

6. PROPERTY, PLANT AND EQUIPMENT

Gross book values					
Euros	Buildings	Prod Equipmt	Office equimt	Vehicles	Total
Total 31/12/2008	3 872 724,22	1 341 097,35	247 644,57	855 860,46	6 317 326,59
Increase	21 304,19	76 663,10	26 995,86	32 878,22	157 841,37
Decrease	0,00	0,00	5 330,55	0,00	0,00
Exchange difference	-133 645,78	-46 280,60	-8 546,09	-29 535,32	-218 007,79
Total 31/12/2009	3 760 382,62	1 371 479,85	260 763,78	859 203,37	6 251 829,62

Amortisation					
Euros	Buildings	Prod Equipmt	Office equimt	Vehicles	Total
Total 31/12/2008	451 005,21	392 678,94	124 184,41	392 437,62	1 360 306,18
Increase	99 704,86	124 213,65	29 121,81	136 874,12	389 914,43
Decrease	0,00	0,00	2 785,22	0,00	2 785,22
Exchange difference	-15 563,97	-13 551,15	-4 285,54	-13 542,83	-46 943,49
Total 31/12/2009	535 146,10	503 341,43	146 235,46	515 768,91	1 700 491,91

7. CONSTRUCTION IN PROGRESS

Euros	Financial years ended 31 December	
	2009	2008
Buildings	1 632 500	0
Total	<u>1 632 500</u>	<u>0</u>

Construction in progress is related to a new factory located in Shengzhou. The management expects it to be finished in December 2010, for a beginning of production scheduled for the first months of 2011.

8. INTANGIBLE ASSETS

Euros	Financial years ended 31 December	
	2009	2008
Land use right (gross amount)	772 954	431 779
Software (Gross amount)	2 013	
Depreciation	<u>-57 069</u>	<u>50 299</u>
Total	717 898	381 480

The term of the land in use right is 2051.

9. INVESTMENTS IN ASSOCIATES

Euros	Financial years ended 31 December	
	2009	2008
Shengzhou Sanding Sanheng Co Ltd	45 341	0
Total	45 341	0

Shengzhou Sanding Sanheng Co, Ltd is an associated company incorporated on January 14th, 2009 and owned by the group subsidiary Shaoxing Sanding Tools Co, Ltd (45 %). The registered capital of Shengzhou Sanding Sanheng Co, Ltd is 1 000 000 rmb.

10. DEFERRED TAX ASSETS

Euros	Opening	Increase	Reduction	Closing
Tax loss carry-forwards	0	0	0	0
Temporary differences	39 347	708		40 055
Total	39 347	708		40 055

11. BANK BORROWINGS

EURO	Financial years ended 31 December					
	2009			2008		
	Amount	Maturity	rate	Amount	Maturity	rate
Bank of China Shengzhou	428 063	13/03/2010	5,40%	301 192	26/07/2009	7,84%
Bank of China Shengzhou	305 033	23/03/2010	5,40%	336 998	21/07/2009	7,84%
Bank of China Shengzhou	427 046	25/02/2010	5,40%	569 738	26/08/2009	7,84%
Bank of China Shengzhou	203 355	05/02/2010	5,35%	315 936	10/09/2009	7,84%
Bank of China Shengzhou	305 033	25/11/2010	5,04%	294 873	16/09/2009	7,56%
Bank of China Shengzhou	365 023	05/12/2010	5,04%	76 878	10/12/2009	6,14%
Bank of China Shengzhou	1 016 777	28/04/2010	4,62%			
Bank of Communication Shengzhou	610 066	30/11/2010	6,37%	210 624	01/02/2009	7,45%
Bank of Communication Shengzhou				421 248	25/01/2009	7,45%
Bank of Communication Shengzhou				526 560	20/09/2009	8,32%
Total	3 660 396			3 054 046		

12. NOTES PAYABLE

Euro	Financial year ended 31 December 2009			
	2009		2008	
	Amount	Maturity	Amount	Maturity
Bank of Communication Shengzhou	508 388	09/06/2010	421 248	07/04/2009
Bank of Communication Shengzhou			526 560	23/04/2009
Bank of Communication Shengzhou			421 248	12/06/2009
Bank of Communication Shengzhou			631 872	09/06/2009
Total	508 388		2 000 927	

13. TRADE CREDITORS

Euros	Financial years ended 31 December	
	2009	2008
Suppliers payable	1 696 152	1 710 186
Total	1 696 152	1 710 186

14. ADVANCES RECEIVED FROM CUSTOMERS

Euros	Financial years ended 31 December	
	2009	2008
Advances from customers	<u>249 345</u>	<u>163 141</u>
Total	249 345	163 141

15. TAX PAYABLE

Euros	Financial years ended 31 December	
	2009	2008
Corporate Income Tax	283 310	237 104
Estate Tax	7 156	7 412
Urban Construction & Maintenance Tax	1 389	384
Turnover Tax	7 675	7 075
Individual income tax	16 089	4 197
Other	<u>5 270</u>	<u>665</u>
Total	320 889	256 836

16. OTHER LEVIES PAYABLE

Euros	Financial years ended 31 December	
	2009	2008
Education Surtax	1 100	2 686
Construction Fund for Water Resources	1 618	1 448
Stamp tax	<u>60</u>	<u>3</u>
Total	2 778	4 137

17. OTHER PAYABLE

Euros	Financial years ended 31 December	
	2008	2009
Other payable	<u>1 669 974</u>	<u>2 288 379</u>
Total	1 669 974	2 288 379

Most of this amount is due to the shareholders of the Group. No interest rate is due and there is no maturity date for the shareholder loan.

