000*
Non-current	722	821	708	798
Current	1,655	2,165	1,496	2,107
	2,377	2,986	2,204	2,905

The Company's other provisions are analysed as follows:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	€ '000	*€ '000*	*€ '000*	*€ '000*
Personnel provisions	1,433	1,482	78	66
Other provisions	944	1,463	10	97
	2,377	2,945	88	163

Other provisions during the Relevant periods mainly comprises provision for warranty and product claims.

Analysis of the Company's total provisions:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	€ '000	*€ '000*	*€ '000*	*€ '000*
Non-current	722	812	—	—
Current	1,655	2,133	88	163
	2,377	2,945	88	163

25 Financial liabilities

(a) The Group's financial liabilities are analysed as follows:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	€ '000	*€ '000*	*€ '000*	*€ '000*
Bank borrowings (Note 25(f))	621	18,734	26,892	24,295
Finance leases liabilities (Note 25(g))	1,199	1,129	1,142	1,092
Amounts due to shareholders (Note 25(c))	17,575	1,557	—	—
	19,395	21,420	28,034	25,387
Less: current portion	(4,938)	(19,869)	(26,690)	(21,091)
Non-current financial liabilities	14,457	1,551	1,344	4,296

As at 31 December 2006, 2007, 2008 and 30 June 2009, certain of the Group's bank borrowings were secured by pledge of certain property, plant and equipment of the Group of approximately €4,700,000, €4,700,000, €409,000 and €409,000.

(b) The Company's financial liabilities are analysed as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	€'000	*€'000*	*€'000*	*€'000*
Bank borrowings (Note 25(f))	621	17,756	785	1,263
Finance leases liabilities (Note 25(g))	1,199	1,129	—	—
Amounts due to shareholders (Note 25(c))	17,575	1,557	—	—
	19,395	20,442	785	1,263
Less: current portion	(4,938)	(19,031)	(785)	(1,263)
Non-current financial liabilities	14,457	1,411	—	—

As at 31 December 2006, 2007, 2008 and 30 June 2009, certain of the Company's bank borrowings were secured by pledge of certain property, plant and equipment of the Company of approximately €4,700,000, €4,700,000, €409,000 and €409,000.

(c) Amounts due to shareholders of the Group and the Company are analysed as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	€'000	*€'000*	*€'000*	*€'000*
Non-current	12,927	—	—	—
Current	4,648	1,557	—	—
	17,575	1,557	—	—

As at 31 December 2006, non-current portion represents loans due to shareholders, which bears interest at 6% per annum and repayable in 2016. Current portion represents amount for profit distribution payable to shareholders, which is unsecured, interest-free and repayable on demand. These amounts have been fully settled before the acquisition of the Company by SSCP on 17 November 2007.

(d) Denomination in currencies

As at 31 December 2006, 2007 and 2008, the carrying amounts of the Group's and the Company's borrowings approximate their fair values. Borrowings are denominated in the following currencies:

The Group	**As at 31 December**			**As at 30 June**
	2006	**2007**	**2008**	**2009**
	€ '000	*€ '000*	*€ '000*	*€ '000*
EURO	19,395	20,856	23,445	20,841
USD	—	—	3,960	3,920
RMB	—	564	629	626
	19,395	21,420	28,034	25,387

The Company	**As at 31 December**			**As at 30 June**
	2006	**2007**	**2008**	**2009**
	€ '000	*€ '000*	*€ '000*	*€ '000*
EURO	19,395	20,442	785	1,263

(e) Effective interest rates

As at 31 December 2006, 2007, 2008 and 30 June 2009, the effective annual interest rates of the Group's and the Company's borrowings at the balance sheet dates can be analysed as follows:

The Group	**As at 31 December**			**As at 30 June**
	2006	**2007**	**2008**	**2009**
Bank borrowings	4.2%	5.3%	5.0%	3.9%
Finance leases liabilities	7.6%	7.6%	7.7%	7.7%
Amounts due to shareholders	6.0%	—	—	—

The Company	**As at 31 December**			**As at 30 June**
	2006	**2007**	**2008**	**2009**
Bank borrowings	4.2%	5.2%	4.8%	3.0%
Finance leases liabilities	7.6%	7.6%	—	—
Amounts due to shareholders	6.0%	—	—	—

(f) As of 31 December 2006, 2007, 2008 and 30 June 2009, the maturity of the Group and the Company's bank borrowings were as follows:

	As at 31 December			As at 30 June
The Group	**2006**	**2007**	**2008**	**2009**
	€'000	*€'000*	*€'000*	*€'000*
Within 1 year	215	18,237	26,593	20,996
Between 1 and 2 years	229	48	50	801
Between 2 and 5 years	154	292	136	2,430
Over 5 years	23	157	113	68
	621	18,734	26,892	24,295

	As at 31 December			As at 30 June
The Company	**2006**	**2007**	**2008**	**2009**
	€'000	*€'000*	*€'000*	*€'000*
Within 1 year	215	17,399	785	1,263
Between 1 and 2 years	229	65	—	—
Between 2 and 5 years	154	135	—	—
Over 5 years	23	157	—	—
	621	17,756	785	1,263

