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羅兵咸永道

28 April 2015

The Directors
China Fire Safety Enterprise Group Limited

Dear Sirs,

We report on the financial information of Albert Ziegler GmbH ("Ziegler") and its subsidiaries (together, the "Ziegler Group"), which comprises the consolidated and company statements of financial position of Ziegler as at 31 December 2013 and 31 October 2014, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of Ziegler for the period from 14 August 2013 (date of incorporation) to 31 December 2013 and the ten months ended 31 October 2014 (the "Relevant Periods") and a summary of significant accounting policies and other explanatory information. This financial information has been prepared by the directors of China Fire Safety Enterprise Group Limited (the "Company") and is set out in Sections I to IV below for inclusion in Appendix IIA to the circular of the Company dated 28 April 2015 (the "Circular") in connection with the proposed acquisition of Ziegler by the Company.

Ziegler was incorporated in Germany on 14 August 2013 as a limited liability company. As at the date of this report, Ziegler has direct and indirect interests in the subsidiaries as set out in Note 1 of Section I below.

No audited statutory financial statements have been prepared by Ziegler as it is newly incorporated. The audited financial statements of the other companies now comprising the Ziegler Group as at the date of this report for which there are statutory audit requirements have been prepared in accordance with the relevant accounting principles generally accepted in their respective places of incorporation. The details of the statutory auditors of these companies are set out in Note 1 of Section I.

The directors of Ziegler have prepared the consolidated financial statements of Ziegler for the Relevant Periods, in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements"). We have audited the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing (the "HKSA") issued by the HKICPA pursuant to separate terms of engagement.

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The directors of Ziegler during the Relevant Periods are responsible for the preparation of the Underlying Financial Statements that give a true and fair view in accordance with HKFRSs, and for such internal control as the directors determine is necessary to enable the preparation of the Underlying Financial Statements that are free from material misstatement, whether due to fraud or error.

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

Directors' Responsibility for the Financial Information

The directors of the Company are responsible for the preparation of the financial information that gives a true and fair view in accordance with HKFRSs and accounting policies adopted by the Company and its subsidiaries (together, the "Group") as set out in the annual report of the Company for the year ended 31 December 2014.

Reporting Accountant's Responsibility

Our responsibility is to express an opinion on the financial information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

Opinion

In our opinion, the financial information gives, for the purpose of this report, a true and fair view of the state of affairs of Ziegler and of the Ziegler Group as at 31 December 2013 and 31 October 2014 and of the Ziegler Group's results and cash flows for the Relevant Periods then ended.

I. Financial information of the Ziegler Group

The following is the financial information of the Ziegler Group as at 31 December 2013 and 31 October 2014, and for the Relevant Periods (the "Financial Information").

(a) CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	**From 14 August 2013 (date of incorporation) to 31 December 2013** *EUR'000*	**Ten months ended 31 October 2014** *EUR'000*
Revenue	6	12,811	111,057
Cost of sales	12	(12,524)	(104,690)
Gross profit		287	6,367
Other income	7	29	760
Selling and distribution costs	12	(601)	(9,496)
General and administrative expenses	12	(554)	(7,327)
Other gain/(losses), net	9	7,149	(340)
Finance costs	10	(93)	(1,076)
Profit/(loss) before tax		6,217	(11,112)
Income tax credit	11	185	2,556
Profit/(loss) for the period		6,402	(8,556)
Other comprehensive income:			
Item that will not be reclassified subsequently to profit or loss			
Remeasurements of post-employment benefit obligations, net of tax		–	(143)
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations		1	4
Other comprehensive income/(loss) for the period, net of tax		1	(139)
Total comprehensive income/(loss) for the period		6,403	(8,695)

	From 14 August 2013 (date of incorporation) to 31 December 2013	Ten months ended 31 October 2014
	EUR'000	*EUR'000*
Profit/(loss) for the period attributable to:		
– Owners of Ziegler	6,402	(8.576)
– Non-controlling interests	–	20
	6,402	(8,556)
Other comprehensive income/(loss) for the period attributable to:		
– Owners of Ziegler	1	(139)
– Non-controlling interests	–	–
	1	(139)
Total comprehensive income/(loss) for the period attributable to:		
– Owners of Ziegler	6,403	(8,715)
– Non-controlling interests	–	20
	6,403	(8,695)

(b) CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at	
		31 December	**31 October**
	Note	**2013**	**2014**
		EUR'000	*EUR'000*
Assets			
Non-current assets			
Property, plant and equipment	16	20,978	20,462
Intangible assets	17	8,346	7,945
Deferred income tax assets	26	549	3,334
		29,873	31,741
Current assets			
Inventories	19	39,383	62,500
Trade receivables, net	20	18,257	23,081
Other receivables and other assets	20	1,926	4,153
Pledged bank deposits	21	1,338	1,498
Cash and cash equivalents	21	9,508	2,747
		70,412	93,979
Total assets		100,285	125,720
Current liabilities			
Trade and other payables	22	20,036	19,228
Current tax liabilities		72	168
Advance from customers		4,237	5,568
Bank borrowings	24	5,915	18,125
Amounts due to related parties	23	28,797	45,178
Provisions for other liabilities and charges	25	2,041	2,643
		61,098	90,910
Net currents assets		9,314	3,069
Total assets less current liabilities		39,187	34,810

	Note	As at 31 December 2013	31 October 2014
		EUR'000	EUR'000
Non-current liabilities			
Trade and other payables	22	–	375
Bank borrowings	24	–	26
Retirement benefit obligations		416	778
Deferred income tax liabilities	26	1,977	2,033
Provisions for other liabilities and charges	25	288	269
		2,681	3,481
Net Assets		36,506	31,329
Capital and reserve			
Share capital	27	10,025	13,543
Other reserves	27	20,000	20,000
Retained earnings/(accumulated losses)	28	6,403	(2,312)
Equity attributable to the owner of Ziegler		36,428	31,231
Non-controlling interests		78	98
Total Equity		36,506	31,329

(c) STATEMENTS OF FINANCIAL POSITION

	Note	As at 31 December 2013 EUR'000	As at 31 October 2014 EUR'000
Assets			
Non-current assets			
Property, plant and equipment	16	14,616	14,345
Intangible assets	17	8,096	7,846
Investments in subsidiaries	18	10,238	10,463
Deferred tax assets	26	276	2,586
		33,226	35,240
Current assets			
Inventories	19	24,300	40,755
Trade receivables, net	20	7,074	13,725
Other receivables and other assets	20	2,209	10,208
Prepayments to subsidiaries	20	–	2,002
Loans to subsidiaries	20	–	3,712
Pledged bank deposits	21	–	680
Cash and cash equivalents	21	4,596	1,634
		38,179	72,716
Total assets		71,405	107,956
Current Liabilities			
Trade and other payables	22	8,118	10,471
Bank borrowings	24	–	12,220
Amount due to related parties	23	28,797	44,228
Amounts due to subsidiaries	22	255	7,250
Advance from customers		35	2,485
Prepayments from subsidiaries		–	326
Provisions for other liabilities and charges	25	1,363	1,786
		38,568	78,766
Net current liabilities		(389)	(6,050)
Total assets less current liabilities		32,837	29,190

	Note	As at 31 December 2013 EUR'000	31 October 2014 EUR'000
Liabilities			
Non-current liabilities			
Trade and other payables	22	–	181
Retirement benefit obligations		416	778
Deferred income tax liabilities	26	1,011	1,227
Provisions for other liabilities and charges	25	224	233
		1,651	2,419
Net Assets		31,186	26,771
Capital and reserves			
Share capital	27	10,025	13,543
Other reserves	27	20,000	20,000
Retained earnings/(accumulated losses)	28	1,161	(6,772)
Total Equity		31,186	26,771

(d) CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owner of Ziegler					
	Share capital *EUR'000*	Reserves *EUR'000*	Retained Earnings *EUR'000*	Total *EUR'000*	Non-controlling Interests *EUR'000*	Total equity *EUR'000*
At 14 August 2013 (date of incorporation)	13	–	–	13	–	13
Profit for the period	–	–	6,402	6,402	–	6,402
Other comprehensive income						
Currency translation differences	–	–	1	1	–	1
Total comprehensive income	–	–	6,403	6,403	–	6,403
Proceeds from shares issued	10,012	–	–	10,012	–	10,012
Contribution from the shareholder	–	20,000	–	20,000	–	20,000
Non-controlling interests arising from business combinations	–	–	–	–	78	78
Total transactions with owners recognized directly in equity	10,012	20,000	–	30,012	78	30,090
Balance at 31 December 2013	10,025	20,000	6,403	36,428	78	36,506

	Attributable to owner of Ziegler					
	Share capital	Reserves	Retained Earnings/ (accumulated losses)	Total	Non-controlling Interests	Total equity
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
At 1 January, 2014	10,025	20,000	6,403	36,428	78	36,506
(Loss)/profit for the period	–	–	(8,576)	(8,576)	20	(8,556)
Other comprehensive income						
Remeasurements of post-employment benefit obligations	–	–	(143)	(143)	–	(143)
Currency translations differences	–	–	4	4	–	4
Total other comprehensive loss, net of tax	–	–	(139)	(139)	–	(139)
Total comprehensive (loss)/income	–	–	(8,715)	(8,715)	20	(8,695)
Proceeds from paid in capital	3,518	–	–	3,518	–	3,518
Total transactions with owners recognized directly in equity	3,518	–	–	3,518	–	3,518
At 31 October 2014	13,543	20,000	(2,312)	31,231	98	31,329

