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TOOLUX SANDING S.A.

Registered office: 69, Bd de la Petrusse
L - 2320 LUXEMBOURG

R.C.S. Luxembourg B-142.041

**Unaudited Consolidated Interim
Financial Statements for the period
from
January 1, 2009 until June 30, 2009**

- **REPORT OF THE REVISEUR D'ENTREPRISES**
- **FINANCIAL STATEMENTS**

TOOLUX SANDING S.A.
To the shareholders
69, Boulevard de la Petrusse
L-2320 LUXEMBOURG

**Report on Review of Unaudited Consolidated Interim Financial Statements for the period
from January 1, 2009 until June 30, 2009**

Introduction

At your request, we have reviewed the accompanying balance sheet of TOOLUX SANDING S.A. - Luxembourg as of June 30, 2009 and the related statements of income, changes in equity and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with International Financial Reporting Standards ("IFRS"). Our responsibility is to express a conclusion on this interim financial statement based on our review.

Scope of Review

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 interim financial statement 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view of the financial position of the entity as of June 30, 2009, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards ("IFRS").

Luxembourg, December 23, 2009.

REVILUX S.A.
Represented by

M. Claude FABER

CONSOLIDATED INCOME STATEMENT(euros)

From January 1,2009 to June 30, 2009

TOOLUX SANDING SA

ITEMS	NOTE	June 30,2009
SALES OF MAIN OPERATIONS	IV(II) (1)	2 635 104
Less:cost of main operations	IV(II) (2)	1 853 036
Sales tax and additions		3 500
GROSS PROFIT		778 568
Add: Income from other operations	IV(II) (3)	267 673
Less: Selling expenses	IV(II) (4)	152 862
General and administrative expenses	IV(II) (5)	1 016 205
Financial expenses	IV(II) (6)	96 443
OPERATING INCOME		-219 269
Investment income(loss expressed with "-")		2 275
Subsidiary revenue		0
Non-operating income	IV(II) (7)	4 479
Less:Non-operating expenses	IV(II) (8)	2 932
PROFIT BEFORE TAX (LOSS EXPRESSED WITH "-")		-215 447
Less: Income tax	IV(II) (9)	-39 255
Badwill	IV(II) (10)	2 990 821
NET INCOME (LOSS EXPRESSED WITH "-")		2 814 630
PROFIT PER SHARE		2,31

CONSOLIDATED BALANCE SHEET (euros)

From January 1, 2009 to June 30, 2009

TOOLUX SANDING SA

ITEMS	NOTE	June 30, 2009
NON CURRENT ASSETS :		
Fixed assets	IV(I) 6	6 333 351
Less: Accumulated depreciation	IV(I) 6	1 539 264
Fixed assets--net value		4 794 287
Intangible assets	IV(I) 7	370 955
Long-term prepaid assets		26 568
Deferred tax assets		75 690
TOTAL NON CURRENT ASSETS		5 267 499
 CURRENT ASSETS:		
Cash and cash equivalents	IV(I) 1	3 856 060
Accounts receivables	IV(I) 2	1 341 413
Others receivables	IV(I) 3	7 749 867
Advanced to suppliers	IV(I) 4	594 739
Inventories	IV(I) 5	467 427
TOTAL CURRENT ASSETS		14 009 506
TOTAL ASSETS		19 277 005
 CURRENT LIABILITIES:		
Borrowings	IV(I) 8	3 625 253
Notes payables	IV(I) 9	2 693 045
Accounts payables	IV(I) 10	728 009
Accounts advanced from customers	IV(I) 11	122 415
Accrued payroll		36 487
Welfare benefits payables		230 602
Taxes payables	IV(I) 12	210 191
Other levies payables	IV(I) 13	2 903
Other payables	IV(I) 14	2 884 485
TOTAL CURRENT LIABILITIES		10 533 392
 OWNERS' (OWNER'S)/SHAREHOLDERS' EQUITY		
Subscribed capital	IV(I) 15	1 753 667
Others reserves		7 097 664
Currency exchange difference		-107 719
TOTAL OWNERS' EQUITY		8 743 612
TOTAL LIABILITIES & OWNERS' EQUITY		19 277 005

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(EURO)