18. SUBSCRIBED CAPITAL

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

On October 12, 2008, the share capital of the company was increased by a contribution in kind of 1 000 000 euros subscribed by Crystal Sky Holding (Samoa).

On December 17, 2008, the board of directors realized an additional capital increase 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. As of December 31, 2009, the subscribed share capital of the Company amounts to EUR 1 753 667 represented by 1 753 667 shares with a nominal value of EUR 1 each fully paid up.

On December 31, 2009, the shareholders 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
Other :	540 030 shares
Total:	1 753 667 shares

The company has not adopted any share option scheme.

The authorized capital of the company amounts to EUR 14 000 000 as at December 31, 2009.

The company's board of directors is authorized until October 2nd, 2013, to increase the subscribed capital of the company within the limits of the authorized capital.

(II) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1. SALES OF MAIN OPERATIONS

Euros	December 31, 2009
Domestic Sales	<u>9 147 342</u>
Total	9 147 342

All the sales are contracted in RENMIMBI with Chinese distributors which export through to final customers. The products sold by the Company mainly consist of injected or extruded handle screwdrivers.

2. MAIN OPERATING COSTS

Euros	December 31, 2009
Raw materials	6 903 052
Wages	152 178
OEM	47 334
Manufacturing cost	216 608
Other	<u>86 623</u>
Total	6 847 434

3. INCOME FROM OTHER OPERATIONS

Euros	December 31, 2009
Fund Using Fees	70 211
House leasing	31 607
Interest income	0
Sample Sales	6 147
Electricity Bill	2 459
Mold Fees	<u>17 939</u>
Total	128 364

4. SELLING EXPENSES

Euros	December 31,2009
Freight	128 990
Advertising	43 443
Travel	588
Expositions	8 216
Others	8 201
Wages	23 744
Packing fees	70 777
Inspection fees	9 457
Publicity	40 744
Total	334 160

5. GENERAL & ADMINISTRATIVE EXPENSES

	Financial years ended 31 December	
Euros	2009	2008
Formation expenses		325 212
Depreciation	215 648	
Salaries	223 835	
House accumulation fund	37 799	
R&D expenses	307 755	
Auditing and Consulting	392 267	26 075
Business entertainment expenses	121 540	
Headquarter expenses	109 278	
Other	429 937	2 007
Total	1 838 059	353 294

6. FINANCIAL EXPENSES

	Financial years ended 31 December	
Euros	2 009	2 008
Interest net expense	87 164	7 810
Procedures' fees	990	
Other	3 022	
Total	91 176	7 810

7. NON OPERATING INCOME

Euros	December 31, 2009
House leasing	2 620
Administration subsidy (1)	1 215 141
Rewards	3 150
Electricity Bill	297
Childbirth subsidy	387
Transfer-in of the funds not required to be paid	<u>196</u>
Total	1 221 791

(1) The group received from the local Chinese administration a subsidy of 10 000 000 rmb for the successful IPO of the Group on Alternext Market of Euronext Paris.

8. NON OPERATING EXPENSES

Euros	December 31, 2009
Hydraulic construction fund	10 060
Fine overdue	250
Sponsoring	2 100
Other	2 628
Donations	<u>5 250</u>
Total	20 288

9. INCOME TAX

The tax burden is equal to the sum of current taxes and deferred taxes. Deferred taxes are calculated according to the expiration periods for tax liabilities set by local legislation and the availability of deferrable losses in view of a favorable outlook for the companies in question so as to be able to offset deferred and related taxes.

Euros	December 31, 2009	
Current taxes (1)	309 652	
Deferred taxes	<u>-2 067</u>	
Total	307 585	

(1) The income tax rate level in China is 25 % of benefit.

10. BADWILL

On 13th October 2008, 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 (see also note I. above). The surplus of the interest at the acquisition date in the fair value of the assets, liabilities and contingent liabilities acquired with regard to the cost amounted to 2 911 542 euros had been recognized as a comprehensive income after audit of proper identification and evaluation of the assets, liabilities and contingent liabilities acquired.

The badwill on the acquisition by the group of its subsidiaries was accounted for as an income in the consolidated statement of comprehensive income of the current financial year ended December 31, 2008.

V. EMPLOYEES

	2009	2008
Administration staff	46	48
Production staff	119	119
Recherche & développement staff	13	16
Sales staff	9	10
Total	187	193

VI. MORTGAGE AGREEMENTS & GUARANTEES GIVEN

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

	December 31, 2009
Sales :	
Name of company:	
Meridian International Co Ltd (1)	4 331 639
(1) is a shareholder of the Company (cf note IV (1)18)	

VII. 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 December 31, 2009, the company's financial instruments mainly consist of cash equivalents, receivables and payables.

There appears to be a concentration risk due to the fact that the group sells almost one half of its products to a related party, MERIDIAN INTERNATIONAL Co Ltd (see also note VIII. above). In fact, MERIDIAN INTERNATIONAL Co, Ltd merely acts as a trading company that buys goods from the group and resells these to the group's various customers.

VIII. POST BALANCE SHEET EVENTS

After the balance sheet date, there were no significant events that would have an impact on the present consolidated financial statements or be worth mentioning in the notes attached to the present consolidate financial statements.