(g) Finance lease liabilities

The Group's finance lease liabilities are analysed as follows:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	€'000	*€'000*	*€'000*	*€'000*
No later than one year	159	159	181	176
Later than one year and no later than 5 years	596	581	644	628
Over five years	1,106	962	818	747
	1,861	1,702	1,643	1,551
Future finance charges on finance leases	(662)	(573)	(501)	(459)
Present value of finance lease liabilities	1,199	1,129	1,142	1,092

The Company's finance lease liabilities are analysed as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	€ '000	*€ '000*	*€ '000*	*€ '000*
No later than one year	159	159	—	—
Later than one year and no later than five years	596	581	—	—
Over five years	1,106	962	—	—
	1,861	1,702	—	—
Future finance charges on finance leases	(662)	(573)	—	—
Present value of finance lease liabilities	1,199	1,129	—	—

26 Trade and other payables

The Group's trade and other payables can be analysed as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	€ '000	*€ '000*	*€ '000*	*€ '000*
Trade payables — third parties	1,842	4,712	2,426	3,446
Trade payables — related companies	12	4,866	2,269	800
Other payables	936	2,478	2,302	2,246
	2,790	12,056	6,997	6,492

The Company's trade and other payables can be analysed as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	€'000	*€'000*	*€'000*	*€'000*
Trade payables — third parties	1,842	2,003	—	—
Trade payables — related companies	12	—	—	—
Other payables	936	589	2,642	80
	2,790	2,592	2,642	80

The carrying amounts of trade and other payables approximate their fair value.

The credit terms granted by the suppliers are usually 30 days. Ageing analysis of the Group's trade payables from due date at the respective balance sheet dates are as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	€'000	*€'000*	*€'000*	*€'000*
Within 3 months	1,854	5,330	3,355	4,157
3 to 6 months	—	379	438	19
6 to 9 months	—	3,852	297	26
9 to 12 months	—	—	—	44
Over 12 months	—	17	605	—
	1,854	9,578	4,695	4,246

The credit terms granted by the suppliers are usually 30 days. Ageing analysis of the Company's trade payables from due date at the respective balance sheet dates are as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	€ '000	*€ '000*	*€ '000*	*€ '000*
Within 3 months	1,854	2,003	—	—
3 to 6 months	—	—	—	—
6 to 9 months	—	—	—	—
9 to 12 months	—	—	—	—
Over 12 months	—	—	—	—
	1,854	2,003	—	—

The Group's trade payables were denominated in the following currencies:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	€ '000	*€ '000*	*€ '000*	*€ '000*
EURO	1,854	2,558	2,205	1,484
USD	—	4,639	476	1
HK$	—	465	1,133	—
RMB	—	1,293	682	2,146
Others	—	623	199	615
	1,854	9,578	4,695	4,246

The Company's trade payables were denominated in the following currencies:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	€ '000	*€ '000*	*€ '000*	*€ '000*
EURO	1,854	2,003	—	—

27 Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The Group's deferred income taxes shown in the consolidated balance sheet, after appropriate offsetting, are as follows:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	€ '000	*€ '000*	*€ '000*	*€ '000*
Deferred income tax assets, net	605	799	792	808
Deferred income tax liabilities, net	(1,772)	(2,022)	(2,259)	(2,330)
Net deferred income tax liabilities	(1,167)	(1,223)	(1,467)	(1,522)

The Company's deferred income taxes shown in the balance sheet, after appropriate offsetting, are as follows:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	€ '000	*€ '000*	*€ '000*	*€ '000*
Deferred income tax assets, net	605	492	2	2
Deferred income tax liabilities, net	(1,772)	(1,435)	(3)	(3)
Net deferred income tax liabilities	(1,167)	(943)	(1)	(1)

The Group's deferred income taxes are related to the balance sheet items and transactions below:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	€ '000	*€ '000*	*€ '000*	*€ '000*
Deferred tax assets				
Finance lease liabilities	468	350	354	339
Pension obligations	133	121	82	74
Provision for impairment of trade receivables	—	8	93	—
Property, plant and equipment	—	23	39	44
Others	4	297	224	351
Total deferred tax assets	605	799	792	808
To be recovered after more than 12 months	605	560	755	740
To be recovered within 12 months	—	239	37	68
Deferred tax liabilities				
Finance lease liabilities	(511)	(374)	(371)	(350)
Property, plant and equipment	(1,170)	(1,534)	(1,544)	(937)
Inventories	—	(18)	(24)	(12)
Provision for impairment of trade receivables	(91)	(87)	(43)	(59)
Others	—	(9)	(277)	(972)
Total deferred tax liabilities	(1,772)	(2,022)	(2,259)	(2,330)
To be recovered after more than 12 months	(1,682)	(1,726)	(1,920)	(1,972)
To be recovered within 12 months	(90)	(296)	(339)	(358)
Deferred tax liabilities, net	(1,167)	(1,223)	(1,467)	(1,522)