(e) CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	From 14 August 2013 (date of incorporation) to 31 December 2013 *EUR'000*	Ten months ended 31 October 2014 *EUR'000*
Cash flows from operating activities			
Profit/(loss) before taxation		6,217	(11,112)
Adjustments for:			
Allowance for bad and doubtful debts	9	212	42
Allowance for obsolete and slow-moving inventories	9	–	125
Amortisation of intangible assets	17	62	638
Depreciation of property, plant and equipment	16	129	1,570
Gain from bargain purchase in a business combination	33	(7,465)	–
Finance costs	10	93	1,076
Operating loss before working capital changes		(752)	(7,661)
Decrease/(increase) in inventories		11,276	(23,117)
Increase in trade receivables, other receivables and other assets		(4,227)	(7,051)
(Decrease)/increase in provisions for other liabilities and charges		(2,329)	583
(Decrease)/Increase in advance from customers		(1,163)	1,331
Decrease/(increase) in trade and other payables		5,193	(1,500)
Increase in retirement benefit obligations		416	362
Increase in pledged bank deposits		(1,338)	(160)
Net Cash generated from/(used in) operations		7,076	(37,213)
Interest paid		(46)	(316)
Income tax paid		(518)	(77)
Net cash generated from/(used in) operating activities		6,512	(37,606)

	Note	From 14 August 2013 (date of incorporation) to 31 December 2013	Ten months ended 31 October 2014
		EUR'000	*EUR'000*
Cash flows from investing activities			
Purchase of property, plant and equipment		–	(1,167)
Proceeds from disposal of property, plant and equipment		–	110
Payment for purchase of intangible assets		–	(237)
Payment for business combination, net acquired cash and cash equivalents	33	(54,175)	–
Net cash flows used in investing activities		(54,175)	(1,294)
Cash flows from financing activities			
Proceeds from issuance of shares		10,012	3,518
Contributions from shareholder		20,000	–
Proceeds from new bank loans		–	12,236
Repayment of bank loans		(1,639)	–
Increase in amounts due to related parties		28,797	16,381
Net cash generated from financing activities		57,170	32,135
Net increase/(decrease) in cash and cash equivalents		9,507	(6,765)
Exchange gains on cash and cash equivalents		1	4
Cash and cash equivalents at beginning of the period		–	9,508
Cash and cash equivalents at end of the period		9,508	2,747
Represented by:			
Cash and bank balances		9,508	2,747

II. NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

(All amounts in Euro unless otherwise stated)

1. GENERAL INFORMATION

Ziegler was incorporated on 14 August 2013 in Frankfurt am Main (Germany) as Platin 959. GmbH, renamed to CIMC Ziegler GmbH, then renamed to Albert Ziegler GmbH. The address of its registered office and principal place of business is Memminger Straße 28, 89537 Giengen an der Brenz (Germany).

In November 2013, Ziegler was acquired by CIMC Top Gear B.V., a wholly owned subsidiary of China International Marine Containers (Group) Co., Ltd ("CIMC"), as a holding company solely for the purpose of effecting a transaction (the "2013 Acquisition") in acquiring certain assets (such as property, plant and equipment, other receivables and intangible assets), liabilities relating to employees and product warranty, and equity interests in certain operating subsidiaries of another limited liability company relating to the business of development, production and distribution of a broad range of firefighting and special purpose vehicles, pumps and other firefighting components (collectively, the "Acquired Entity Assets") from the insolvency administrator on behalf of the original owner, Albert Ziegler GmbH & Co. KG (the "Entity"). The 2013 Acquisition was completed on 13 December 2013 and the details were set out in Note 33.

After the 2013 Acquisition, Ziegler and its subsidiaries (together the "Ziegler Group") are principally engaged in the development, production and distribution of a broad range of firefighting and special purpose vehicles, pumps and other firefighting components.

Taking into account the effect of the 2013 Acquisition, as at the end of each reporting period, Ziegler has equity interest in the following subsidiaries:

Name	Place of incorporation	Principal activities	Issued/Paid up capital as at 31 December 2013 and 31 October 2014	Interests held as at 31 December 2013 and 31 October 2014
Ziegler Safety GmbH & Co. KG (f)	Giengen/Brenz, Germany	Trading of fire vehicles and freighting equipment	Limited liability capital EUR1,000,000	100%
Ziegler Feuerwehrgerätetechnik GmbH & Co. KG (a)	Mühlau, Germany	Manufacturing and sales of fire vehicles	Limited liability capital EUR950,000	100%
Albert Ziegler Feuerschutz GmbH (b)	Rendsburg, Germany	Manufacturing and sales of fire vehicles	Registered capital EUR76,693.78, issued and paid-up	100%
Ziegler Brandweertechniek B.V. (c)	Winschoten, Netherlands	Manufacturing and sales of fire vehicles	Registered capital EUR465,124.73, issued and paid-up	100%
Ziegler d.o.o. (d)	Zagreb, Croatia	Manufacturing and sales of fire vehicles	Registered capital HRK410,800, issued and paid-up	100%
Visser B.V. (e)	Leeuwarden, Netherlands	Manufacturing and sales of fire vehicles	Total share capital is EUR90,000, of which EUR18,151 is issued and paid-up	95.01%

Name	Place of incorporation	Principal activities	Issued/Paid up capital as at 31 December 2013 and 31 October 2014	Interests held as at 31 December 2013 and 31 October 2014
Ziegler Italiana S.r.l..(g)	Lana, Italy	Manufacturing and sales of fire vehicles	Registered capital EUR10,400, issued and paid-up	100%
Ziegler S Gasilska tehnika d.o.o. (e)	Vrhnika, Slovenia	Trading of fire vehicles and freighting equipment	Registered capital EUR62,593.98, issued and paid-up	100%
Ziegler Hasicska Technika s.r.o. (g)	Brno, Czech Republic	Trading of fire vehicles and freighting equipment	Registered Capital CZK2,000,000 (EUR72,926.16), issued and paid-up	100%
Ziegler Verwaltungsgesellschaft mbH (g)	Mühlau, Germany	Management company	Registered capital EUR30,000, issued and paid-up.	100%
Ziegler GmbH (g)	Giengen an der Brenz, Germany	Management company	Registered capital, EUR25,000, issued and paid-up	100%
Ziegler Auslandsholding GmbH (g)	Giengen an der Brenz, Germany	Management company	Registered capital is EUR30,000, of which EUR17,500 is issued and paid-up	100%
Ziegler Deelnemingen B.V. (g)	Winschoten, Netherlands	Management company	Total share capital is EUR90,000, of which EUR45,000 is issued and paid-up	100%
Signalis B.V. (g)	Winschoten, Netherlands	Management company	Total share capital is EUR90,000, of which EUR45,000 is issued and paid-up	100%
Autoschade Winschoten B.V. (g)	Winschoten, Netherlands	Management company	Total share capital is EUR90,000, of which EUR18,200 is issued and paid-up	100%
Ziegler Fire and Rescue Vehicles Sales and Service (Beijing) Co., Ltd. (h)	Beijing, China	Wholesale and after-sales service of fire vehicles	Registered capital EUR 1,500,000, of which EUR225,000 is issued and paid up	100%

(a) The statutory financial statements of Ziegler Feuerwehrgerätetechnik GmbH & Co. KG for each of the years ended 31 December 2011, 2012 and 2013 were audited Keussen Kühmich Furkart GmbH Chemnitz Germany.

(b) The statutory financial statements of Albert Ziegler Feuerschutz GmbH for each of the years ended 31 December 2011, 2012 and 2013 were audited by Clauß GmbH Stuttgart Germany.

(c) The statutory financial statements of Ziegler Brandweertechniek B.V. and Visser B.V. for each of the years ended 31 December 2011, 2012 and 2013 were audited by Ernst & Young Groningen Netherlands.

(d) The statutory financial statements of Ziegler d.o.o. for each of the years ended 31 December 2011, 2012 and 2013 were audited by Kulic i Sperk Revizija d.o.o. Zagreb Croatia.

(e) The statutory financial statements of Ziegler S Gasilska Tehnika d.o.o. for each of the years ended 31 December 2011, 2012 and 2013 were audited by Dianamic d.o.o. Ljubljanskn Slovenia.

(f) No audited financial statements have been prepared for Ziegler Safety GmbH & Co. KG for each of the years ended 31 December 2011, 2012 and 2013 as it was in the process of bankruptcy liquidation.

(g) No audited financial statements have been prepared for those subsidiaries as these companies are not required to issue audited financial statements under the statutory requirements of their respective places of incorporation.

(h) No audited financial statements have been prepared for Ziegler Fire and Rescue Vehicles Sales and Service (Beijing) Co., Ltd. as it is newly set up in 2014.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

Ziegler has adopted all of new and revised standards, amendments and interpretations (hereinafter collectively referred to as "2014 Effective HKFRSs") issued by the HKICPA, which are effective for the accounting periods beginning on or after 1 January, 2014 in the preparation of Financial Information. These 2014 Effective HKFRSs were consistently applied throughout the Relevant Periods.