	CAPITAL	RESERVES	EXCHANGE DIFFERENCE	TOTAL
Balance as at 1th January 2009	1 753 667	4 283 034		6 036 701
Exchange difference			-107 719	-107 719
Net profit for six months period		2 814 630		2 814 630
Balance as at 30 June 2009	1 753 667	7 097 664	-107 719	8 743 612

CONSOLIDATED CASH FLOW STATEMENT (euros)

ITEMS	NOTE	30 June 2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax		2 775 374
Adjustements for :		
Exchange difference		3 688
Negative goodwill		-2 990 821
Impairment loss for doubtful accounts		59 139
Depreciation of property, plant and equipment		201 346
Interest expenses		418 333
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		467 059
WORKING CAPITAL CHANGES		
Accounts receivables		802 720
Other receivables		-4 865 837
Advances to suppliers		-67 660
Inventories		-50 092
Deferred taxes		39 255
Notes payables		725 051
Accounts payables		-643 310
Advances from customers		-38 040
Accrued payroll		36 487
Taxes payables		-42 418
Other levies payables		-1 295
Other payables		261 239
CASH FROM OPERATING ACTIVITIES		-3 376 841
Income tax		-39 255
NET CASH FROM OPERATING ACTIVITIES		-3 416 096
INVESTING ACTIVITIES		
Purchase of property, land and equipment		-120 197
Others fixed assets		7 199
Intangible assets		
NET CASH FROM INVESTING ACTIVITIES		-112 998
FINANCING ACTIVITIES		
Short term loans received		3 625 253
Short term loans repaid		-3 003 781
Interest expenses		-418 333
NET CASH FROM INVESTING ACTIVITIES		203 139
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		-3 325 955
CASH AND CASH EQUIVALENTS AS OF JUNE 30, 2009		3 856 060
CASH AND CASH EQUIVALENTS AS OF JANUARY 1, 2009		7 182 015
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		-3 325 955

Toolux Sanding SA

Notes to the Consolidated Financial Statements for the six months period ended 30 June 2009

I. General Information

The consolidated financial statements of Toolux Sanding SA ("the Company") and its subsidiaries (collectively referred as "the Group") are prepared for the first time for the six months period ended 30 June 2009.

The registered office is located at 69, boulevard de la Petrusse, L-2320, since May 15, 2009.

The company was incorporated on 2th October 2008 as a Société Anonyme with a fully paid share capital of Euros 350 000.

On 13th October 2008, the directors increased, by a contribution in kind, the capital of the Company by 1 000 000 euros to bring it from 350 000 euros to 1 350 000 euros by the issuance of 1 000 000 new shares with a nominal value of 1 euro each.

The contribution in kind was represented by 100 % of the share capital of Giant Dragon Holdings Ltd (Samoa), a company incorporated in Samoa on 17th January 2007 with registered number 30466 and located at Level 2, Nia Mall, Vaea Street, Apia, Samoa. The contribution in kind value is based on Giant Dragon Holdings Ltd net asset value as at June 30, 2008.

On December 17, 2008, in connection with the admission of the Company on Alternext Market of Euronext Paris, the board of directors realized an increase of the issued share capital to bring it from 1 350 000 euros to 1 753 667 euros (1 753 667 shares of 1 euro each). The total amount of the contribution is five million eighty-two thousand one hundred and sixty seven euro fifty three cents (EUR 5 082 167, 53) represented by four hundred and three thousand six hundred and sixty seven euro (403 667 euro) for the capital and four million six hundred and seventy-eight thousand five hundred euro fifty-three cents (4 678 500,53 euro) for the share premium.

On December 22, 2008, the company acquired from Giant Dragon Holdings Ltd, for a consideration of 2 998 000 usd, 100 % of the share capital of Shaoxing Sanding Tools Ltd, a Chinese company with registered office at Industrial Park, Ganlin Town, Shengzou City, Zhejiang Province, China.

The principal activities of Shaoxing Sanding Tools and of its subsidiary, Zhejiang Sanding Tools, are the manufacturing and selling of plastic and metal tools.