The Company's deferred income taxes are related to the balance sheet items and transactions below:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	€'000	*€'000*	*€'000*	*€'000*
Deferred tax assets				
Finance lease liabilities	468	350	—	—
Pension obligations	133	121	2	2
Others	4	21	—	—
Total deferred tax assets	605	492	2	2
To be recovered after more than 12 months	605	465	2	2
To be recovered within 12 months	—	27	—	—
Deferred tax liabilities				
Finance lease liabilities	(511)	(375)	—	—
Property, plant and equipment	(1,170)	(971)	—	—
Provision for impairment of trade receivables	(91)	(80)	—	—
Other provisions	—	(9)	—	—
Pensions obligations	—	—	(3)	(3)
Total deferred tax liabilities	(1,772)	(1,435)	(3)	(3)
To be recovered after more than 12 months	(1,682)	(1,157)	(3)	(3)
To be recovered within 12 months	(90)	(278)	—	—
Deferred tax liabilities, net	(1,167)	(943)	(1)	(1)

The Group's movement in net deferred income tax liabilities is as follows:

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	€'000	*€'000*	*€'000*	*€'000* *(unaudited)*	*€'000*
At beginning of the year/period	1,197	1,167	1,223	1,223	1,467
(Credited)/charged to the consolidated income statement	(30)	(168)	269	135	55
Acquisition of subsidiaries	—	274	—	—	—
Exchange differences	—	(50)	(25)	50	—
At end of the year/period	1,167	1,223	1,467	1,408	1,522

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The Group has certain estimated unused tax losses, which mainly related to Schramm Spain and for the years from 1999 to 2007. The applicable income tax rate in Spain is 30%. No deferred tax asset has been recognised in respect of these losses as the realisation of the related tax benefit through future taxable profit from these tax losses carry-forward is not probable. These tax losses have an expiration time of 15 years and the amounts as at each balance sheet date can be analysed as follows.

	As at 31 December		As at 30 June
	2007	**2008**	**2009**
	€'000	*€'000*	*€'000*
Up to 1 year	—	—	—
2 to 5 years	—	—	118
6 to 9 years	1,373	1,318	1,250
10 to 15 years	413	364	314
	1,786	1,682	1,682

On 16 March 2007, the National People's Congress ("NPC") enacted the new Corporate Income Tax Law ("CIT Law") which is effective from 1 January 2008. Subsequently, on 6 December 2007, the State Council approved the Detailed Implementation Regulations ("DIR") for the implementation of the CIT Law. According to the DIR, a 10% withholding tax will be levied on dividends declared to foreign investors (5% for HK investors) from China starting from 1 January 2008.

As at 30 June 2009, deferred income tax liabilities to the extent of €161,000 have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain PRC subsidiaries because the directors consider that the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Unremitted earnings totaled €3,213,000 as at 31 December 2008.

28 Guarantees and commitments

(a) The guarantees provided by the Company in respect of banking facilities of its subsidiaries and group companies as of the balance sheet date are as follows:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	€'000	*€'000*	*€'000*	*€'000*
Guarantees in respect of banking facilities provided to:				
— Former ultimate holding company and fellow subsidiaries	21,500	—	—	—
— Former fellow subsidiaries	—	2,000	—	—
— A subsidiary	—	—	28,000	28,000
	21,500	2,000	28,000	28,000

As at 31 December 2006, 2007, 2008 and 30 June 2009, the utilisation of the above banking facilities guaranteed by the Company amounted to €14,868,000, €2,000, €21,691,000 and €19,397,000.

The guarantees to former ultimate holding company and fellow subsidiaries were released at 16 November 2007, which is the date of acquisition of the Company by SSCP.

(b) Capital commitments in respect of property, plant and equipment are as follows:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	€'000	*€'000*	*€'000*	*€'000*
— contracted but not provided for	—	—	—	—
— authorised but not contracted for	—	—	—	—
	—	—	—	—

(c) As at 31 December 2006, 2007 and 2008, the Group's future aggregate minimum lease payments under various non-cancellable operating lease agreements in respect of building, equipment and motor vehicles are analysed as follows:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	€'000	*€'000*	*€'000*	*€'000*
Within one year	54	345	429	613
In the second to fifth year inclusive	60	450	234	250
	114	795	663	863
Over five years	—	—	—	—
	114	795	663	863

29 Consolidated cash flow statements

Reconciliation of profit before income tax to net cash generated from/(used in) operations

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	€ '000	€ '000	€ '000	€ '000 (unaudited)	€ '000
Profit before income tax	3,963	4,442	7,815	5,698	1,097
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment (Note 8)	1,725	1,938	2,638	1,224	1,444
Loss/gain on disposal of property, plant and equipment (Note 9)	19	(16)	(1)	5	23
Gain on disposal of investment in a jointly controlled entity (Note 9)	—	—	(108)	—	—
Finance income (Note 10)	(3)	(45)	(37)	(7)	(73)
Finance costs (Note 10)	1,091	1,288	1,404	607	709
Changes in deferred taxes	(30)	(224)	269	184	55
Exchange differences on property, plant and equipment (Note 15)	—	40	192	15	4
Cash inflows from dividends	39	207	25	25	—
Share of profit of jointly controlled entities (Note 16(a))	(215)	(185)	(42)	(32)	—
Operating cash flow before working capital changes:	6,589	7,445	12,155	7,719	3,259
Inventories	(1,324)	(1,020)	(3,734)	(4,846)	4,558
Trade and bill receivables	(2,919)	(1,704)	1,348	(3,408)	(2,824)
Other receivables and prepayments and income tax recoverable	(1)	(452)	(3,027)	259	797
Trade and other payables	764	(621)	(5,853)	(1,140)	175
Exchange differences	—	(21)	—	(171)	(75)
Other changes	(190)	(510)	(1,038)	(277)	(638)
Net cash generated from/(used in) operations	2,919	3,117	(149)	(1,864)	5,252

30 Segment reporting

The management considers the Group has four reportable segments, including Automotive and General Industry, Coil Coating, Electrical Insulations and Other division, which are based on the internal organisation and reporting structure.