Ziegler has not early adopted the following new and revised HKFRSs that have been issued but are not yet effective. in the Financial Information.

		Effective date
HKAS 19 (2011) Amendment	Defined Benefit Plans: Employee Contributions	Accounting periods beginning on or after 1 July 2014
Annual Improvements Project	Annual Improvements 2010-2012 Cycle	Accounting periods beginning on or after 1 July 2014
Annual Improvements Project	Annual Improvements 2011-2013 Cycle	Accounting periods beginning on or after 1 July 2014
Annual Improvements Project	Annual Improvements 2011-2013 Cycle	Accounting periods beginning on or after 1 January 2016
HKFRS 14	Regulatory Deferral Accounts	Accounting periods beginning on or after 1 January 2016
HKFRS 10 and HKAS 28 Amendment	Sale or contribution of assets between an investor and its associate or joint venture	Accounting periods beginning on or after 1 January 2016
HKAS 16 and HKAS 38 Amendment	Clarification of Acceptable Methods of Depreciation and Amortisation	Accounting periods beginning on or after 1 January 2016
HKAS 27 Amendment	Equity Method in Separate Financial Statements	Accounting periods beginning on or after 1 January 2016
HKFRS 15	Revenue from Contracts with Customers	Accounting periods beginning on or after 1 January 2017

The Ziegler Group is in the process of making an assessment of the potential impact of the above new and revised standards, amendments and interpretations but is not yet in a position to state whether they would have a material impact on the results and the financial position of the Ziegler Group.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The Financial Information of the Ziegler Group has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The Financial Information has been prepared under the historical cost convention and presented in Euro in thousand units, unless otherwise stated.

The consolidated financial information is prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The preparation of the Financial Information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Ziegler 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 significant accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Going concern

Ziegler is at net current liability position of Euro389,000 and Euro6,050,000 as of 31 December, 2013 and 31 October, 2014, respectively. The directors of Ziegler have prepared cash flow projections that support the ability of Ziegler to continue as a going concern. These cash flow projections assume that Ziegler is able to obtain sufficient additional funding from its shareholder. The shareholder of Ziegler has confirmed that they will provide financial support for the continuing operations of Ziegler so as to enable it to meet its liabilities as they fall due and carry on its business without a significant curtailment of operations in the twelve months from 31 October, 2014. The directors of Ziegler thus believe that Ziegler and Ziegler Group has sufficient cash flows to meet its liabilities and financial obligations as and when they fall due in the coming twelve months from the date of these financial statements. Accordingly, the directors consider it is appropriate to prepare these financial statements on a going concern basis.

(a) Consolidation

The consolidated financial information includes the financial information of Ziegler and its subsidiaries. Subsidiaries are entities over which the Ziegler Group has control. The Ziegler Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Ziegler Group has power over an entity when the Ziegler Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Ziegler Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Ziegler Group. They are de-consolidated from the date the control ceases.

If the Ziegler Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between the aggregate of the fair value of the relevant consideration and the fair value of any retained interests and the carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Ziegler Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to Ziegler. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the period between the non-controlling shareholders and owners of Ziegler.

Profit or loss and each component of other comprehensive income are attributed to the owners of Ziegler and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

In Ziegler's statement of financial position the investments in subsidiaries are stated at cost less allowance for impairment losses. The results of subsidiaries are accounted for by Ziegler on the basis of dividends received and receivable.

(b) Business combinations

The acquisition method is used to account for business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over Ziegler's share of the net fair value of the identifiable assets and liabilities is recorded as goodwill. Any excess of Ziegler's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to Ziegler.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial information of each of the Ziegler Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial information is presented in Euro, which is Ziegler's presentation and functional currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation.

The results and financial position of all the Ziegler Group entities that have a functional currency different from Ziegler's presentation currency are translated into Ziegler's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- Income and expenses for each statement of comprehensive income are translated at average exchange rates for the period (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 exchange rates on the transaction dates); and

- All resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the exchange reserve. When a foreign operation is sold, such exchange differences are reversed to consolidated profit or loss as part of the gain or loss on disposal.

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.

(d) Property, plant and equipment

Property, plant and equipment include freehold lands and buildings, machinery and equipment.

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Ziegler Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Freehold Land is not depreciated. Depreciation on other property, plant and equipment is calculated at rates appropriate to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

–	Buildings	20-50 years
–	Machinery	1-15 years
–	Equipment	1-15 years

The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at the end of each reporting period.

Construction in progress represents buildings under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(e) **Intangible assets**

(i) Trademarks, technologies and order backlogs

Separately acquired trademarks, technologies and order backlogs are shown at historical cost. Trademark, technologies and order backlogs acquired in a business combination are recognised at fair value at the acquisition date.

The trademark has an indefinite useful life and is carried by the impairment-only-approach. An impairment test is done yearly regarding the trademark.

Technologies and order backlogs have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives of one to three years.

(ii) Software

Acquired computer software licenses 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 one to three years.

Software is reviewed for impairment whenever events or changes in circumstances indicate that the book value may no longer be recoverable. An impairment loss is recognised for the amount by which the asset's book value exceeds its recoverable amount. Impairments are reversed if and to the extent that the impairment no longer exists. The recoverable amount is defined as the higher of an asset's fair value less cost to sell and its value in use.

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

(f) **Leases**

The Ziegler Group as lessee

(i) Operating leases

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

(ii) Financial Leasing

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. The leased asset is recognised at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The difference between the recorded amount of the leased asset and the minimum lease payments is accounted for as unrecognised finance charge and is amortized using the effective interest method over the period of the lease. A long-term payable is recorded at the amount equal to the minimum lease payments less the unrecognised finance charge.

Each lease payment is allocated between the liability and finance charges. The interest element of the finance cost is charged to the 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 are depreciated over the shorter of the useful life of the asset and the lease term.

(g) Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset is recognised only if all of the following conditions are met:

- An asset is created that can be identified;
- It is probable that the asset created will generate future economic benefits; and
- The development cost of the asset can be measured reliably.

Amortisation is calculated on a straight-line basis over the estimated useful lives of three years.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Financial assets

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

(i) 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. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

(ii) 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 end of the reporting period. The Ziegler Group's loans and receivables comprise 'trade receivables', 'other receivables', 'pledged bank deposits' and 'cash and cash equivalents' in the balance sheet. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(j) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Ziegler Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Ziegler Group transfers substantially all the risks and rewards of ownership of the assets; or the Ziegler Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

(k) **Offsetting financial assets and liabilities**

Financial assets and liabilities are offset and reported on a net basis on the Ziegler Group's consolidated statement of financial position only when there currently is a legally enforceable right to offset the recognized amounts and there is an intention either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(l) **Trade and other receivables**

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Ziegler Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

(m) **Cash and cash equivalents**

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

(n) **Borrowings**

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

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

(o) **Trade and other payables**

Trade and other payables (including amounts due to related parties) are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

(p) **Equity instruments**

Equity instruments issued by Ziegler are recorded at the amounts of proceeds received, net of direct issue costs.

(q) **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Ziegler Group and the amount of revenue can be measured reliably. Revenue excludes value added tax or other sales tax and any trade discounts.

Revenues from the sales of goods are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

Service income is recognised when the services are rendered.

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

(r) **Employee benefits**

(i) Pension obligations

A defined contribution plan is a pension plan under which the Ziegler Group pays fixed contributions into a separate entity. The Ziegler Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. 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 balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. 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 obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The current service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation results from employee service in the current year, benefit changes, curtailments and settlements.

Past-service costs are recognised immediately in income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

For defined contribution plans, the Ziegler Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Ziegler Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

(ii) Anniversary bonuses to employees

Some group companies provide anniversary bonuses due to long service to employees. A provision is made for the estimated liability subject to seniority of each employee. The present value of the bonuses are determined by discounting the estimated future cash outflows using average interest rates of bonds during the past seven years 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 bonuses.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Ziegler Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Ziegler Group recognises termination benefits at the earlier of the following dates: (a) when the Ziegler Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(iv) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue 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.

(v) Employee flexible working hours

Employee entitlements to flexible working hours are recognised when the actual obligation exists. A provision is made for the estimated liability as a result of services rendered by employees.

(s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Ziegler Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(t) Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years, and items that are never taxable or deductible, and it further includes items from previous years that were not deductible or taxable. The Ziegler Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Ziegler Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

(u) Impairment of assets

At the end of each reporting period, the Ziegler Group reviews the carrying amounts of its tangible and intangible assets except inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Ziegler Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

(v) Related parties

A related party is a person or entity that is related to the Ziegler Group.

(a) A person or a close member of that person's family is related to the Ziegler Group if that person:

(i) has control or joint control over the Ziegler Group;

(ii) has significant influence over the Ziegler Group; or

(iii) is a member of the key management personnel of Ziegler or of a parent of Ziegler.