II. Basis of preparation

Basis of accounting

The consolidated interim financial statements for the six months period ended 30 June 2009 were prepared on the basis of reviewed financial statements of the following companies:

- Toolux Sanding SA (the Company) ;
- Giant Dragon Holdings Ltd (Samoa subsidiary) ;
- Shaoxing Sanding Tools Ltd (PRC subsidiary) ;
- Zhejiang Sanding Tools Ltd (PRC subsidiary) ;

The consolidated interim financial statements of the Group, expressed in euros, have been prepared for management purposes in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention, except as disclosed in the accounting policies below. These interim financial statements have been published in a condensed form in line with IAS 34.

Comparative figures

The first time adoption date of IFRS is the 1st January 2009. Since the company was recently incorporated in October 2nd, 2008, the opening IFRS financial statements as at 31 December 2008 are not presented as comparative figures in the interim financial statements for the period from January 1, 2009 until June 30, 2009.

Significant accounting estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires the use of judgments, estimate and assumptions, if any, that affect the reported amounts of assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Foreign Currency Translation

Items included in the financial statement of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the subsidiaries is Renminbi ("RMB") whereas the consolidated financial statements are presented in euros, which is the Group's presentation currency.

Subsidiary 's transactions in foreign currencies are converted at the market exchange rate published by People's Bank of China on the transaction date. The ending balances of various foreign currency accounts are adjusted per the exchange rate (the medium rate) prevailing at the last month of the period.

The financial statements of the oversea subsidiary are translated into the Group's presentation currency using the year end rate for the balance sheet items (1 euro= 9.6545rmb) and the average rate of exchange for the income statements items (1 euro=9.10905rmb). Exchange differences are dealt with as a movement exchange reserve accounted for in equity.

III. Summary of significant accounting policies

Consolidation

All inter-company balances and significant inter-company transactions and resulting unrealized profits or losses are eliminated on the consolidation and the consolidated financial statements reflect external transactions and balances only.

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 cost directly attributable to the acquisition. Identifiable assets acquired and liabilities are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Group Structure

All subsidiaries are consolidated following the global integration method and all the reporting dates are the same as the reporting date used for the consolidated financial statements (31 December 2008 and 30 June 2009).

The hold interest of the Company in consolidated companies are :

Company	Country	% of interest	% of votes
Giant Dragon Holdings Ltd	Samoa	100 %	100 %
Shaoxing Sanding Tools Ltd	Popular Republic of China	100 %	100 %
Zhejiang Sanding Tools Ltd	Popular Republic of China	100 %	100 %

Negative goodwill

The surplus of interest of the purchaser in the fair value of the assets, liabilities and contingent liabilities acquired with regard to the cost is recognized in the income statement after an audit of proper identification an evaluation of the assets, liabilities and contingent liabilities.

Cash and cash equivalents

Cash equivalents are investments which are characterized by a short maturity (generally mature within 3 months since the date of purchase), strong liquidity, ready convertibility and low volatility.

Trade and other receivable

Trade and other receivables are recognized and carried at original amount less an allowance for

any uncollectible amounts.

The accounts are considered as bad debts by Group's management within its authority.

Trade and other payable

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and service received.

Inventories

Inventories are stated at the lower of cost and net realizable value.

Inventories include the finished products or commodities that are reserved for sale during production and operating activities, or the in-process materials that are under production for sale, or the materials that are consumed during production, operating and R&D activities.

Cost is determined using the weight average method. The cost of finished goods comprises raw materials, direct labor, other direct costs and related production overhead but excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Depreciation of property, plant and equipment

Property, plant and equipment are booked at their initial cost less accumulated depreciation and impairment losses. The initial cost comprises the purchase price and any directly attributable cost of bringing the assets to its working condition and location for its intended use.

Property, plant and equipment are depreciated on a straight-line basis over their estimate useful lives. Management estimates that the useful lives of these property, plant and equipment to be within 5 to 30 years.

The depreciation rate is based on the initial costs and estimated economic useful lives of all fixed assets after being reduced by the estimated residual value of 5%.

The estimated residual value and annual depreciation rates of each fixed asset category are as below:

Category	Year of Depreciation	RV (%)	Annual Depreciation Rate (%)
House & buildings	5-20	5	19 - 4,75
Machinery	5-10	5	19 – 9,5
Office facilities	5-10	5	19 – 9,5
Vehicles	5	5	19
Other Equipments	5	5	19

Impairment of non financial assets

The carrying amounts of non-current assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss, if any, is recognized when the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are charged in the income statement.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognized for the asset non longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

A reversal of an impairment loss is credited as income in the income statements.

Construction in Progress

The estimated value of the construction in progress is transferred into the fixed assets per its actual cost upon its reaching readiness for use.

At the period end, if one or more of the following cases take place, the provision for construction-in-progress devaluation will be allocated, based on the difference of the recoverable value of a single item of construction in progress less its book value.

- The construction in progress is suspended for a long time and will not be completed in three years;
- The project is outdated in terms of technique and functions, and uncertain in terms of profitability for the Company;
- Other cases of devaluation of the construction in progress with sufficient evidences.

Accounting of Intangible Assets

The intangible assets refer to the land-use rights, trademark rights, property rights and software related to the production that have been obtained by the Company. The intangible assets are accounted at actual cost when acquired, of which the purchased intangible assets are accounted for based upon the actual payments and the intangible assets invested by the investors are accounted for based upon the values rationally assessed

The intangible assets are amortized in equal installments over its expected useful life and recorded in gains and losses. In the event that a certain intangible asset cannot presumably bring future benefit to the Company, all the book value of this intangible asset will be transferred to the administrative expenses of current period.

At the period end, the anticipated economic benefit that the intangible asset can bring to the Company is measured. Based on the difference of the recoverable value of a single intangible asset less than its book value, the provision for intangible asset devaluation is allocated.

Related parties

Related parties are entities in which one or more common direct/indirect/ shareholders and/or directors has the ability to control or exercise significant influence over the other party in financial and operating decision making.

Income Recognition Principle

Revenue from the sales of goods is recognized when significant risks and rewards of ownership of goods are transferred to the buyer.

Revenue excludes value added tax.

No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due, associated costs or possible return of goods.

Retirement benefit plan

The eligible employees of the Group, who are all citizens the PRC, are members of a state-managed retirement benefit scheme operated by the local government. The company is required to contribute a certain percentage of their payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the company to respect the retirement scheme is to make the specified contributions.

Income taxes

Current taxation provided at the current taxation rate based on the income for the financial period that is chargeable to tax. Deferred taxation is provided at the current taxation rate on all temporary differences existing at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the future taxable profit will be available against which the deductible temporary differences can be recognized.

The statutory tax rates enacted at the balance sheet date are used to determine deferred income tax.

The subsidiaries' income tax rate is 25 % of the income. In the event that the domestic equipments are purchased for the purpose of technical reconstruction and comply with national requirements on tax exempt, credit and refund, the tax will be exempt at the amount approved by the local taxation agency in the current year.

IV. Notes to the Financial Statements

(I). Balance of Sheets

1. CASH AND CASH EQUIVALENTS

	30 June 2009
Euros	
Cash in hands	13 523
Cash at banks	<u>3 842 537</u>
Total	3 856 060

2. ACCOUNTS RECEIVABLES

	30 June 2009
Euros	
Trade receivables	1 437 690
Allowance for doubtful receivables	<u>96 277</u>
Total	1 341 413

3. OTHERS RECEIVABLES

	30 June 2009
Euros	
Other receivables	7 870 323
Allowance for doubtful receivables	<u>120 455</u>
Total	7 749 867

The major other receivable are described below:

Euros	30/06/2009
Former related parties	447 669
Loans to corporations	5 202 739
of which:	
Hong yang Plastic (1)	2 647 657
Lac immobilier (1)	1 796 468
Loans to individuals	188 791
Other	2 031 123
Of which:	
Municipal Financial Bureau (2)	2 019 784
Total	7 870 323

(1)	Interest rate a year	Month 1-3	Month 3-6	Month 6-12
Hongyang plastic	10%	300 254	2 347 403	
Lac immobilier	10%	84 313	438 138	1 274 018

(1) These companies are business partners of the Group.

(2) This amount is a guarantee paid by Company to the local government for the purchase of a land.
This amount was paid back after the purchase.

4. ADVANCES TO SUPPLIERS

	30 June 2009
Euros	
Advance to suppliers	<u>594 739</u>
Total	594 739

5. INVENTORIES

	30 June 2009
Euros	
Raw material	271 657
Finished goods	71 171
In process products	117 121
OEM Materials	<u>7 478</u>
Total	467 427

6. FIXED ASSETS

Euros (original cost)	Buildings	Production equipment	Office equipment	Vehicles	Other	Total
As at 31/12/2008	3 872 724	1 341 097	247 645	855 860		6 317 326
Increase	826	69 936	15 943	33 493		120 197
Decrease						0
Exchange difference	-63 739	-22 072	-4 076	-14 086		-103 973
As at 30/06/2009	3 809 811	1 388 961	259 511	875 267		6 333 551

Euros (accumulated depreciation)	Buildings	Production equipment	Office equipment	Vehicles	Other	Total
As at 31/12/2008	451 005	392 679	124 184	392 438		1 360 306
Increase	51 649	62 617	14 062	73 018		201 346
Decrease						
Exchange difference	-7 423	-6 463	-2 044	-6 459		-22 388
As at 30/06/2009	495 231	448 834	136 203	458 996		1 539 264

7. INTANGIBLE ASSETS

30 June 2009

Euros

Land use right gross amount	424 673
Depreciation	<u>-53 718</u>

Total 478 391 The term of lands in use right is the year 2051

8. SHORT TERM BORROWINGS

Euros	30 June 2009		
	Amount	Maturity	rate
1	75 612	10/12/2009	0.51%
2	517 893	20/09/2009	0.69%
3	1 035 787	24/12/2009	0.49%
4	296 235	10/12/2009	0.49%
5	310 736	23/11/2009	0.49%
6	436 066	13/09/2009	0.45%
7	310 736	23/09/2009	0.45%
8	435 030	25/08/2009	0.45%
9	<u>207 157</u>	05/08/2009	0.45%
Total	3 625 253		

9. NOTES PAYABLE

Euros	30 June 2009	
	Amount	Maturity
1	621 472	13/07/2009
2	414 315	05/12/2009
3	310 736	12/12/2009
4	310 736	18/12/2009
5	<u>1 035 787</u>	25/12/2009
Total	2 693 045,45	

10. ACCOUNTS PAYABLE

30 June 2009	
Euros	
Trade payables	<u>728 009</u>
Total	728 009

11. ADVANCES RECEIVED

30 June 2009	
Euros	
Advance received	<u>122 415</u>
Total	122 415

12. TAX PAYABLE

30 June 2009	
Euros	
Income tax	164 756
Turnover tax	13 173
VAT	20 309
Other	4 268
Estate tax	7 290
Construction tax	<u>395</u>
Total	210 191

13. OTHER LEVIES PAYABLE

	30 June 2009
Euros	
Local Education surtax	2 344
Hydrolic Construction Fund	554
Stamp duty	<u>5</u>
Total	2 903

14. OTHER ACCOUNTS PAYABLE

	30 June 2009
Euros	
Due to former related parties	1 039 317
Due to shareholders	1 094 143
Others accounts payables	<u>751 025</u>
Total	2 884 485

15. SUBSCRIBED CAPITAL

The company was incorporated on June 2, 2008, as a Societe Anonyme with a fully paid capital of 350 000 euros.

On October 2008, 12, the share capital of the company was increase by a contribution in kind of 1 000 000 euros subscribed by Super Star Enterprises Limited.

One December 17, 2008, the board of directors realized a capital increased by contribution of 403 667 euros for the capital and 4 678 500 euros for the share premium in connection with the admission of the Company on Alternext Market of Euronext Paris.

On June 30, 2009, the share holders of the Company are :

Crystal Sky Holding Limited, (Samoa) :	813 650 shares
Kunyuan Capital Limited, (British Virgin Islands) :	79 428 shares
Meridian International Co Ltd, (Usa) :	320 559 shares
Others :	3 680 shares

The company didn't adopt any share option scheme.

(II) INCOME STATEMENT

1. SALES OF MAIN OPERATIONS

Euros	30 June 2009 (6 months)
Domestic Sales	<u>2 635 104</u>
Total	2 635 104

All the sales are contracted in Remminbi with Chinese distributors external to the Group which export through to final customers. The production and sales of the Company are mainly injected or extruded handle screwdrivers.

2. COST OF MAIN OPERATIONS

Euros	30 June 2009 (6 months)
Raw materials	1 728 349
Other materials	29 834
Wages	31 428
Manufacturing cost	<u>63 425</u>
Total	1 853 036

3. INCOME FROM OTHER OPERATIIONS

Euros	30 June 2009 (6 months)
Materials sales	14 417
House leasing	16 714
Interest income	<u>236 542</u>
Total	267 673

4. SELLING EXPENSES

Euros	30 June 2009 (6 months)
Freight	43 336
Post fees	2 776
Advertising	6 595
Travel	390
Expositions	7 605
Others	218
Wages	14 141
Packing fees	34 976
Inspections fees	7 537
Publicity	35 289
Total	152 862

5. GENERAL & ADMINISTRATIVE EXPENSES

Euros	30 June 2009 (6 months)
Auditing & Consulting	363 532
R &D Cost	41 009
Salaries and wages	115 595
Depreciation	65 860
Expenses on Business Entertainment	55 563
Cumulative Depreciation	112 560
Others	242 301
Housing fund	19 786
Total	1 016 205

6. FINANCIAL EXPENSES

Euros	30 June 2009 (6 months)
Interest expense	120 364
Less: Interest income	27 126
Exchange losses	0
Procedures fee	3 206
Interest Net Expense	93 238
Procedures fee	3 206
Total	96 443

7. NON OPERATING INCOME

Euros	30 June 2009 (6 months)
House leasing	921
Account payable that is unable to be paid	205
Technology Award	3 298
Others	55
	<u> </u>
Total	4 479

8. NON OPERATING EXPENSES

Euros	30 June 2009 (6 months)
Hydraulic construction fund	2 897
Fine overdue	35
	<u> </u>
Total	2 932

9. INCOME TAX

Income tax rate level in China is 25% of benefit. The amount recorded in the income statement as at June 30, 2009 is the deferred tax amount of the period.

10. BADWILL

The capital of Toolux Sanding SA was increased by a contribution in kind of all the shares of Giant Dragon Holdings Ltd for an amount of 1 000 000 euros. The surplus of the interest in the fair value of the assets, liabilities and contingent liabilities acquired with regard to the cost amounted to 2 990 821 euros had been recognized in the income statement after audit of proper identification and evaluation of the assets, liabilities and contingent liabilities acquired.

V. EMPLOYEES

	30 June 2009
R&D staff	15
Production staff	58
Selling staff	12
Administrativ staff	99
	<u> </u>
Total	184

VI. MORTGAGE AGREEMENTS & GUARANTEES

Pledged Assets	Area	Amount (rmb)	Mortgagee
Land Use Right	26 540 m ² 2004-7-3716 2004-4-3717 2004-4-3718	7 430 000	Shengzhou Branch of China Branch
House Property	6358,46 m ² 20050131	5 720 000	Shengzhou Branch of China Branch
House Property	3979,44M2 20030030	3 580 000	Shengzhou Branch of China Branch
House Property	4907,68 m ² 20060066	4 410 000	Shengzhou Branch of China Branch
House Property	2052,75 M2 20030031	1 840 000	Shengzhou Branch of China Branch
TOTAL		22 980 000	

VIII. RELATED TRANSACTIONS

Sales :	Last year amount	June 30, 2009
Name of company:		
Meridian International Co Ltd (1)	1 943 077	1 682 603

(1) is a shareholder of the Company (cf § 16)

IX. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The management meets periodically to analyze and formulate measures to manage the group's exposure to market risk, including principally changes in interest rates and market prices. Generally, the company employs a conservative strategy regarding its risk management : The company has not used any derivative or other instruments for hedging purposes. The company does not hold or issue derivative financial instruments for trading purposes.

As at 30 June 2009, the company's financial instruments mainly consist of cash equivalents, receivables and payables.

VIII. POST BALANCE SHEET EVENTS

Amount received from the local Administration of 1000 000 rmb, for the successful IPO of Toolux SA Sanding on the Alternext market.