The "Automotive and General Industry" segment is engaged in the development, manufacturing and sales of metal, plastic and powder coatings for corrosion protection and surface refinement for automotive industry and varnishes used as coatings for consumer electronics.

The "Coil Coating" segment is engaged in the development, manufacturing and sale of specialty varnishes and functional coatings, which include the construction industry, automotive and transport systems and coatings for white and brown goods.

The "Electrical Insulation" segment is engaged in the development, manufacturing and sale of insulating varnishes and filling compounds for ballasts and armature coils.

The Group's management assesses the performance of operating segments based on measure of operating results.

	Year ended 31 December 2006					
	Automotive- and General Industry	Coil Coating	Electrical Insulations	Other division	Elimination	Total
	€ '000	*€ '000*	*€ '000*	*€ '000*	*€ '000*	*€ '000*
External sales	34,482	17,784	7,945	—	—	60,211
Inter-segment sales	—	—	—	—	—	—
Total sales	34,482	17,784	7,945	—	—	60,211
Operating result	3,953	642	772	(1,526)	—	3,841
Finance income	2	1	—	—	—	3
Finance costs	(534)	(325)	(138)	(94)	—	(1,091)
Operating result						3,841
Other unallocated expenses						(93)
Share of profit from jointly controlled entities						215
Profit before income tax						3,963
Income tax expense						(996)
Profit attributable to equity holders of the Company						2,967
Segment assets	13,057	4,100	5,118	16,165	—	38,440
Investments in jointly controlled entities (included in segment assets)	362	—	—	—	—	362
Additions to property, plant and equipment and intangible assets	707	34	4	2,032	—	2,777
Depreciation and amortisation	260	14	22	1,429	—	1,725

	Year ended 31 December 2007					
	Automotive- and General Industry	**Coil Coating**	**Electrical Insulations**	**Other division**	**Elimination**	**Total**
	€ '000	*€ '000*	*€ '000*	*€ '000*	*€ '000*	*€ '000*
External sales	41,057	21,952	7,501	—	—	70,510
Inter-segment sales	263	—	—	—	(263)	—
Total sales	41,320	21,952	7,501	—	(263)	70,510
Operating result	3,972	1,597	366	(1,597)	—	4,338
Finance income	25	13	7	—	—	45
Finance costs	(654)	(376)	(169)	(89)	—	(1,288)
Operating result						4,338
Other unallocated expenses						(81)
Share of profit from jointly controlled entities						185
Profit before income tax						4,442
Income tax expense						(1,538)
Profit attributable to equity holders of the Company						2,904
Segment assets	33,836	8,366	3,232	16,132	—	61,566
Investments in jointly controlled entities (included in segment assets)	508	—	—	—	—	508
Additions to property, plant and equipment and intangible assets	6,070	47	50	1,778	—	7,945
Depreciation and amortisation	366	17	27	1,528	—	1,938

	Year ended 31 December 2008					
	Automotive- and General Industry	**Coil Coating**	**Electrical Insulations**	**Other division**	**Elimination**	**Total**
	€ '000	*€ '000*	*€ '000*	*€ '000*	*€ '000*	*€ '000*
External sales	65,371	21,426	6,808	—	—	93,605
Inter-segment sales	3,371	—	—	—	(3,371)	—
Total sales	68,742	21,426	6,808	—	(3,371)	93,605
Operating result	6,503	1,551	436	(991)	—	7,499
Finance income	24	10	3	—	—	37
Finance costs	(758)	(483)	(162)	(1)	—	(1,404)
Operating result						7,499
Other unallocated income						274
Share of profit from jointly controlled entities						42
Profit before income tax						7,815
Income tax expense						(2,043)
Profit attributable to equity holders of the Company						5,772
Segment assets	39,390	6,894	2,002	19,019	—	67,305
Investments in jointly controlled entities (included in segment assets)	—	—	—	—	—	—
Additions to property, plant and equipment and intangible assets	1,136	12	16	2,659	—	3,823
Depreciation and amortisation	949	11	33	1,645	—	2,638

	Period ended 30 June 2008 (unaudited)					
	Automotive- and General Industry	**Coil Coating**	**Electrical Insulations**	**Other division**	**Elimination**	**Total**
	€ '000	*€ '000*	*€ '000*	*€ '000*	*€ '000*	*€ '000*
External sales	34,727	10,602	3,905	—	—	49,234
Inter-segment sales	1,622	—	—	—	(1,622)	—
Total sales	36,349	10,602	3,905	—	(1,622)	49,234
Operating result	4,750	829	416	(288)	—	5,707
Finance income	31	19	6	—	(49)	7
Finance costs	(388)	(201)	(67)	—	49	(607)
Operating result						5,707
Other unallocated income						(41)
Share of profit from jointly controlled entities						32
Profit before income tax						5,698
Income tax expense						(1,312)
Profit attributable to equity holders of the Company						4,386
Segment assets	41,974	9,479	3,278	16,380	—	71,111
Investments in jointly controlled entities (included in segment assets)	514	—	—	—	—	514
Additions to property, plant and equipment and intangible assets	498	8	3	1,161	—	1,670
Depreciation and amortisation	460	5	17	742	—	1,224

	Period ended 30 June 2009					
	Automotive-and General Industry	**Coil Coating**	**Electrical Insulations**	**Other division**	**Elimination**	**Total**
	€ '000	*€ '000*	*€ '000*	*€ '000*	*€ '000*	*€ '000*
External sales	26,436	8,941	2,130	—	—	37,507
Inter-segment sales	926	—	—	—	(926)	—
Total sales	27,362	8,941	2,130	—	(926)	37,507
Operating result	1,332	599	(81)	(752)	—	1,098
Finance income	20	11	4	—	38	73
Finance costs	(426)	(226)	(75)	—	18	(709)
Operating result						1,098
Other unallocated income						(1)
Share of profit from jointly controlled entities						—
Profit before income tax						1,097
Income tax expense						(579)
Profit attributable to equity holders of the Company						518
Segment assets	38,605	7,030	1,618	18,117	—	65,370
Investments in jointly controlled entities (included in segment assets)	—	—	—	—	—	—
Additions to property, plant and equipment and intangible assets	265	—	7	1,011	—	1,283
Depreciation and amortisation	478	6	17	943	—	1,444

The Company is domiciled in Germany. The result of its turnover from external customers for the Relevant Periods and the total of non-current assets as at the Relevant Periods can be analysed as follows:

Turnover by geographical area can be analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
				(unaudited)	
Germany	39,346	44,637	41,416	22,301	15,646
Other European Union countries other than Germany	17,779	20,272	22,577	12,342	8,666
Countries other than European Union countries	3,086	5,601	29,612	14,591	13,195
	60,211	70,510	93,605	49,234	37,507

No individual customer accounted for more than 10% of total transaction volume.

Non-current assets by geographical area can be analysed as follows:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	€'000	*€'000*	*€'000*	*€'000*
Germany	17,623	17,935	19,024	18,941
Other European Union countries other than Germany	—	3,787	3,653	3,566
Countries other than European Union countries	—	1,889	2,257	1,917
	17,623	23,611	24,934	24,424
Investment in jointly controlled entities	362	508	—	—
Other receivables and prepayments	1	254	265	255
Deferred tax assets	605	799	792	808
Total non-current assets	18,591	25,172	25,991	25,487

31 Business combination

(a) Acquisition of Schramm Spain

Schramm Coatings Iberia S.A.U. ("Schramm Spain") was incorporated in Barcelona, Spain on 2 March 1998 and was a wholly-owned subsidiary of Weilburger Lacke — Handelsgesellschaft, MBH ("Weilburger"). Pursuant to a sale and purchase agreement dated 5 November 2007, the Company acquired the entire interest in Schramm Spain from Weilburger at a cash consideration of €1,500,000. Since then, Schramm Spain has become the Company's wholly-owned subsidiary.

The acquired business contributed revenues of €251,000 and profit of €36,000 to the Group for the period from 5 November 2007 to 31 December 2007. If the acquisition had occurred on 1 January 2007, Group revenue for the year ended 31 December 2007 would have been approximately €74,853,000; profit attributable to equity holders of the Company would have been approximately €2,916,000. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiary to reflect the relevant depreciation and amortisation that would have been charged assuming the fair value adjustments on the relevant assets had applied from 1 January 2007, together with the consequential tax effects.

(b) Details of net assets acquired and goodwill are as follows:

	€ '000
Purchase consideration:	
Cash paid	1,500
Direct costs relating to the acquisition	—
	1,500
Fair value of net assets acquired (see below)	(564)
Goodwill	936

	Acquiree's carrying amount	**Fair value**
	€ '000	*€ '000*
Intangible assets	2	2
Property, plant and equipment	1,904	2,862
Current assets	1,611	1,611
Non-current liabilities	(462)	(749)
Current liabilities	(3,162)	(3,162)
Net (liabilities)/assets	(107)	564
Goodwill		936
Total consideration		1,500

(c) In the consolidated cash flow statement, payments for acquisition of subsidiaries (excluding cash and cash equivalents acquired for acquisitions) comprise:

	€ '000
Total consideration paid	1,500
Cash and cash equivalents acquired	(68)
Net cash outflow for acquisitions	1,432

32 Derivatives

As at 31 December 2008, the Group entered into interest rate swap contracts of notional amount of €10,000,000. These interest rate swap contracts do not qualify for hedge accounting since their maturity periods are longer than the underlying bank borrowings. As a consequence, these interest rate swap contracts are classified and accounted for as held for trading with changes in fair value recognised through the income statement in the consolidated financial statements. The fair value of the interest rate swap contracts is determined by valuation technique based on the present value of the estimated future cash flows. The details of the interest rate swap contracts that were outstanding as of the balance sheet date are as follows:

Financial institutions	Notional amount	Maturity period	Fixed rate of interest	Variable interest rate	Fair value loss for 2008 and financial liability as at 31 December 2008
	€ '000				*€ '000*
Bayerische Hypo-und Vereinsbank AG	3,000	21.11.2008 - 24.11.2010	3.19	3-month-Euribor	(36)
Commerzbank AG	5,000	21.11.2008 - 21.11.2010	2.99	1-month-Euribor	(49)
Commerzbank AG	2,000	25.11.2008 - 25.11.2010	2.99	3-month-Euribor	(13)
					(98)

Financial institutions	Notional amount	Maturity period	Fixed rate of interest	Variable interest rate	Fair value loss for the six-month ended 30 June 2009 and financial liability as at 30 June 2009
	€ '000				*€ '000*
Bayerische Hypo-und Vereinsbank AG	3,000	21.11.2008 - 24.11.2010	3.19	3-month-Euribor	(84)
Commerzbank AG	5,000	21.11.2008 - 21.11.2010	2.99	1-month-Euribor	(115)
Commerzbank AG	2,000	25.11.2008 - 25.11.2010	2.99	3-month-Euribor	(47)
					(246)

33 Related party transactions

(a) ***List of related parties***

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

The Group is controlled by SSCP Co., Ltd. ("SSCP"), a company incorporated in Ansan, Kyonggi, Korea, which owns majority of the issued share capital of the company since 17 November 2007. The directors regard SSCP, which Mr. Oh Jung Hyun as the major shareholder with controlling interest, as being the Group's ultimate holding company. Prior to this, the Group was controlled by Grebe Holding AG, a company incorporated in Germany, which was regarded as the then ultimate holding company.

The major related parties that had transactions with the Group were as follows:

Related party	**Abbreviations**	**Relationship with the Group**	
		Before 17 November 2007	**After 17 November 2007**
SSCP Corp.	SSCP	Third party	Ultimate holding company
Schramm SSCP Korea	Schramm Korea	Jointly controlled entity	Subsidiary
Schramm Cashew Japan	Schramm Cashew	Jointly controlled entity	Jointly controlled entity
Schramm Coatings Iberia S.A	Schramm Spain	Third party	Subsidiary
Shanghai Hansheng Chemical Paint Co., Ltd.	Schramm Shanghai	Third party	Subsidiary
Samsung Bestview (Huizhou) Co., Ltd.	Schramm Huizhou	Third party	Subsidiary
SSBV (HK) Co., Ltd.	SSBV	Third party	Fellow subsidiary
Samsung Chemical Industry (Tianjin) Co., Ltd.	SCITJ	Third party	Fellow subsidiary
Tianjin M&C Electronics Company Ltd	TJMC	Third party	Fellow subsidiary
Grebe Holding AG	Grebe	Former ultimate holding company	Third party
Weilburger Schramm Coatings UK Ltd.	Weilburger UK	Former fellow subsidiary	Third party
Weilburger Coatings GmbH	Weilburger GmbH	Former fellow subsidiary	Third party

(b) ***Transactions with related parties***

Save as disclosed elsewhere in this report, during the Relevant Periods, the following significant transactions were carried out with related parties:

		Year ended 31 December			Six months ended 30 June	
		2006	**2007**	**2008**	**2008**	**2009**
	Note	*€'000*	*€'000*	*€'000*	*€'000*	*€'000*
					(unaudited)	
Sales of goods:	(i)					
Former fellow subsidiaries		2,210	—	—	—	—
Fellow subsidiaries		—	1,659	449	319	—
A jointly controlled entity		—	—	39	—	—
Ultimate holding company		—	—	32	4	33
Purchase of materials:	(i)					
Former fellow subsidiaries		(1,109)	—	—	—	—
Fellow subsidiaries		—	(1,340)	(1,091)	(984)	(106)
A jointly controlled entity		—	(14)	(165)	(22)	(2)
Ultimate holding company		—	(967)	(10,554)	(5,055)	(3,166)
Other income:	(ii)					
Former fellow subsidiaries		46	—	—	—	—
Fellow subsidiaries		—	17	5	—	4
Ultimate holding company		—	—	—	—	4
Former ultimate holding company		875	387	—	—	—
Other expenses:	(ii)					
Former fellow subsidiaries		(52)	—	—	—	—
Fellow subsidiaries		—	(49)	(167)	(28)	(28)
Former ultimate holding company		(2,035)	(1,841)	—	—	—

Notes:

(i) The above sales and purchases were carried out in accordance with the terms mutually agreed among both parties.

(ii) The other income and expenses mainly represented management service fee income and expenses, which were charged in accordance with the terms of agreements made between the relevant parties.

(c) ***Balances with related parties***

The Group had the following significant balances with its related parties during the Relevant Periods:

		As at 31 December			As at 30 June
		2006	**2007**	**2008**	**2009**
	Note	*€'000*	*€'000*	*€'000*	*€'000*
Receivables from:	(i)				
Former fellow subsidiaries		487	—	—	—
Fellow subsidiaries		—	—	627	769
A jointly controlled entity		—	38	—	—
Ultimate holding company		—	18	40	32
Payables to:					
Former fellow subsidiaries	(i)	(65)	—	—	—
Fellow subsidiaries		—	(5,177)	(696)	(681)
A jointly controlled entity		—	—	(50)	—
Ultimate holding company		—	(1,259)	(1,570)	(119)
Former ultimate holding company		17,575	—	—	—

Notes:

(i) The above balances due from and due to related parties were unsecured, non-interest bearing and had no fixed repayment terms, other than certain loans due to former ultimate holding company of €12,927,000, in which the details has been disclosed in Note 25(c).

(d) ***Key management compensation can be analysed as follows:***

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
				(unaudited)	
Wages and salaries	704	915	1,338	608	793
Pension costs	13	25	43	19	26
	717	940	1,381	627	819

34 **List of subsidiaries, jointly controlled entities and auditors**

(a) As at 31 December 2006, 2007 and 2008 and 30 June 2009, the Company held interest in the following subsidiaries and jointly controlled entities.

Subsidiaries	**Place of incorporation**	**Ownership interest %** As at 31 December			**As at 30 June**
		2006	**2007**	**2008**	**2009**
SCHRAMM Coatings GmbH, Offenbach*	Germany	—	—	100%	100%
Schramm Coatings Iberia S.A., Barcelona**	Spain	—	100%	100%	100%
Schramm-SSCP Korea, Sunggok, Daewon, Ansan Kyunggi**	Korea	50%	100%	100%	100%
SCHRAMM SSCP (Hong Kong) Limited*	Hong Kong	50%	100%	100%	100%
Shanghai Hansheng Chemical Paint Company Limited#** 上海韓盛化工塗料有限公司	The People's Republic of China ("PRC")	—	100%	100%	100%
Samsung Bestview (Huizhou) Company Limited#** 三成宏基化工(惠州)有限公司	The PRC	—	100%	100%	100%
Ultra Million Limited**	Hong Kong	—	—	100%	100%
Uranus Limited**	Hong Kong	—	—	100%	100%

Jointly controlled entities	**Place of incorporation**	**Ownership interest %** As at 31 December			**As at 30 June**
		2006	**2007**	**2008**	**2009**
SCHRAMM Cashew Ltd	Japan	—	50%	—	—

Subsidiaries	Date of incorporation	Share capital	Principal activities
Schramm Coatings GmbH, Offenbach*	15 July 2008	Registered capital of €30,000	Manufacturing and trading of various kinds of coatings and printing ink
Schramm Coatings Iberia S.A., Barcelona**	1998	Registered capital of €1,000,000	Manufacturing and trading of various kinds of coatings and printing ink
Schramm-SSCP Korea, Sunggok, Daewon, Ansan Kyunggi**	2005	Registered capital of KRW 400,000,000	Trading of various kinds of coating and printing ink
Schramm SSCP (Hong Kong) Limited*	15 July 2005	22,563,570 ordinary shares of HK$1 each	Investment holding
Shanghai Hansheng Chemical Paint Company Limited#** 上海韓盛化工塗料有限公司	25 June 2002	Registered capital of US$2,500,000	Manufacturing and trading of various kinds of coatings and printing ink
Samsung Bestview (Huizhou) Company Limited#** 三成宏基化工(惠州)有限公司	27 August 2002	Registered capital of US$4,400,000	Manufacturing and trading of various kinds of coatings and printing ink
Ultra Million Limited**	22 October 2008	67,860,000 ordinary shares of HK$1 each	Investment holding
Uranus Limited**	20 November 2008	56,940,000 ordinary shares of HK$1 each	Investment holding

Jointly controlled entities	Date of incorporation	Share capital	Principal activities
Schramm Cashew Ltd	2003	Registered capital of YEN 20,000,000	Trading of various kinds of coating and printing ink

* *directly held by the Company*

** *indirectly held by the Company*

(b) The list of auditors for the statutory accounts of the subsidiaries was as follows:

Subsidiaries	**Place of incorporation**	**For the year ended 31 December**	**Auditor's name**
Schramm Coatings GmbH, Offenbach	Germany	2006, 2007 and 2008	PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft
Schramm SSCP (Hong Kong) Limited	Hong Kong	2006 and 2007	Lin King Wai Certified Public Accountant (Practising)
		2008	PricewaterhouseCoopers, Hong Kong
Shanghai Hansheng Chemical Paint Company Limited	The People's Republic of China ("PRC")	2006, 2007 and 2008	上海順大會計師事務所有限公司
Samsung Bestview (Huizhou) Company Limited	The PRC	2006, 2007 and 2008	惠州市正大會計事務所
Ultra Million Limited	Hong Kong	2008	Note
Uranus Limited	Hong Kong	2008	Note

Note: No statutory audit has been performed for these companies.

35 Subsequent events

Save as disclosed elsewhere in these financial statements, the following significant events took place subsequent to 30 June 2009:

(a) Schramm SSCP (Tianjin) Limited ("Schramm Tianjin") was incorporated as a wholly foreign-owned enterprise in PRC on 9 April 2003 and wholly-owned by SBHK. Pursuant to a sales and purchase agreement dated 1 August 2009, Schramm Hong Kong acquired SBHK's entire interest in Schramm Tianjin at a consideration of €7,612,500. Pursuant to mutual agreement between SBHK and the Company, the cash consideration payable by Schramm Hong Kong to SBHK for the acquisition of Schramm Tianjin remained as an outstanding loan from SBHK to Schramm Hong Kong upon completion, which was subsequently capitalised by the issuance of 1,750,000 shares by the Company to SBHK. Following the capitalisation of the loan, SBHK became one of the shareholder holding 1,750,000 shares.

(b) Samsung Chemical Paint (Thailand) Co. Ltd. ("Schramm Thailand") was a foreign-owned enterprise in Rayong, Thailand and came into legal existence on 25 December 2008 through the amalgamation of SSCP's previous entity in Thailand (also called Samsung Chemical

Paint (Thailand) Co. Limited) and Techno Coat Co., Limited (a Thai incorporated company majority owned by SBHK). Prior to the acquisition by the Group, Schramm Thailand was held as to 99.96% by SBHK and 0.04% by six employees of Schramm Thailand. Pursuant to a sale and purchase agreement dated 1 August 2009, Schramm Hong Kong acquired 99.96% of the share capital of Schramm Thailand from SBHK at a nominal consideration of HK$1.

III ADDITIONAL FINANCIAL INFORMATION OF THE SHANGHAI COMPANY AND THE HUIZHOU COMPANY BEFORE ACQUISITION

The combined financial information of the Shanghai Company and the Huizhou Company for the year ended 31 December 2006 and for the period from 1 January 2007 to 16 November 2007 is as follows:

(a) **Combined income statements**

	Notes	**Year ended 31 December 2006**	**Period from 1 January 2007 to 16 November 2007**
		€ '000	*€ '000*
Sales		11,538	12,928
Other operating income	(i)	103	335
Changes in inventories of finished goods and work in progress		53	(227)
Cost of materials		(7,749)	(7,755)
Employee benefit expenses	(ii)	(1,673)	(1,519)
Depreciation	(iii)	(250)	(278)
Other operating expenses	(iii)	(2,864)	(2,275)
Other gains/(losses), net		5	(19)
Operating (loss)/profit		(837)	1,190
Finance income		1	2
Finance costs		(44)	(27)
(Loss)/profit before income tax		(880)	1,165
Income tax expense		126	82
Profit/(loss) for the year/period		(754)	1,247

(b) **Combined balance sheets**

	Notes	**As at 31 December 2006** *€'000*	**As at 16 November 2007** *€'000*
ASSETS			
Non-current assets			
Plant and equipment		1,574	1,737
Deferred income tax assets		171	283
		1,745	2,020
Current assets			
Inventories	(iv)	3,213	2,116
Trade and bill receivables	(v)	4,473	8,138
Other receivables and prepayments		502	582
Cash and cash equivalents		720	516
		8,908	11,352
Total assets		10,653	13,372
EQUITY			
Capital and reserves			
Paid-in capital		3,579	3,579
(Accumulated losses)/retained earnings		(463)	721
Other reserves		(360)	(511)
Total equity		2,756	3,789
LIABILITIES			
Current liabilities			
Financial liabilities		584	550
Trade and other payables	(vi)	7,254	8,955
Income tax liabilities		59	78
		7,897	9,583
Total liabilities		7,897	9,583
Total equity and liabilities		10,653	13,372
Net current assets		1,011	1,769
Total assets less current liabilities		2,756	3,789

(c) **Notes to combined financial information of the Shanghai Company and the Huizhou Company**

(i) ***Other operating income***

	Year ended 31 December 2006	Period from 1 January 2007 to 16 November 2007
	€ '000	*€ '000*
Exchange gains, net	103	335

(ii) ***Employee benefit expenses***

	Year ended 31 December 2006	Period from 1 January 2007 to 16 November 2007
	€ '000	*€ '000*
Wages and salaries	1,353	1,285
Pension costs - defined contribution plans	125	82
Staff benefits	195	152
	1,673	1,519

(iii) ***Other operating expenses***

	Year ended 31 December 2006	Period from 1 January 2007 to 16 November 2007
	€ '000	*€ '000*
Auditors' remuneration	—	1
Depreciation	250	278
Freight charges	366	226
Legal and consulting expenses	91	61
Energy and water costs	75	87
Repair and maintenance costs	22	20
Travelling expenses	230	265
Operating lease rental	367	428
Others	1,713	1,187
	3,114	2,553

(iv) ***Inventories***

	As at 31 December 2006	As at 16 November 2007
	€ '000	*€ '000*
Raw materials and consumables	2,658	1,640
Work-in-progress	10	1
Finished goods	545	475
	3,213	2,116

(v) ***Trade and bill receivables***

The trade and bill receivables are analysed as follows:

	As at 31 December 2006	As at 16 November 2007
	€ '000	*€ '000*
Trade receivables — related parties	338	244
Trade receivables — third parties	4,087	7,713
Trade receivables, gross	4,425	7,957
Less: provision for impairment of receivables	(9)	—
Trade receivables, net	4,416	7,957
Bill receivables	57	181
	4,473	8,138

(vi) ***Trade and other payables***

The trade and other payables can be analysed as follows:

	As at 31 December 2006	As at 16 November 2007
	€ '000	*€ '000*
Trade payables — third parties	878	2,712
Trade payables — related companies	4,597	4,552
Other payables	1,779	1,691
	7,254	8,955

IV SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2009. No dividend or distribution has been declared or made by the Company in respect of any period subsequent to 30 June 2009.

Yours faithfully
PricewaterhouseCoopers
Certified Public Accountants
Hong Kong