(b) An entity is related to the Ziegler Group if any of the following conditions applies:

(i) The entity and Ziegler are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Ziegler Group or an entity related to the Ziegler Group. If the Ziegler Group is itself such a plan, the sponsoring employers are also related to the Ziegler Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(w) **Provisions and contingent liabilities**

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

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

(x) **Events after the reporting period**

Events after the reporting period that provide additional information about the Ziegler Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

4. CRITICAL JUDGMENTS AND KEY ESTIMATES

Critical judgement in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgement that has the most significant effect on the amounts recognised in the financial information apart from those involving estimations, which are dealt with below.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Depreciation for property, plant and equipment and amortisation for intangible assets

The Ziegler Group determines the estimated useful lives, residual values and related depreciation or amortisation charges for the Ziegler Group's property, plant and equipment or intangible assets. This estimate is made based on the historical experience of the actual useful lives and residual values of property, plant and equipment and intangible assets of similar nature and functions. The Ziegler Group will revise the depreciation or amortisation charge where useful lives and residual values are different from those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Fair value measurement and valuation processes

The Ziegler Group's assets and liabilities have been measured at fair value for financial reporting purposes because of business combination. In estimating the fair value of an asset or a liability, management used market-observable data to the extent it is available. Where those inputs are not available, management engaged third party qualified valuers to perform the valuation.

(c) Impairment loss for bad and doubtful debts

The Ziegler Group makes impairment loss for bad and doubtful debts based on assessment performed on the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairment arises where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgment and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

(d) Allowance for obsolete and slow-moving inventories

Allowance for obsolete and slow-moving inventories is made based on the aging and estimated net realisable value of inventories. The assessment of the allowance amount involves judgment and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

(e) Income taxes and deferred tax

The Ziegler Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. 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.

In addition, deferred tax assets relating to tax losses are recognised when management considers to be probable that future taxable profit will be available against which the tax losses can be utilised. The outcome of their actual utilisation may be different. Where the actual utilisation of the tax loss is different from original estimate, such difference will impact the carrying amount of relevant deferred tax assets.

(f) Other provision

The estimation of warranty provision is based on the past experience. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of provision.

5. FINANCIAL RISK MANAGEMENT

The Ziegler Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Ziegler Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Ziegler Group's financial performance.

(a) Foreign currency risk

The Ziegler Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate.

The carrying amounts of the Ziegler Group's monetary assets and monetary liabilities denominated in the currencies other than Euro at 31 December 2013 and 31 October 2014 are as follows:

The Ziegler Group	United States dollars	Danish Krones	Hrvatska Kuna	Czech Republic Koruna	Chinese Renminbi	Total
	("USD") *EUR'000*	*("DKK")* *EUR'000*	*("HRK")* *EUR'000*	*("CZK")* *EUR'000*	*("RMB")* *EUR'000*	
31 December 2013						
Cash and cash equivalents	–	–	29	490	–	519
Trade and other receivables	–	–	550	46	–	596
Trade and other payables	(16)	–	(349)	(103)	–	(468)
Bank borrowings	–	–	(1,320)	–	–	(1,320)
	(16)	–	(1,090)	433	–	(673)
	USD *EUR'000*	*DKK* *EUR'000*	*HRK* *EUR'000*	*CZK* *EUR'000*	*RMB* *EUR'000*	**Total**
31 October 2014						
Cash and cash equivalents	–	–	133	553	12	698
Trade and other receivables	–	2	765	90	–	857
Trade and other payables	(65)	–	(317)	(23)	–	(405)
Bank borrowings	–	–	(67)	–	–	(67)
	(65)	2	514	620	12	1,083

The Ziegler Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Ziegler Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The foreign currency risk that the Ziegler Group and Ziegler are exposed to was assessed to be immaterial.

(b) **Credit risk**

The Ziegler Group's credit risk is primarily attributable to its trade receivables, deposits and other receivables, bank and cash balances and pledged bank deposits. The Ziegler Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations at 31 December 2013 and 31 October 2014 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statement of financial position. In order to minimise credit risk, credit limits and credit terms granted to customers should be approved by delegated officers and follow-up action is taken to recover overdue debts. In addition, the recoverable amount of each individual trade debt at the end of each reporting period is reviewed to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Ziegler Group's credit risk exposure is significantly reduced.

The credit risk on bank and cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Ziegler Group has, regarding the domestic business, no significant concentrations of credit risk on trade receivables. Furthermore, the domestic customers are almost exclusively communities, public institutions and government agencies for which the risk of default is very low.

Regarding foreign business there are often large orders from single customers. To minimize the default risk, trade receivables are secured by letter of credits.

(c) **Liquidity risk**

The Ziegler Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the balance sheet date of the Ziegler Group's and Ziegler's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Ziegler Group can be required to pay:

The Ziegler Group	**Contractual undiscounted cash flow**				
At 31 December 2013	**Within 1 year of on demand**	**1 to 5 years**	**5 years above**	**Total**	**Carrying amount**
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
Trade and other payables	20,036	–	–	20,036	20,036
Bank borrowings	6,024	–	–	6,024	5,915
Amounts due to related parties	29,703	–	–	29,703	28,797
	55,763	–	–	55,763	54,748
At 31 October 2014					
Trade and other payables	19,228	393	–	19,621	19,603
Bank borrowings	18,552	26	–	18,578	18,151
Amounts due to related parties	45,376	–	–	45,376	45,178
	83,156	419	–	83,575	82,932

Ziegler	Contractual undiscounted cash flow				
	Within 1 year of on demand	1 to 5 years	5 years above	Total	Carrying amount
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
At 31 December 2013					
Trade and other payables	8,118	–	–	8,118	8,118
Amounts due to related parties	29,703	–	–	29,703	28,797
Amounts due to subsidiaries	255	–	–	255	255
	38,076	–	–	38,076	37,170
At 31 October 2014					
Trade and other payables	10,471	199	–	10,670	10,652
Bank borrowings	12,526	–	–	12,526	12,220
Amounts due to related parties	44,408	–	–	44,408	44,228
Amounts due to subsidiaries	7,250	–	–	7,250	7,250
	74,655	199	–	74,854	74,350

(d) Interest rate risk

The Ziegler Group's cash flow interest rate risk relates primarily to variable-rate bank borrowings, due from related parties and cash and cash equivalents. The Ziegler Group currently does not have policy on cash flow hedges of interest rate risk. However, management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Ziegler Group's sensitivity to interest rate risk has been determined based on the exposure to interest rates for the variable-rate bank borrowings at the end of the reporting period and the reasonably possible change taking place at the beginning of each period and held constant throughout the respective periods.

The Ziegler Group	From 14 August 2013 (date of incorporation) to 31 December 2013	Ten months ended 31 October 2014
Reasonably possible change in interest rate	50 basis points	50 basis points
	EUR'000	*EUR'000*
(Decrease)/increase in profit for the period		
– as a result of increase in interest rate	(51)	(187)
– as a result of decrease in interest rate	51	187

Ziegler	From 14 August 2013 (date of incorporation) to 31 December 2013	Ten months ended 31 October 2014
Reasonably possible change in interest rate	50 basis points	50 basis points
	EUR'000	*EUR'000*
(Decrease)/Increase in profit for the period		
– as a result of increase in interest rate	(43)	(167)
– as a result of decrease in interest rate	43	167

(e) Categories of financial instruments

The Ziegler Group	**31 December 2013** *EUR'000*	**31 October 2014** *EUR'000*
Financial assets:		
Loan and receivables (including pledged bank deposits and cash and cash equivalents)	30,745	30,803
Financial liabilities:		
Financial liabilities at amortised cost	52,616	83,402

Ziegler	**31 December 2013** *EUR'000*	**31 October 2014** *EUR'000*
Financial assets:		
Loan and receivables (including pledged bank deposits and cash and cash equivalents)	13,879	29,446
Financial liabilities:		
Financial liabilities at amortised cost	30,825	72,025

(f) Fair value

The carrying amounts of the Ziegler Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

(g) Capital management

The Ziegler Group's objectives when managing capital are to safeguard the Ziegler 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 Ziegler Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Ziegler Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings") and amount due from related parties (for financing purpose) as shown in the consolidated balance sheet less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statements of financial position plus net debt.

The Ziegler Group's strategy, which was unchanged since set up, was to maintain the gearing ratio below 70%. The gearing ratios at 31 December 2013 and 31 October 2014 were as follows:

	31 December 2013 *EUR'000*	31 October 2014 *EUR'000*
Total borrowings	34,712	63,181
Less: cash and cash equivalents	9,508	2,747
Net debt	25,204	60,434
Total equity	36,506	31,329
Total capital	61,710	91,763
Gearing ratio	41%	66%

6. REVENUE

Revenue represents the aggregate of the sale proceeds of goods sold and the income derived from maintenance services rendered during the period less discounts and sales related tax. All service and products generated in Germany by a business entity are subject to value-added tax, which is collected for the customers. An analysis of revenue, net of discounts and value-added tax, is as follows:

	From 14 August 2013 (date of incorporation) to 31 December 2013 *EUR'000*	Ten months ended 31 October 2014 *EUR'000*
Revenue from the provision of mechanical engineering and vehicle construction contracts	11,406	67,011
Trading of products	921	27,168
Income from maintenance and sales of spare parts	278	8,933
Revenue from the sales of fire hoses	139	2,345
Income from other services	67	5,600
Total	12,811	111,057

7. OTHER INCOME

	From 14 August 2013 (date of incorporation) to 31 December 2013 *EUR'000*	Ten months ended 31 October 2014 *EUR'000*
Interest income	3	4
Income from damage compensation	–	241
Income from sales of materials and valuable scrap	2	115
Rental income from machinery	1	41
Others	23	359
Total	29	760

8. SEGMENT INFORMATION

(a) Reportable segments

The Ziegler Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The Ziegler Group principally operates in one business segment, which is the manufacture and sales of fire trucks and firefighting components.

(b) Geographical information

	Revenue		Non-current assets	
	From 14 August 2013 (date of incorporation) to 31 December 2013	Ten months ended 31 October 2014	31 December 2013	31 October 2014
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Germany	9,077	64,087	25,719	27,628
The Netherlands	1,219	16,271	3,279	3,193
Croatia	64	1,398	836	868
Italy	299	6,607	19	2
Turkey	–	4,942	–	–
China	–	2,336	–	33
Hong Kong	–	2,017	–	–
Malaysia	–	3,197	–	–
Others	2,152	10,202	20	17
Total	12,811	111,057	29,873	31,741

(c) Revenue from major customers:

None of the customers contributed more than 10% of the Ziegler Group's total revenue for the ten months ended 31 October 2014. In the period from 14 August 2013 to 31 December 2013, one governmental customer contributed 34% of the Ziegler Group's total revenue.

9. OTHER GAIN/(LOSSES), NET

	From 14 August 2013 (date of incorporation) to 31 December 2013	Ten months ended 31 October 2014
	EUR'000	*EUR'000*
Gain from bargain purchase in a business combination *(note 33)*	7,465	–
Allowance for bad and doubtful debts	(212)	(42)
Impairment provision for inventories	–	(125)
Others	(104)	(173)
	7,149	(340)

10. FINANCE COSTS

	From 14 August 2013 (date of incorporation) to 31 December 2013 *EUR'000*	Ten months ended 31 October 2014 *EUR'000*
Interests on bank borrowings	13	240
Interests on borrowings from related parties	47	732
Others	33	104
Total finance costs	93	1,076

11. INCOME TAX CREDIT

The Hong Kong profits tax rate is 16.5% for the periods from 14 August 2014 (date of incorporation) to 31 December 2013 and for ten months ended 31 October 2014. The Ziegler Group is not subject to any Hong Kong profits tax as it had no assessable income arising in or derived from Hong Kong during the period reported.

Taxation in the consolidated statements of comprehensive income represents:

	From 14 August 2013 (date of incorporation) to 31 December 2013 *EUR'000*	Ten months ended 31 October 2014 *EUR'000*
Current tax	69	173
Deferred income tax		
– Origination and reversal of temporary differences	(254)	(2,729)
Income tax credit	(185)	(2,556)

The reconciliation between the income tax credit and accounting profit or loss at applicable tax rates is as follows:

	From 14 August 2013 (date of incorporation) to 31 December 2013	Ten months ended 31 October 2014
	EUR'000	*EUR'000*
Profit/(loss) before taxation	6,217	(11,112)
Tax calculated at domestic tax rates applicable to profits in the respective countries	1,784	(3,126)
Tax effects of:		
Expenses not deductible for tax purpose	–	10
Income not subject to tax	(1,630)	(14)
Deductible temporary differences for which no deferred income tax assets was recognised	(219)	–
Others	(120)	574
	(185)	(2,556)

The weighted average applicable tax rate was 29% and 28% for the period from 14 August 2013 (date of incorporation) to 31 December 2013 and for ten months ended 31 October 2014, respectively. The decrease is mainly caused by a change in profitability of the Ziegler Group's subsidiaries in the respective countries.

12. EXPENSE BY NATURE

The Ziegler Group's profit/loss for the Relevant Periods is stated after charging/(crediting) the following:

	From 14 August 2013 (date of incorporation) to 31 December 2013	Ten months ended 31 October 2014
	EUR'000	*EUR'000*
Changes in inventories of finished goods and work in progress	5,195	(2,687)
Raw material and consumables used	5,500	74,238
Depreciation, amortisation and impairment charges	191	2,208
Auditors' remuneration		
– Audit services	151	136
– Non-audit services	–	112
Rental expenses	98	1,521
Repairs and maintenance	142	1,283
Commissions	153	890
Transportation expenses	26	866
Advertising costs	14	570
Staff costs (including director's emoluments)	1,158	36,626
Other expenses	481	5,606
Other taxes	570	144
Total cost of sales, selling and distribution costs and administrative expenses	13,679	121,513

13. DIRECTORS' EMOLUMENTS

No director's emoluments occurred in the period from 14 August 2013 (date of incorporation) to 31 December 2013.

	For the ten months ended 31 October 2014				
	Fees	Salaries and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Total
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
Name of director					
Dr. Yinhui Li (i)	–	19	–	2	21
Julia Vieth (ii)	–	–	–	–	–
Sanqiang Wu (iii)	–	–	–	–	–
Mr. Luan (i)	–	–	–	–	–
	–	19	–	2	21

Dr. Yinhui Li was appointed as executive director on 16 December 2013.

(i) Subsequent to 31 October 2014, Dr. Yinhui Li resigned as an executive director on 4 November 2014. On the same day, Mr. Luan was appointed as an executive director of Ziegler.

(ii) Julia Vieth was appointed as an executive director of Ziegler on 14 August 2013 and resigned on 5 November 2013.

(iii) Sanqiang Wu was appointed as an executive director on 5 November 2013 and resigned on 3 March 2014.

During the Relevant Periods, no emoluments were paid by the Ziegler Group to any of the directors as an inducement to join or upon joining the Ziegler Group or as compensation for loss of office and there was no arrangement under which a director waived or agreed to waive any emoluments.

14. FIVE HIGHEST PAID INDIVIDUALS

The emoluments payable to the five individuals during the Relevant Periods are as follows:

	From 14 August 2013 (date of incorporation) to 31 December 2013	Ten months ended 31 October 2014
	EUR'000	*EUR'000*
Fees	30	791
Discretionary bonus	–	10
Salaries and other benefits	23	535
Retirement benefit scheme contributions	1	28
	54	1,364

The emoluments fell within the following bands:

	Number of Individuals From 14 August 2013 (date of incorporation) to 31 December 2013	Ten months ended 31 October 2014
Nil to HKD 500,000 (Euro 51,051)	5	–
HKD 1,000,001 (Euro 102,103) to HKD 1,500,000 (Euro 153,153)	–	1
HKD 1,500,001 (Euro 153,154) to HKD 2,000,000 (Euro 204,205)	–	1
HKD 2,500,001 (Euro 255,257) to HKD 3,000,000 (Euro 306,307)	–	1
HKD 3,000,001 (Euro 306,308) to HKD 3,500,000 (Euro 307,358)	–	1
HKD 4,500,001 (Euro 459,461) to HKD 5,000,000 (Euro 510,511)	–	1
	5	5

During the Relevant Periods, no emoluments were paid by the Ziegler Group to the five highest paid individuals as an inducement to join or upon joining the Ziegler Group or as compensation for loss of offices.

15. DIVIDENDS

No dividends were declared during the Relevant Periods.

16. PROPERTY, PLANT AND EQUIPMENT

The Ziegler Group

	Freehold lands and buildings *EUR'000*	Machinery *EUR'000*	Equipment *EUR'000*	Total *EUR'000*
Cost:				
At 14 August 2013	–	–	–	–
Business combination	21,108	2,920	4,376	28,404
At 31 December 2013	21,108	2,920	4,376	28,404
Additions	41	722	404	1,167
Disposals	–	–	(132)	(132)
Currency translation differences	(2)	(2)	(1)	(5)
At 31 October 2014	21,147	3,640	4,647	29,434
Accumulated depreciation:				
At 14 August 2013	–	–	–	–
Business combination	(3,324)	(1,649)	(2,324)	(7,297)
Charge for the period	(50)	(36)	(43)	(129)
At 31 December 2013	(3,374)	(1,685)	(2,367)	(7,426)
Charge for the period	(584)	(513)	(473)	(1,570)
Disposals	–	–	22	22
Currency translation differences	–	1	1	2
At 31 October 2014	(3,958)	(2,197)	(2,817)	(8,972)
Net book value:				
At 31 October 2014	17,189	1,443	1,830	20,462
At 31 December 2013	17,734	1,235	2,009	20,978

All freehold lands are located in Europe.

Freehold lands and buildings with a carrying amount of Euro4,491,000 and Euro4,277,000 had been pledged for banks for borrowings as of 31 December 2013 and 31 October 2014, respectively.

The Ziegler Group charged depreciation expense of Euro86,000 and Euro924,000 in 'cost of sales', Euro15,000 and Euro143,000 in 'selling and distribution costs', Euro28,000 and Euro503,000 in 'administrative expenses' for the period from 14 August 2013 (date of incorporation) to 31 December 2013 and for the ten months ended 31 October 2014, respectively.

Ziegler

	Freehold lands and buildings *EUR'000*	Machinery *EUR'000*	Equipment *EUR'000*	Total *EUR'000*
Cost:				
At 14 August 2013	–	–	–	–
Business combination	12,500	866	1,344	14,710
At 31 December 2013	12,500	866	1,344	14,710
Additions	–	485	249	734
Disposals	–	–	(15)	(15)
At 31 October 2014	12,500	1,351	1,578	15,429
Accumulated depreciation:				
At 14 August 2013	–	–	–	–
Charge for the period	(35)	(34)	(25)	(94)
At 31 December 2013	(35)	(34)	(25)	(94)
Charge for the period	(350)	(368)	(286)	(1,004)
Disposals	–	–	14	14
At 31 October 2014	(385)	(402)	(297)	(1,084)
Net book value:				
At 31 October 2014	12,115	949	1,281	14,345
At 31 December 2013	12,465	832	1,319	14,616

All freehold lands are located in Europe.

Ziegler charged depreciation expense of Euro62,000 and Euro665,000 in 'cost of sales', Euro11,000 and Euro119,000 in 'selling and distribution costs', Euro21,000 and Euro220,000 in 'administrative expenses' for the period from 14 August 2013 (date of incorporation) to 31 December 2013 and for the ten months ended 31 October 2014, respectively.

17. INTANGIBLE ASSETS

The Ziegler Group

	Trademark	Technology	Order backlogs	Software	Development Costs	Total
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
Cost:						
At 14 August 2013	–	–	–	–	–	–
Business combination	6,062	1,844	343	114	45	8,408
At 31 December 2013	6,062	1,844	343	114	45	8,408
Additions	–	–	–	191	46	237
At 31 October 2014	6,062	1,844	343	305	91	8,645
Accumulated amortisation:						
At 14 August 2013	–	–	–	–	–	–
Charge for the period	–	(26)	(29)	(7)	–	(62)
At 31 December 2013	–	(26)	(29)	(7)	–	(62)
Charge for the period	–	(256)	(285)	(68)	(29)	(638)
At 31 October 2014	–	(282)	(314)	(75)	(29)	(700)
Net book value:						
At 31 October 2014	6,062	1,562	29	230	62	7,945
At 31 December 2013	6,062	1,818	314	107	45	8,346

The Ziegler Group has charged amortisation expense of Euro41,000 and Euro324,000 in 'cost of sales', Euro7,000 and Euro64,000 in 'selling and distribution costs', Euro14,000 and Euro250,000 in 'administrative expenses' for the period from 14 August 2013 (date of incorporation) to 31 December 2013 and for the ten months ended 31 October 2014, respectively.

Ziegler

	Trademark	Technology	Order backlogs	Software	Total
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*	*EUR'000*
Cost:					
At 14 August 2013	–	–	–	–	–
Business combination	6,062	1,844	194	38	8,138
At 31 December 2013	6,062	1,844	194	38	8,138
Additions	–	–	–	191	191
At 31 October 2014	6,062	1,844	194	229	8,329
Accumulated amortisation:					
At 14 August 2013	–	–	–	–	–
Charge for the period	–	(26)	(15)	(1)	(42)
At 31 December 2013	–	(26)	(15)	(1)	(42)
Charge for the period	–	(256)	(162)	(23)	(441)
At 31 October 2014	–	(282)	(177)	(24)	(483)
Net book value:					
At 31 October 2014	6,062	1,562	17	205	7,846
At 31 December 2013	6,062	1,818	179	37	8,096

Ziegler has charged amortisation expenses of Euro28,000 and Euro292,000 in 'cost of sales'. Euro5,000 and Euro 52,000 in 'selling and distribution costs', Euro9,000 and Euro97,000 in 'administrative expenses' for the period from 14 August 2013 (date of incorporation) to 31 December 2013 and for the ten months ended 31 October 2014, respectively.

18. INVESTMENTS IN SUBSIDIARIES – ZIEGLER

The amount represents investments in equity interests in subsidiaries of Ziegler.

Details are as follows:

	31 December 2013	31 October 2014
	EUR'000	*EUR'000*
Investments in subsidiaries:		
– Unlisted investments, at cost	10,238	10,463

Please refer to Note 1 for the principal subsidiaries of Ziegler as at 31 October 2014.

The Ziegler Group has no subsidiary that has material non-controlling interests ("NCI") to the Ziegler Group.

19. INVENTORIES

	The Ziegler Group	
	31 December 2013	31 October 2014
	EUR'000	*EUR'000*
Raw materials	16,487	19,706
Work in progress	11,853	24,115
Finished goods and merchandise	11,043	18,679
Total inventories	39,383	62,500

	Ziegler	
	31 December 2013	31 October 2014
	EUR'000	*EUR'000*
Raw materials	11,000	12,954
Work in progress	7,392	15,116
Finished goods and merchandise	5,908	12,685
Total inventories	24,300	40,755

The inventories are valued at the lower of cost and estimated net realizable value

As of 31 December 2013 and 31 October 2014, inventory amounting to of EUR12,017,000 and EUR12,705,000, respectively, had been pledged for the bank borrowings.

20. TRADE RECEIVABLES, OTHER RECEIVABLES AND OTHER ASSETS

	The Ziegler Group	
	31 December 2013	31 October 2014
	EUR'000	*EUR'000*
Trade receivables	18,469	23,275
Less: Allowance for bad and doubtful debts	(212)	(194)
Trade receivables- net	18,257	23,081
Prepayments	284	676
Other receivables	1,642	3,477
	20,183	27,234

	Ziegler	
	31 December 2013	31 October 2014
	EUR'000	*EUR'000*
Trade receivables	7,284	13,935
Less: Allowance for bad and doubtful debts	(210)	(210)
Trade receivables- net	7,074	13,725
Trade receivables due from subsidiaries	1,827	6,959
Loan to subsidiaries	–	3,712
Prepayments to subsidiaries	–	2,002
Prepayments	–	513
Other receivables	382	2,736
	9,283	29,647

(a) **Trade receivables**

Trade receivables of Euro6,783,000 and Euro3,582,000 of the Ziegler Group have been assigned to banks as security for bank borrowings as at 31 December 2013 and 31 October 2014, respectively.

The trade and other receivables denominated in the foreign currencies in addition to Euro of the Ziegler Group were disclosed in Note 5(a).

The credit period granted to customers is ranging from 30 days to 120 days. Before accepting any new customer, the Ziegler Group will assess the credit quality of the potential customer and define appropriate credit limits.

The aging analysis of trade receivables, based on the invoice date, net of allowance for bad and doubtful debts, is as follows:

	The Ziegler Group	
	31 December 2013	31 October 2014
	EUR'000	*EUR'000*
0 – 90 days	18,249	17,956
91 – 180 days	8	5,044
181 – 360 days	–	2
Over 360 days	–	79
	18,257	23,081

	Ziegler	
	31 December 2013	31 October 2014
	EUR'000	*EUR'000*
0 – 90 days	7,074	8,706
91 – 180 days	–	5,019
	7,074	13,725

As of 31 December 2013 and 31 October 2014, trade receivables of Euro9,944,000 and Euro9,710,000, respectively, were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	The Ziegler Group	
	31 December 2013	31 October 2014
	EUR'000	*EUR'000*
Less than 90 days	9,944	7,042
91 – 180 days	–	2,668
	9,944	9,710

As of 31 December 2013 and 31 October 2014, Ziegler has trade receivables at the amount of Euro1,440,000 and Euro7,118,000 were past due but not impaired. These relate to a number of independent customers of whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	Ziegler	
	31 December 2013	31 October 2014
	EUR'000	*EUR'000*
Less than 90 days	1,440	4,450
91 – 180 days	–	2,668
181 – 360 days	–	–
	1,440	7,118

As of 31 December 2013 and 31 October 2014, trade receivables in the amount of Euro472,000 and Euro752,000 were past due and impaired.

The following table provides the movement of allowance for bad and doubtful debts:

	The Ziegler Group
	EUR'000
At 14 August 2013	–
Allowance for the period	212
At 31 December 2013	212
Allowance for the period	42
Amounts written off	(60)
At 31 October 2014	194
	Ziegler
At 14 August 2013	–
Allowance for the period	210
At 31 December 2013 and 31 October 2014	210

Management closely monitors the credit quality of the trade and other receivables and considers the trade and other receivables that were neither past due nor impaired to be recoverable. Based on the payment pattern of the customers of the Ziegler Group, trade and other receivables that were past due but not impaired were generally collectable as there has not been a significant change in credit quality of these customers. Allowance for bad and doubtful debts recognised for the relevant periods were set up against trade receivables for customers who had either been placed under liquidation or they were in severe financial difficulties. Thereby the allowance recognised by Ziegler was for one customer only. The Ziegler Group did not hold any collateral over these balances.

(b) Trade receivables from subsidiaries

The aging analysis of Ziegler's trade receivables due from subsidiaries is as follows:

	Ziegler	
	31 December 2013	**31 October 2014**
	EUR'000	*EUR'000*
Less than 90 days	1,827	5,003
91 – 180 days	–	1,461
181 – 360 days	–	495
	1,827	6,959

The amounts due from subsidiaries are unsecured and have no fixed terms of repayment.

(c) Loans to subsidiaries

All loans to subsidiaries as of 31 October 2014 bear interest at a variable rate of 3-month Euro Interbank Offered Rate ("Euribor") plus 2.5% per annum. The loan agreements are cancellable and can be terminated with three months notice.

21. PLEDGED BANK DEPOSIT, CASH AND CASH EQUIVALENTS

(a) Pledged bank deposits

Pledged bank deposits were deposited with banks as a security for bank guarantees granted as at 31 December 2013 and 31 October 2014.

(b) Cash and cash equivalents

As at 31 December 2013 and 31 October 2014, there were certain cash and cash equivalents denominated in foreign currencies other than to Euro, details refer to Note 5(a).

22. TRADE AND OTHER PAYABLES

	The Ziegler Group	
	31 December 2013	31 October 2014
	EUR'000	*EUR'000*
Trade payables	9,528	12,917
Accruals	2,580	3,762
Other payables	4,128	1,550
Value added tax, sales tax and other levies	3,789	1,142
Deferred income	11	38
	20,036	19,409
Less: non-current payables	–	(181)
	20,036	19,228

	Ziegler	
	31 December 2013	31 October 2014
	EUR'000	*EUR'000*
Trade payables	1,046	6,480
Accruals	1,704	2,946
Value added tax, sales tax and other levies	1,790	648
Other payables	3,578	578
	8,118	10,652
Less: trade and other payable – non-current part	–	(181)
	8,118	10,471

Certain trade and other payables of the Ziegler Group were denominated in foreign currencies other than Euro, details were disclosed in Note 5(a).

(a) Trade payables

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	The Ziegler Group	
	31 December 2013	**31 October 2014**
	EUR'000	*EUR'000*
0 – 30 days	5,413	7,638
31 – 60 days	206	1,370
61 – 90 days	199	666
Over 90 days	3,710	3,243
	9,528	12,917

	Ziegler	
	31 December 2013	**31 October 2014**
	EUR'000	*EUR'000*
0 – 30 days	1,046	4,571
31 – 60 days	–	998
61 – 90 days	–	453
Over 90 days	–	458
	1,046	6,480

(b) Trade payables to subsidiaries

The aging analysis of amount due to subsidiaries is as follows:

	Ziegler	
	31 December 2013	**31 October 2014**
	EUR'000	*EUR'000*
0 – 30 days	255	3,413
31 – 60 days	–	3,837
	255	7,250

23. AMOUNTS DUE TO RELATED PARTIES

The amounts due to related parties are unsecured and repayable on demand. A following table provides an overview of the aggregate amount with the corresponding variable interest rates per annum.

The Ziegler Group	**Interest bearing amount**		
	31 December 2013 *EUR'000*	**31 October 2014** *EUR'000*	**Variable interest, repricing period**
CIMC Top Gear B.V. ("Top Gear")	24,400	24,400	3-month Euribor +2.5% per annum, quarterly floating
China International Marine Containers (Hong Kong) Ltd("CIMC HK") (Note (a))	4,350	19,870	The interest rate is between 2.327% per annum and 2.55% per annum, and the repricing period is between 3 months to 9 months
Xinfa Airport Equipment Ltd. ("Xinfa")	–	148	Advanced payment
	28,750	44,418	
Accrued interests on loans	47	760	
	28,797	45,178	

Note (a):

Interest rates for the loans from CIMC HK are determined based on the lenders actual finance cost. CIMC HK has the rights to adjust the interest rates in accordance with its actual finance cost according to the respective agreements.

Ziegler	**Interest bearing amount**		
	31 December 2013 *EUR'000*	**31 October 2014** *EUR'000*	**Variable interest, repricing period**
CIMC Top Gear B.V.. ("Top Gear")	24,400	24,400	3-month Euribor +2.5% per annum, quarterly floating
China International Marine Containers (Hong Kong) Ltd ("CIMC HK") – loan to Ziegler	4,350	19,070	The interest rate is between 2.327% per annum and 2.55% per annum and the repricing period is between 3 months to 9 months
	28,750	43,470	
Accrued interests on loans	47	758	
	28,797	44,228	

24. BANK BORROWINGS

	The Ziegler Group	
	31 December 2013	31 October 2014
	EUR'000	*EUR'000*
Bank loans, unsecured	–	12,241
Bank loans, secured	5,915	5,910
Total bank borrowings	5,915	18,151
– Current	5,915	18,125
– Non-current	–	26

	Ziegler	
	31 December 2013	31 October 2014
	EUR'000	*EUR'000*
Bank loans, unsecured	–	11,131
Bank loans, secured	–	1,089
Total bank borrowings	–	12,220

At 31 December 2013 and 31 October 2014, the Ziegler Group's bank borrowings were denominated in functional currencies of the respective group entities. The bank borrowings were denominated in foreign currencies other than Euro, details were disclosed in Note 5(a).

The bank loans were secured by pledge of inventories, trade receivables and freehold lands owned by the Ziegler Group.

The weighted average interest rates for the Relevant Periods are as follows:

	The Ziegler Group	
	From 14 August 2013 (date of incorporation) to 31 December 2013	Ten months ended 31 October 2014
Bank loans	2.42%	2.26%

	Ziegler	
	From 14 August 2013 (date of incorporation) to 31 December 2013	Ten months ended 31 October 2014
Bank loans	–	2.73%

The interest rates for the bank loans outstanding at 31 December 2013 and 31 October 2014, respectively, were arranged at variable interest rate and expose the Ziegler Group to cash flow interest rate risk.

25. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	The Ziegler Group			
	Warranty provision *EUR'000* *(Note (a))*	Employee provisions *EUR'000*	Other provisions *EUR'000*	Total *EUR'000*
Balance 14 August 2013	–	–	–	–
Business combination	954	1,109	266	2,329
Provisions utilised	–	–	–	–
Balance at 31 December 2013	954	1,109	266	2,329
Provision made during the period	685	796	166	1,647
Provisions utilised	(650)	(187)	(227)	(1,064)
Balance at 31 October 2014	989	1,718	205	2,912

	Ziegler			
	Warranty provision *EUR'000*	Employee provisions *EUR'000*	Other provisions *EUR'000*	Total *EUR'000*
Balance 14 August 2013	–	–	–	–
Business combination	607	796	184	1,587
Provisions utilised	–	–	–	–
Balance at 31 December 2013	607	796	184	1,587
Provision made during the period	211	565	102	878
Provisions utilised	(261)	(48)	(137)	(446)
Balance at 31 October 2014	557	1,313	149	2,019

Note (a):

Under the usual terms of the Ziegler Group's sales agreements, the Ziegler Group has undertaken to rectify any product defects arising within two years from the date of free sale of the products. Provision is therefore made based on the best estimate of the expected costs to be incurred to honour such obligations under these agreements in respect of the sales made within the warranty period prior to the balance sheet date.

26. DEFERRED INCOME TAX

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

	The Ziegler Group		Ziegler	
	31 December 2013	31 October 2014	31 December 2013	31 October 2014
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Deferred tax assets:				
– Deferred tax asset to be recovered after more than 12 months	488	1,541	276	1,147
– Deferred tax asset to be recovered within 12 months	61	1,793	–	1,439
	549	3,334	276	2,586
Deferred tax liabilities:				
– Deferred tax liability to be recovered after more than 12 months	1,937	1,894	996	1,108
– Deferred tax liability to be recovered within 12 months	40	139	15	119
	1,977	2,033	1,011	1,227
Deferred tax assets/(liabilities), net	(1,428)	1,301	(735)	1,359

The Ziegler Group

The components of deferred tax (assets)/liabilities recognised in the consolidated statements of financial position and the movements during the period are as follows:

	Tax loss	Fair value adjustments arising from business combinations	Others	Total
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Deferred tax assets				
At 14 August 2013 (date of incorporation)	–	–	–	–
Credited to profit or loss	383	–	60	443
Additions arising from business combination	–	106	–	106
At 31 December 2013	383	106	60	549
At 1 January 2014	383	106	60	549
Credited to profit or loss	2,348	46	391	2,785
At 31 October 2014	2,731	152	451	3,334

	Fair value adjustments arising from business combinations	Others	Total
	EUR'000	*EUR'000*	*EUR'000*
Deferred tax liabilities			
At 14 August 2013 (date of incorporation)	–	–	–
Charged to profit or loss	–	189	189
Additions arising from business combination	1,788	–	1,788
At 31 December 2013	1,788	189	1,977
At 1 January 2014	1,788	189	1,977
(Credited)/charged to profit or loss	(92)	148	56
Charged to reserves	–	–	–
At 31 October 2014	1,696	337	2,033

Ziegler

The components of deferred tax (assets)/liabilities recognised in the statement of financial position and the movements during the period are as follows:

	Tax loss	Fair value adjustments arising from business combinations	Others	Total
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
Deferred tax assets				
At 14 August 2013 (date of incorporation)	–	–	–	–
Credited to profit or loss	170	–	–	170
Additions arising from business combination	–	106	–	106
At 31 December 2013	170	106	–	276
At 1 January 2014	170	106	–	276
Credited to profit or loss	2,166	46	98	2,310
At 31 October 2014	2,336	152	98	2,586

	Fair value adjustments arising from business combinations	Others	Total
	EUR'000	*EUR'000*	*EUR'000*
Deferred tax liabilities			
At 14 August 2013 (date of incorporation)	–	–	–
Charged to profit or loss	–	15	15
Additions arising from business combination	996	–	996
At 31 December 2013	996	15	1,011
At 1 January 2014	996	15	1,011
Charged to profit or loss	42	174	216
At 31 October 2014	1,038	189	1,227

Tax losses carried forward

At 31 December 2013 and 31 October 2014, the Ziegler Group had unused tax losses in the amounts of Euro 1,146,000 and Euro 11,619,000, which were available for offsetting future taxable profits, respectively.

Deferred income tax assets had been recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Ziegler Group did not recognise deferred income tax assets of Euro 3,000 and Euro 656,000 in respect of losses amounting to Euro 12,000 and Euro 2,278,000 as at 31 December 2013 and 31 October 2014, respectively, as it is not probable that such tax losses could be utilised.

The tax rates applicable to the Ziegler Group were 29% and 28% for the period from 14 August 2013 (date of incorporation) to 31 December 2013 and for the ten months ended 31 October 2014, respectively.

27. SHARE CAPITAL AND RESERVES

	Ziegler	
	31 December 2013	**31 October 2014**
	EUR'000	*EUR'000*
Ordinary share capital, issued and paid up	10,025	13,543
Capital reserves	20,000	20,000

The reserves represent additional contributions made by the shareholders at the same time of additional share issuance during the period from 14 August 2013 to 31 December 2013.

28. RETAINED EARNINGS

	The Ziegler Group	**Ziegler**
	EUR'000	*EUR'000*
At 14 August 2013 (date of incorporation)	–	–
Total comprehensive income for the period	6,403	1,161
At 31 December 2013	6,403	1,161
Total comprehensive loss for the period	(8,715)	(7,933)
At 31 October 2014	(2,312)	(6,772)

29. CAPITAL COMMITMENTS

At 31 December 2013 and 31 October 2014, the Ziegler Group's capital commitments on property, plant and equipment are as follows:

	The Ziegler Group	
	31 December 2013	**31 October 2014**
	EUR'000	*EUR'000*
Contracted for but not provided for	14	85
Authorised but not contracted for	–	134

30. OPERATING LEASE COMMITMENTS

	The Ziegler Group	
	31 December 2013	31 October 2014
	EUR'000	*EUR'000*
Within one year	968	541
In the second to fifth year inclusive	478	744
	1,446	1,285

Operating lease payments represent rentals payable by the Ziegler Group for certain of its premises, offices, vehicles and equipment. Length of the leases ranged from six months to four years and rentals are fixed over the lease terms and do not include contingent rentals.

31. RELATED PARTY TRANSACTIONS

The Ziegler Group was controlled by CIMC, which owned 100% of the Ziegler Group's equity interest, as at 31 December 2013 and 31 October 2014. CIMC is also the ultimate parent company of Ziegler.

The following companies are related parties of the Ziegler Group that had balance and/or transactions with the Ziegler Group during the Relevant Periods.

Name	Relationship	Transaction type
Top Gear	Immediate parent company of Ziegler	Loan
CIMC HK	Under same control of the ultimate parent company	Loan
Xinfa	Under same control of the ultimate parent company	Sales

The related parties transactions and balance between the Ziegler Group and the above related parties were disclosed in Note 23.

The key management personnel are the directors. The details of remuneration paid and payable to them are set out in note 13.

32. CONTINGENT LIABILITIES

The Ziegler Group and Ziegler did not have any significant contingent liabilities at 31 December 2013 and 31 October 2014.

33. BUSINESS COMBINATION

As disclosed in Note 1, the Ziegler Group acquired the Acquired Entity Assets from the Entity in the 2013 Acquisition for a cash consideration of Euro 57,404,000 and assumption of liabilities of Euro 3,737,000 on 14 December 2013.

In 2009, certain legal proceedings were initiated by the German anti-trust authority against the Entity. After settlement of the aforesaid legal proceedings which involved payment of substantial penalties the Entity filed for insolvency in 2011, and since then, its business operations and its subsidiaries were maintained by the insolvency administrator. Ziegler acquired the main business of the Entity in the 2013 Acquisition from the administrator.

The 2013 Acquisition was accounted for as business combination.

The following table summarises the consideration paid, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

Consideration:	
On 14 December, 2013	*EUR'000*
– Cash	57,404
– Liabilities acquired	3,737
Total consideration	61,141
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash at bank and on hand	3,229
Trade receivable	14,411
Other receivables	1,545
Inventories	50,659
Property, plant and equipment	21,107
Intangible assets	8,408
Deferred tax assets	106
Bank borrowings	(7,554)
Accounts payable	(8,810)
Advances from customers	(5,400)
Current tax liabilities	(521)
Other payables and provision	(6,708)
Deferred tax liabilities	(1,788)
Total identifiable net assets	68,684
Non-controlling interest	78
Gain from bargain purchase in a business combination	7,465

Due to the fact that the Ziegler Group started its business operations with the acquisition of the main assets from the Entity on 14 December 2013, the consolidated financial statements for the period from 14 August 2013 to 31 December 2013 represented the revenue, net profit and cash flow of the acquired business after the acquisition.

Acquisition-related costs of Euro137,000 had been charged to administrative expenses in the Financial Information.

34. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

As at 31 December 2013 and 31 October 2014, the immediate parent of Ziegler is Top Gear, which was incorporated in Pijnacker, the Netherlands. This entity does not produce financial statements available for public use.

As at 31 December 2013 and 31 October 2014, the ultimate controlling party of Ziegler is CIMC, which was incorporated in the People's Republic of China. CIMC produces financial statements in accordance with China Accounting Standards available for public use.

35. SUBSEQUENT EVENTS

(a) **Acquisition of shares in P.T. Ziegler Indonesia**

In December 2014, Ziegler completed an acquisition of 92.25% of the shares of P.T. Ziegler Indonesia ("Ziegler Indonesia") for a consideration of Euro 1,490,000 pursuant to an asset purchase agreement between the Ziegler Group and the insolvency administrator of the Entity dated 7 November 2013.

The Ziegler Group has not yet completed the purchase price allocation for this subsequent business combination as at the date of this report because of time constraints.

III. ADDITIONAL FINANCIAL INFORMATION OF ZIEGLER INDONESIA

The statement of financial position of Ziegler Indonesia as at 31 October 2014, and the statements of comprehensive income, changes in equity and cash flow of Ziegler Indonesia for the ten months ended 31 October 2014 were as below:

(a) STATEMENT OF FINANCIAL POSITION

	31 October 2014
	EUR'000
Non-current assets	
Property, plant and equipment	131
Total non-current assets	131
Current assets	
Inventories	2651
Prepaid taxes	446
Advances and prepayments	940
Trade receivables, net	851
Other receivables and other assets	10
Cash and cash equivalents	294
Total current assets	5,192

	31 October 2014
	EUR'000
Current liabilities	
Trade and other payables	421
Current tax liabilities	57
Prepayments from customers	511
Bank borrowings	1,584
Amounts due to related parties	408
Accrued expenses	763
Loan from shareholders	650
Loan from customers	333
Total current liabilities	4,727
Net currents assets	465
Total assets less current liabilities	596
Net Assets	596
Capital and reserve	
Share capital	1,299
Reserve	4
Retained earnings	(707)
Equity attributable to the owner of the Company	596

(b) **STATEMENT OF COMPREHENSIVE INCOME**

	Ten months ended 31 October 2014
	EUR'000
Revenue	3,817
Cost of sales	(3,131)
Gross profit	686
Selling and distribution costs	(156)
General and administrative expenses	(420)
Other expenses	(289)
Loss before tax	(179)
Income tax credit	–
Loss for the period	(179)

(c) STATEMENT OF CHANGES IN EQUITY

	Share capital	Reserves	Accumulated losses	Total
	EUR'000	*EUR'000*	*EUR'000*	*EUR'000*
At 1 January 2014	1,299	4	(528)	775
Profit for the period	–	–	(179)	(179)
At 31 October 2014	1,299	4	(707)	596

Statement of cash flow

(d) STATEMENT OF CASH FLOWS

	Ten months ended 31 October 2014 *EUR'000*
Cash flows from operating activities	
Loss before taxation	(179)
Adjustments for:	
Depreciation of property, plant and equipment	54
Profit on sales of fixed assets	(109)
Increase in inventories	(165)
Decrease in trade and other receivables	1,669
Decrease in provisions for other liabilities and charges	(335)
Decrease in prepayments from customers	(2)
Increase in current tax liabilities	48
Increase in loan from customer	12
Increase in loan from related parties	3
Decrease in trade and other payables	(422)
Cash generated from operations	574
Net cash flows generated from operating activities	574
Cash flows from investing activities	
Purchase of property, plant and equipment	(31)
Sales of fixed asset	112
Net cash flows generated from investing activities	81
Cash flows from financing activities	
Proceeds from new bank loans	193
Repayment of bank loans	(615)
Increase in amount due to related parties	(57)
Net cash flows used in financing activities	(479)
Net increase in cash and cash equivalents	176
Exchange gains on cash and cash equivalents	18
Cash and cash equivalents at beginning of the period	100
Cash and cash equivalents at end of the period	294

IV. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Ziegler or any of its subsidiaries in respect of any period subsequent to 31 October 2014 up to the date of this report. No dividend or distribution has been declared or made by Ziegler or any of its subsidiaries in respect of any period subsequent to 31 October 2014.

Yours faithfully,

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong