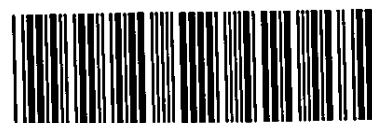


Neumann International Limited

**Financial statements
for the year
to 31 December 2009**

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Neumann International Limited

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The company is incorporated in England and Wales.

Company number. 05907304

Registered office: One London Wall
London
United Kingdom
EC2Y 5AB

Company secretary: Maclay Murray & Spens LLP
One London Wall
London
United Kingdom
EC2Y 5AB

Current directors: Serge Georges Lamielle
Dr Andreas Benkitsch
Georg Serentschy
Michael Sares
Franz Rossler

Auditors. FKCA Limited
Prospero House
46-48 Rothesay Road
Luton
LU1 1QZ

**Report of the directors
for the year to 31 December 2009**

The directors present their report and the audited financial statements for the year to 31 December 2009

Principal activities

The principal activity of the Company was that of a holding company. The principal activity of the Group was to supply management personnel consultancy services, including

- Executive search for positions such as directors, senior managers, executive board members and senior employees
- Search for managers and specialists using direct search methods and/or advertisements
- Remuneration consultancy using general surveys and analysis of the particular company's compensation system
- Personnel consultancy using performance appraisals of executives, analysis and appraisal of personnel and board dynamics

Review of business and future developments

Neumann International Limited was formed to act as a holding company, providing managerial and financing services to its subsidiaries. In April 2007 it acquired all of the share capital of Neumann International AG and Ward Howell Euroselect Personalberatung GmbH. Both companies carry on the business of providing management personnel consultancy services. Since acquisition, the companies have undergone restructuring and headcount reduction to reduce operating expenses and adapt themselves to the global recession. The restructuring process on the cost side was completed during 2009. The Group is now focused on regaining previous revenue levels.

In August 2009 the Company raised €3.0 million from the issue of 30 million ordinary shares at a price of €0.10 each.

Results and dividends

The Group generated a loss for the year after taxation and minority interests of €6,330,000 (period ended 31 December 2008: €133,000 profit). No dividends were declared.

Directors

The directors who held office during the year are given below:

Serge Georges Lamielle
Dr Andreas Benkitsch
Georg Serentschy
Michael Sares
Sami Hamid (resigned 3 September 2009)
Franz Rossler (appointed 14 September 2009)

Principal risks and uncertainties

The principal risks and uncertainties facing the Group are broadly grouped as competitive, legislative and financial instrument risk.

Competitive risk

The Directors regularly review the market to ensure they are aware of competitors and their strategies in the market place and can react quickly to competitive pressures.

Legislative risk

The Group operates in a number of jurisdictions and ensures through local management and advisors that local legislation is complied with.

Financial instruments

The Group's risks are managed by a central finance department on the basis of targets specified by the Executive Board. That department identifies and evaluates financial risks in close co-operation with the operating divisions.

Further details of financial instruments risks are given in note 31 to the financial statements.

Going concern

The Directors have reviewed the ability of the Group to continue as a going concern. From their review of the Group's bank facilities and cash flow forecasts the Directors have a reasonable expectation that sufficient funds will be available from lenders and investors to enable the business to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Future developments

The Group is seeking to expand into new markets in 2010 and anticipate that consultant revenues will rise in 2010 as the world economy emerges from the recession. New consultants will be recruited where markets are improving and infrastructure is not fully utilised.

Statement of director's responsibilities

The directors are responsible for preparing the Group and Parent company annual report and financial statements in accordance with applicable law.

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Group and Parent company and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies in accordance with IAS 8 and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- state that the Group and Parent company has complied with IFRS, subject to any material departures disclosed and explained in the financial statements,
- provide additional disclosure when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's and Parent company's financial position and on the Group's financial performance, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent company will continue in business.

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

Where appropriate, the directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. It is important to bear in mind that the legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors confirm that they have complied with these requirements and, having a reasonable expectation that the Group and Parent company have adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the financial statements

Statement of disclosure to auditors

In the case of each of the directors of the company

- so far as the directors are aware, there is no relevant audit information of which the Group's and Parent company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Group's and Parent company's auditors are aware of that information

Auditors

A resolution to reappoint FKCA Limited as auditors to the Group and Parent company for the ensuing year will be proposed at the annual general meeting in accordance with the Companies Act 2006

On behalf of the board



Andreas Benkitsch

Director

16 August 2010

Independent Auditors report to the shareholders of Neumann International Limited

We have audited the consolidated financial statements of Neumann International Limited for the year ended 31 December 2009, which comprise the Consolidated statement of comprehensive income, Consolidated statement of financial position, Company statement of financial position, Consolidated statement of changes in equity, Consolidated statement of cash flows, the accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The company took exemption under section 248 of the Companies Act 2006 from the requirement to prepare group accounts for the period ended 31 December 2008 and accordingly the group comparatives are unaudited. The company balance sheet for the period ended 31 December 2008 is audited.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the Annual Report and financial statements for the year ended 31 December 2009 and the consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the consolidated financial statements

- give a true and fair view of the state of the Group's affairs as at 31 December 2009 and of its loss and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is unqualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the group's ability to continue as a going concern. The group incurred a net loss of €6,330,000 during the year ended 31 December 2009 and, at that date the group's current liabilities exceeded its current assets by €6,384,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern.

Note 1 to the financial statements disclosures state 'The consolidated financial statements of Neumann International Limited were prepared on the basis of a positive going concern assessment of its subsidiaries Neumann International AG and Ward Howell Euroselect Personalberatung GmbH. Significant restructuring has been undertaken in response to the global economic crisis and the analysis of the business prospects of the subsidiaries has shown that within reasonable expectations with regards to the development of the market both subsidiaries have a positive outlook and are expected to regain their pre-recession levels within a reasonable period of time. The Directors have reviewed the ability of the Group to continue as a going concern. From their review of the Group's bank facilities and cash flow forecasts the Directors have a reasonable expectation that sufficient funds will be available from lenders and investors to enable the business to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.'

The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Stephen Mason Bsc ACA
Senior Statutory auditor

FKCA Limited
Statutory Auditor
Prospero House
46-48 Rothesay Road
Luton
LU1 1QZ

Date 02.09.2010

**Consolidated statement of comprehensive income
for the year to 31 December 2009**

	Note	Year to 31 December 2009 €'000	16 months to 31 December 2008 €'000
Revenue	2	17,093	41,790
Other income	3	531	1,887
Cost of services purchased	4	(1,377)	(5,041)
Employee salaries and benefits	5	(11,534)	(19,432)
Depreciation and amortisation expense		(668)	(565)
Other expenses		(9,941)	(17,906)
Operating (loss) / profit	7	(5,896)	733
Finance costs	8	(93)	(428)
(Loss) / profit before tax		(5,989)	305
Income tax expense	9	(401)	(197)
(Loss) / profit for the year / period		(6,390)	108
Attributable to minority interest		(60)	(25)
Attributable to shareholders of the parent		(6,330)	133

The above arose entirely from continuing operations

The loss for the year is attributable to owners of the Parent

There are no recognised gains or losses in the year other than those items recorded in the consolidated statement of comprehensive income above

**Consolidated statement of financial position
as at 31 December 2009**

		31 December 2009	31 December 2008	1 September 2007
	Note	€'000	€'000	€'000
ASSETS				
Current assets				
Cash and cash equivalents	19	1,153	1,961	1,996
Trade and other receivables	18	3,671	7,351	8,073
Inventories	17	-	3	3
		<u>4,824</u>	<u>9,315</u>	<u>10,072</u>
Non-current assets				
Investments in associates	14	1	1	54
Property, plant and equipment	12	2,072	2,283	1,468
Intangible assets	11	21,047	21,093	20,565
Available-for-sale securities	15	498	491	329
Other non-current assets	16	478	446	390
Deferred tax assets	25	2,336	2,686	2,455
		<u>26,432</u>	<u>27,000</u>	<u>25,261</u>
Total assets		<u>31,256</u>	<u>36,315</u>	<u>35,333</u>
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	27	3,226	3,091	3,423
Current tax liability		260	164	400
Current portion of financial liabilities	24	4,032	2,313	884
Provisions and other accrued expenses	28	4,245	5,753	5,230
		<u>11,763</u>	<u>11,321</u>	<u>9,937</u>
Non-current liabilities				
Financial liabilities	24	277	2,116	3,063
Post employment benefits	26	805	954	918
Other non-current liabilities		80	313	74
		<u>1,162</u>	<u>3,383</u>	<u>4,055</u>
Total liabilities		<u>12,925</u>	<u>14,704</u>	<u>13,992</u>

**Consolidated statement of financial position
as at 31 December 2009**

		31 December 2009	31 December 2008	1 September 2007
	Note	€'000	€'000	€'000
EQUITY				
Share capital	20	500	182	177
Share premium account	21	22,082	17,649	17,102
Share option reserve	21	1,471	1,471	1,471
Share warrant reserve	21	150	1,883	1,910
Currency translation reserve	21	(24)	(122)	6
Balancing item for financial assets	21	18	23	-
Consolidated net (loss) / profit	21	(5,812)	518	505
		18,385	21,604	21,171
Minority interest	32	(54)	7	170
Total liabilities and equity		31,256	36,315	35,333

The financial statements on pages 7 to 38 were approved by the board of directors on
and were signed on its behalf by



Andreas Benkitsch
Director

16 August 2010

**Company statement of financial position
as at 31 December 2009**

		31 December 2009 €'000	31 December 2008 €'000	1 September 2007 €'000
	Note			
ASSETS				
Current assets				
Cash and cash equivalents	19	345	117	498
Trade and other receivables	18	1,444	329	119
		1,789	446	617
Non-current assets				
Investments in subsidiary undertakings	13	23,574	22,984	22,333
Total assets		25,363	23,430	22,950
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	27	1,398	644	72
Current portion of financial liabilities	24	-	749	450
Provisions and other accrued expenses	28	19	77	94
		1,417	1,470	616
Non-current liabilities				
Financial liabilities	24	-	1,049	1,948
Total liabilities		1,417	2,519	2,564
EQUITY				
Share capital	20	500	182	177
Share premium account	21	22,082	17,649	17,102
Share option reserve	21	1,471	1,471	1,471
Share warrant reserve	21	150	1,883	1,910
Net loss	21	(257)	(276)	(274)
		23,946	20,911	20,386
Total liabilities and equity		25,363	23,430	22,950

The company has relied on the exemption to omit its individual profit and loss account from the Group financial statements as conferred by section 408 of Companies Act 2006

The financial statements on pages 7 to 38 were approved by the board of directors on
and were signed on its behalf by



Andreas Benkitsch
Director

Date:

**Consolidated statement of changes in equity
for the year to 31 December 2009**

	Share capital	Share premium	Currency translation reserve	Balancing item for available- for-sale securities	Other reserves	Consolidated net (loss) / profit	Subtotal	Payable to minority interest	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
At 1 September 2007	177	17,102	6	-	3,381	505	21,171	170	21,341
Exchange differences	-	-	(128)	23	-	(120)	(225)	(138)	(363)
Issue of shares	5	547	-	-	-	-	552	-	552
Issue of warrants	-	-	-	-	526	-	526	-	526
Exercise of warrants	-	-	-	-	(553)	-	(553)	-	(553)
Result for the period	-	-	-	-	-	133	133	(25)	108
At 31 December 2008	182	17,649	(122)	23	3,354	518	21,604	7	21,611
At 1 January 2009	182	17,649	(122)	23	3,354	518	21,604	7	21,611
Exchange differences	-	-	98	(5)	-	-	93	(1)	92
Issue of shares	318	4,433	-	-	-	-	4,751	-	4,751
Exercise of warrants	-	-	-	-	(1,733)	-	(1,733)	-	(1,733)
Result for the year	-	-	-	-	-	(6,330)	(6,330)	(60)	(6,390)
At 31 December 2009	500	22,082	(24)	18	1,621	(5,812)	18,385	(54)	18,331

Other reserves includes a share option reserve for €1,471,000 (31 December 2008 €1,471,000) and a share warrant reserve for €150,000 (31 December 2008 €1,883,000)

**Consolidated statement of cash flows
for the year to 31 December 2009**

	Year to 31 December 2009 €'000	16 months to 31 December 2008 €'000
Cash flows from operating activities		
(Loss)/profit from operating activities	(5,896)	733
Adjustment for expenses not affecting cash flow		
Share warrant reserve	-	(27)
Depreciation and amortisation	667	565
Provision for employee benefit obligations	(149)	(5)
Currency translation reserve	(1)	-
Profit/(loss) on disposal of fixed assets	7	(73)
	<u>524</u>	<u>460</u>
Changes in net current assets		
Decrease in trade and other receivables	2,165	(349)
Increase in trade and other payables	204	993
	<u>2,369</u>	<u>644</u>
Interest income	43	32
Interest expense	(243)	(474)
Participation	106	-
	<u>(94)</u>	<u>(442)</u>
Cash used in operations	(3,097)	1,395
Income taxes refund/(paid)	41	(614)
Net cash flows from operating activities	<u>(3,056)</u>	<u>781</u>
Cash flows from investing activities		
Proceeds from disposal of subsidiary net of cash	-	(172)
Costs of acquisition of subsidiaries	-	(651)
Purchase of property, plant and equipment	(320)	(1,039)
Disposal of property, plant and equipment	5	70
Purchase of intangible assets	(37)	(105)
Investments in available-for-sale securities	(23)	(96)
Investments in other non-current assets	(32)	(44)
Net cash flows used in investing activities	<u>(407)</u>	<u>(2,037)</u>
Cash flows from financing activities		
Increase in share capital	3,018	552
Increase in long-term loans	(266)	(872)
Increase in short-term loans	(97)	1,541
Net cash flows from financing activities	<u>2,655</u>	<u>1,221</u>
Net increase in cash and cash equivalents	(808)	(35)
Cash and cash equivalents at beginning of period	1,961	1,996
Cash and cash equivalents at end of period	<u>1,153</u>	<u>1,961</u>

**Notes to the financial statements
for the year to 31 December 2009****1 Accounting policies**

The consolidated financial statements of Neumann International Limited ('the Group') for the year ended 31 December 2009 were authorised for issue in accordance with a resolution of the directors on 16 August 2010. The Company is a private limited company incorporated and domiciled in England and Wales.

The Neumann International Group consists of the Company and its wholly-owned subsidiaries Neumann International AG and Ward Howell Euroselect Personalberatung GmbH and their subsidiary companies. Their principal activity is the supply of management personnel consultancy services.

The consolidated financial statements of Neumann International Limited have been prepared in accordance with the International Financial Reporting Standards (IFRS and/or IAS) as issued by the International Accounting Standards Board (IASB) and the interpretations of the same by the Standing Interpretations Committee (SIC) and/or the International Financial Reporting Committee (IFRIC) to be applied in the European Union.

The consolidated financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards. The principal accounting policies are set out below. These, except to the extent noted, have been applied on a consistent basis. The financial statements are presented in Euros, the functional currency of the Group.

The consolidated financial statements of Neumann International Limited were prepared on the basis of a positive going concern assessment of its subsidiaries Neumann International AG and Ward Howell Euroselect Personalberatung GmbH. Significant restructuring has been undertaken in response to the global economic crisis and the analysis of the business prospects of the subsidiaries has shown that within reasonable expectations with regards to the development of the market both subsidiaries have a positive outlook and are expected to regain their pre-recession levels within a reasonable period of time. Management information to date for financial year 2010 shows a return to positive EBITDA. The Directors have reviewed the ability of the Group to continue as a going concern. From their review of the Group's bank facilities and cash flow forecasts the Directors have a reasonable expectation that sufficient funds will be available from lenders and investors to enable the business to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

The presentation of the financial statements under IFRS is a change from the previous period, when the financial statements were presented under UK GAAP. Also, for the period ended 31 December 2008 consolidated financial statements were not prepared. The comparative figures for the Company have been restated where necessary to comply with IFRS. The comparative figure for the Group for 2008 did not form part of the audited financial statements for 2008. No adjustments are required to the Company's 2008 comparative figures as a result of the adoption of IFRS for the first time.

The Company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

The profit for the year dealt with in the accounts of the Company was €19,000 (period from 1 September 2007 to 31 December 2008: loss of €7,000).

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its wholly-owned subsidiaries, other than certain subsidiaries, whose inclusion would have no material effect on the financial statements. All intragroup transactions, balances, income and expenses are eliminated.

**Notes to the financial statements
for the year to 31 December 2009**

1 Accounting policies (continued)

Accounting and valuation policies

When preparing the financial statements the amendments to the current IAS, IFRS and/or Interpretations and the newly published Standards and Interpretations were taken into consideration, to the extent they were published in the Official Law Gazette of the European Union by 31 December 2009 and in force as at that date

These financial statements were prepared by applying, in particular, the following principles

Consolidation

Subsidiaries where the Group directly or indirectly holds an interest of more than half of the voting rights, or where it is otherwise able to control the financial and operating policies, have been included in the consolidation. Such subsidiaries are included in the consolidation from the time from which the group can exercise a controlling influence, and from the time of disposal of the shareholding they are no longer included in the consolidation. All intra-group balances and transactions have been eliminated. To the extent necessary accounting policies of the subsidiaries have been adjusted to the standard policies applied by the Group. Minority interests are shown separately.

Foreign currency translation

The income statements of foreign operations are translated into the Group's reporting currency at the average exchange rates of the financial year and the balance sheets are translated at the mean rate of the foreign currency applicable at the balance sheet date. Exchange differences arising when interests in subsidiaries are translated at historical rates are recognized in equity as 'Currency translation reserve'. Such exchange differences are recognised in the income statement as part of the profit / loss on disposal of investments in affiliates when foreign operations are sold.

Goodwill and any fair value adjustments arising on the acquisition of a foreign operation are recognised as assets and liabilities of the foreign operation concerned and translated at the closing rate.

Transactions in foreign currencies of Group companies are translated at exchange rates at the dates of the transactions. Gains and losses resulting from such transactions and translation of monetary assets and liabilities into foreign currencies are recognised in profit or loss. Those items are translated at the mean rate at the balance sheet date.

Investments

Investments in subsidiaries and affiliates are valued at cost less provision for impairment. Management reviews each investment for indications of impairment annually, taking account of factors such as turnover, profitability, cash flow and stage of development. An impairment is made if there are indications that there has been a permanent diminution in value of the investment.

Goodwill

The goodwill results from the difference between the cost of acquisition of investments and the fair value of the related net assets at the time of acquisition. Goodwill resulting from business acquisitions is not amortised and is subject to an annual impairment test.

**Notes to the financial statements
for the year to 31 December 2009****1 Accounting policies (continued)****Other intangible assets**

The acquisition cost of software is capitalised and amortised on a straight-line basis over its expected useful life. The carrying amount of every intangible asset is subject to an annual impairment test and is written down where there are indications of a permanent diminution in value.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Low-value assets, costing less than €400, are fully written off in the year of acquisition.

Depreciation is carried out on a straight-line basis over the expected useful life of the asset.

Leasehold improvements – 10 years

Furniture and fixtures – 3 to 10 years

Vehicles – 5 years

If the carrying amount of an asset exceeds the recoverable amount of that asset then the asset is written down to the higher of the fair value less costs to sell or the value in use of that asset.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised as profit or loss in the operating result.

Leases – accounting for agreements from the lessee's perspective

Lease agreements where the Group bears all the risks and enjoys all the rewards related to the use of assets are treated as finance leases. The assets underlying the lease agreements are capitalised at the expected value of the capitalised lease payments at the date of acquisition. Apportionment of the lease payments between the outstanding liability and the finance charge is made using the effective interest method. The present value of the lease obligations for the capitalised assets is shown in non-current financial liabilities. The finance charge is recognised in profit or loss over the term of the lease. Property, plant and equipment under finance lease agreements is depreciated over its expected useful life.

Lease agreements where the lessor bears all the risks and enjoys all the rewards of the use of the assets are treated as operating leases. The lease payments are recognised on a straight-line basis over the term of the lease as an expense in the income statement.

Trade receivables

Trade receivables are recognised initially at their expected realisable value. The likelihood of collection of trade receivables outstanding at the balance sheet date is reviewed and provisions are made for any doubtful receivables. Bad debts are written off in the year in which it is ascertained that they will not be collected.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand and short-term deposits with banks only.

Notes to the financial statements for the year to 31 December 2009

1 Accounting policies (continued)

Other provisions

Provisions are recognised in the balance sheet if a present legal or constructive obligation has arisen from past events, where it is probable that an outflow of resources will occur and a reliable estimate can be made of the amount required to settle any obligation

For revenue from services a provision is made for the warranty periods that have not expired at the balance sheet date. The amount of warranty provision is based on reasonable commercial judgement on the basis of past warranty claims

Provisions for holiday pay are made in the financial year in which the entitlement to holiday has arisen

Financial instruments

The financial instruments presented in the balance sheet include the following items: cash and cash equivalents, receivables, trade payables, lease obligations and loans. These financial instruments are subject to the accounting and valuation principles stated with respect to the relevant balance sheet item

The Group has applied IAS 39 and classifies its securities as belonging to the 'available-for-sale financial assets' category. Management determines adequate classification of its securities at the time of acquisition and revisits them on a regular basis

Those securities are held for an indefinite period of time and are disposed to meet liquidity requirements or when a change of interest rates occurs. They are classified as non-current assets unless management expressly intends to sell these securities within 12 months of the balance sheet date. Where management do intend to sell these securities within 12 months of the balance sheet date they are classified as current assets

All acquisitions or disposals of securities are recognised at the trading date, i.e. the date on which the Group undertakes to buy or sell the asset. The costs of acquisition also include transaction charges. The available-for-sale financial assets are recognised at fair value. Realised and unrealised gains and losses from changes in the fair values of available-for-sale financial assets are recognised directly in equity.

Liabilities

Liabilities are recognised at the repayment value

Employee benefits

The Group grants different post-employment benefits and other long-term benefits according to the provisions of the relevant local labour law

The projected unit credit method is used for vested rights to severance pay. According to that method the cost of post-employment benefits is recognised in profit or loss by allocating the expected cost over an employee's length of service on the basis of an expert opinion by a qualified actuary who carries out a full valuation of the plans every year. Pension obligations are calculated as the present value of future payments on the basis of interest rates applying to government bonds, the term of which approximates to the relevant liability. All actuarial gains and losses are recognised immediately in profit or loss

Notes to the financial statements for the year to 31 December 2009

1 Accounting policies (continued)

Share-based compensation

The Group has issued a number of equity settled share-based payments during prior periods, in return for services received as part of the acquisition of subsidiary companies. The fair value of these amounts has been capitalised as part of the acquisition costs of subsidiary companies.

Deferred taxes

Deferred taxes are recognised for all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the Group. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date. The current rate of corporation tax in the United Kingdom is 28%.

Temporary differences arise mainly in connection with depreciation periods of non-current assets, provisions for vested rights to pension provision, other post-employment benefits and tax losses carried forward. Deferred tax assets for losses carried forward are recognised only to the extent that it is probable that future taxable income will become available to offset against the tax losses carried forward.

Revenue recognition

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

The Group recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. Revenue is recognised on the basis of percentage of completion at the balance sheet date if this can be estimated reliably.

Other income from expenses charged to customers is recognised by the Group on the basis of the amount accrued per the relevant agreement.

Financial risk management

Financial risk factors

Due to its business activities the Group is exposed to foreign exchange and interest rate fluctuations, credit and liquidity risks. The Group's risk management policies aim to minimise any potential detrimental effects on the Group.

Risk management is carried out by a central finance department on the basis of targets set by the Executive Board. The central finance department identifies and evaluates financial risks in close co-operation with the operating divisions.

(i) Currency risk

Due to its international business activities the Group is exposed to risks arising from movements in the exchange rate of the Euro with the Hungarian forint, Ukrainian hryvna, Chinese yuan, Czech and Slovak crowns, Croatian kuna, Polish zloty, Swiss franc and British pound.

(ii) Interest rate risk

The consolidated profit or loss and the cash flows from operating activities are largely independent of changes in market interest rates. The Group takes out loans at floating interest rates.

Notes to the financial statements for the year to 31 December 2009

1 Accounting policies (continued)

Financial risk management (continued)

(iii) Credit risk

There are no major concentrations among the Group's customers that could result in material default risk. Moreover, the Group has established regulations which ensure that services are only rendered to customers of sufficient creditworthiness, and there are guidelines establishing limits for credit risk on individual financial institutions.

In total the Group is exposed to a credit risk of €5,800,000 (2008 €10,249,000). The actual loss on accounts receivable amounts to an average of 1%.

(iv) Liquidity risk

Prudent liquidity risk management aims at securing sufficient funds and potential financing by means of adequate credit lines. Due to the dynamic nature of the underlying business the Group's finance management aims at flexible raising of capital by means of credit lines granted.

Uncertainties with respect to discretionary taxes and assumptions

Goodwill is tested for impairment on the basis of forecast cash flows, applying a discount rate that has been adjusted to the line of business and entrepreneurial risk.

Existing pension and severance pay obligations are measured on the basis of assumptions made for interest rate, retirement age, life expectancy, staff turnover and future salary increases.

Deferred tax assets are recognised based on the assumption that sufficient taxable income will be generated in the future against which the current tax loss carryforwards can be utilised.

New standards and interpretations, which are applicable to the Group

The IASB and IFRIC have issued the following standards and interpretations which are specifically relevant to the Group with an effective date after the date of these financial statements, which have not been applied.

		Accounting periods commencing after (Effective date)
International Accounting Standards (IAS / IFRS)		
IFRS 1	First-time Adoption of International Financial Reporting Standards	1 July 2009
IFRS 3	Business Combinations	1 July 2009
IAS 27	Consolidated and Separate Financial Statements	1 July 2009

IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements

These revised standards become effective for financial years beginning on or after 1 July 2009. There are substantial revisions in the application of acquisition accounting, notably with respect to the treatment of acquisition costs, step and partial acquisitions, minority interests and contingent consideration. The Group does not have any plans to make further acquisitions in the near future and so there will be no immediate impact on the financial statements.

Notes to the financial statements for the year to 31 December 2009

2 Revenue

	Year to 31 December 2009 €'000	Period from 1 September 2007 to 31 December 2008 €'000
Revenue from services	15,957	36,860
Revenue from expenses charged to customers	1,136	4,930
	<u>17,093</u>	<u>41,790</u>

3 Other income

	Year to 31 December 2009 €'000	Period from 1 September 2007 to 31 December 2008 €'000
Income from disposal of non-current assets	5	73
Other income	526	1,814
	<u>531</u>	<u>1,887</u>

Other income is mainly made up of refunds of expenses and income from advertising

4 Cost of services purchased

	Year to 31 December 2009 €'000	Period from 1 September 2007 to 31 December 2008 €'000
Consultancy services	832	2,880
Cost of job advertisements	545	2,161
	<u>1,377</u>	<u>5,041</u>

Consultancy services are in part rendered by external consultants who are instructed on a regular basis

5 Staff costs

	Year to 31 December 2009 €'000	Period from 1 September 2007 to 31 December 2008 €'000
Wages and salaries	8,349	15,948
Social security costs	2,205	2,997
Expenses for vested rights to severance pay	285	16
Pension costs	451	60
Other voluntary social security costs	244	411
	<u>11,534</u>	<u>19,432</u>

Staff costs include €302,000 in respect of severance pay arrangements. No termination payments were made during the year in respect of key management personnel (2008: €510,000, included with costs of services sold).

In the year to 31 December 2009 the average number of employees was 168 (period to 31 December 2008: 222). The pension costs include vested rights to severance pay of €34,000 (period ended 31 December 2008: €36,000).

Notes to the financial statements for the year to 31 December 2009

6 Directors' emoluments

	Year to 31 December 2009	Period from 1 September 2007 to 31 December 2008
	€'000	€'000
Wages and salaries	589	963
Compensation for loss of office	2	2
Pension costs	60	27
	651	992

The number of directors accruing benefits under final salary pension schemes in the year to 31 December 2009 was 6 (period to 31 December 2008 5)

The highest paid director received a salary of €375,000 in the year to 31 December 2009 (period to 31 December 2008 €481,000). The highest paid director received pension contributions of €30,000 in the year to 31 December 2009 (period to 31 December 2008 €nil)

7 Operating loss

The operating loss is stated after charging / (crediting)

	Year to 31 December 2009	Period from 1 September 2007 to 31 December 2008
	€'000	€'000
Depreciation of property, plant and equipment	512	464
Amortisation of intangible assets	156	101
Operating lease rentals on equipment and vehicles	309	412
Foreign exchange (gain) / loss	80	7
Audit fees payable to the Group's auditor for the audit of the financial statements	12	10
Audit fees payable to auditors of the subsidiary company accounts	80	106

No fees were payable to auditors for non-audit services

8 Financial result

	Year to 31 December 2009	Period from 1 September 2007 to 31 December 2008
	€'000	€'000
Interest income and other financial income	6	32
Income from available-for-sale investments	143	14
Interest cost and other financial charges	(242)	(474)
	(93)	(428)

Notes to the financial statements for the year to 31 December 2009

9 Income tax

(a) Tax on loss on ordinary activities

	Year to 31 December 2009 €'000	Period from 1 September 2007 to 31 December 2008 €'000
Current tax		
Current tax on loss / profit for the year / period	76	614
Withholding tax	20	-
Adjustments in respect of previous periods	(45)	-
Deferred tax		
Relating to origination and reversal of temporary differences	350	(417)
Tax charge on loss / profit for the year / period	401	197

(b) Factors affecting the tax charge for the year / period

A reconciliation between the actual tax charge and the tax charge at the standard UK rate of corporation tax is shown below

	Year to 31 December 2009 €'000	Period from 1 September 2007 to 31 December 2008 €'000
(Loss) / profit before tax	(5,989)	305
Tax at standard UK rate of 28%	(1,677)	85
Different foreign tax rates	224	12
Adjustments in respect of previous periods	(45)	5
Change in deferred tax assets	350	(231)
Permanent differences	367	179
Temporary differences	86	476
Tax reduction due to write-off to the lower going concern value	4	(56)
Change in the tax expense due to unused tax losses	1,100	(273)
Tax charge on loss for the year / period	401	197
<i>Factors that may affect future tax charges</i>		

The Group had tax losses of around €2,947,000 (31 December 2008 €2,738,000) that it has carried forward to future years, due to the uncertainty of timing of future profits

10 Dividends

During the year no dividends were paid on the equity shares (period to 31 December 2008 €nil)

Notes to the financial statements for the year to 31 December 2009

11 Intangible assets

	Goodwill	Software licences	Total
	€'000	€'000	€'000
Balance at 1 January 2009	20,857	236	21,093
Additions	92	37	129
Disposals	-	-	-
Translation differences	(19)	-	(19)
Impairment / amortisation	(65)	(91)	(156)
Balance at 31 December 2009	20,865	182	21,047

Investments in subsidiaries by the parent company have been eliminated and the surplus of the amount paid over the net assets acquired is shown as goodwill. Any goodwill is subject to an annual impairment test by management.

Software is amortised on a straight-line basis over its useful life of 3 to 10 years.

12 Property, plant and equipment

	Leasehold improvements	IT equipment	Furniture and fixtures	Vehicles	Total
	€'000	€'000	€'000	€'000	€'000
Cost					
At 1 January 2009	1,320	519	1,881	503	4,223
Additions	189	27	95	9	320
Disposals	(13)	(59)	(105)	(17)	(194)
Translation differences	(3)	(1)	(2)	(3)	(9)
At 31 December 2009	1,493	486	1,869	492	4,340
Accumulated depreciation					
At 1 January 2009	238	414	1,072	216	1,940
Disposals	(2)	(56)	(100)	(5)	(163)
Translation differences	(5)	(2)	(48)	34	(21)
Charge for the year	181	58	154	119	512
At 31 December 2009	412	414	1,078	364	2,268
Net book value at 31 December 2009	1,081	72	791	128	2,072
Net book value at 1 January 2009	1,082	105	809	287	2,283

Capital commitments

Amounts contracted for but not provided in the financial statements amounted to €nil (period to 31 December 2008 - €nil).

Notes to the financial statements for the year to 31 December 2009

13 Investments in subsidiaries

	31 December 2009	31 December 2008
	€'000	€'000
At start of period	22,984	22,333
Additions	590	651
At end of period	<u>23,574</u>	<u>22,984</u>

Details of the principal subsidiaries are given below

Company name	Country of incorporation	Percentage shareholding	Description
Neumann International AG	Austria	100%	Management personnel consultancy services
Ward Howell Euroselect Personalberatung GmbH	Austria	100%	Management personnel consultancy services

The following subsidiaries were not included in the scope of the consolidation as they were not material

Company name	Interest held by Group
H Neumann Management Consultants ZAO, Russia	100%
H Neumann Verwaltung GmbH, Germany	100%
H Neumann International GmbH, Germany	100%
H Neumann International Management Consultants S A , Belgium	100%
Take It Doradztwo personalne Sp z o o , Poland	79.5%
H Neumann International Management Consultants Sp z o o , Poland	100%
Neumann Holding spol s r o , Slovak Republic	100%
Neumann Polska Sp z o o , Poland	100%

* In liquidation or bankruptcy

** Dissolved during 2009

14 Investments in associates

	31 December 2009	31 December 2008
	€'000	€'000
Carrying amount at beginning of period	1	54
Additions	-	-
Disposals	-	(53)
Carrying amount at end of period	<u>1</u>	<u>1</u>

The investment in associates of €1,000 relates to H Neumann Consultants ZAO, a company incorporated in Russia

Notes to the financial statements for the year to 31 December 2009

15 Available-for-sale securities

	Year to 31 December 2009 €'000	Period from 1 September 2007 to 31 December 2008 €'000
Carrying amount at beginning of period	491	329
Additions	-	145
Disposals	-	-
Revaluation	7	17
Carrying amount at end of period	<u>498</u>	<u>491</u>

16 Other non-current assets

	Year to 31 December 2009 €'000	Period from 1 September 2007 to 31 December 2008 €'000
Carrying amount at end of period	<u>478</u>	<u>446</u>

Other non-current assets are mainly made up of entitlements under life insurance of senior executives

17 Inventories

	Year to 31 December 2009 €'000	Period from 1 September 2007 to 31 December 2008 €'000
Office supplies at cost	<u>-</u>	<u>3</u>

18 Trade and other receivables

	31 December 2009		31 December 2008	
	Group €'000	Company €'000	Group €'000	Company €'000
Trade receivables	2,826	-	5,407	-
Prepaid expenses and accrued income	6	-	29	-
Amounts owed by group undertakings	-	1,436	-	328
Other receivables	839	8	1,915	1
	<u>3,671</u>	<u>1,444</u>	<u>7,351</u>	<u>329</u>

Trade receivables include receivables from affiliated companies of €2,000 (31 December 2008 €nil)
The fair values of the receivable amounts above approximate to their carrying amounts

19 Cash and cash equivalents

	31 December 2009		31 December 2008	
	Group €'000	Company €'000	Group €'000	Company €'000
Cash in hand	12	-	29	-
Cash at bank	1,141	345	1,932	117
	<u>1,153</u>	<u>345</u>	<u>1,961</u>	<u>117</u>

Notes to the financial statements for the year to 31 December 2009

20 Share Capital

	Group and Company			
	2009		2008	
Authorised	No	€'000	No	€'000
Ordinary shares of €0.01 each	65,000,000	650	35,000,000	350
Ordinary shares of £1 each	100	-	100	-
	<u>65,000,100</u>	<u>650</u>	<u>35,000,100</u>	<u>350</u>
Allotted, called up and fully paid				
Ordinary shares of €0.01 each	49,939,784	500	18,206,298	182
Ordinary shares of £1 each	2	-	2	-
	<u>49,939,786</u>	<u>500</u>	<u>18,206,300</u>	<u>182</u>

In January 2009 the Company issued 200,000 Ordinary shares at a price of €0.01 each

In April 2009 the Company issued 165,000 Ordinary shares at a price of €0.01 each

In August 2009 the Company issued 30,000,000 Ordinary shares at a price of €0.1 each and 1,180,486 Ordinary shares at a price of €0.01 each

In October 2009 the Company issued 188,000 Ordinary shares at a price of €0.01 each

All shares rank pari passu with each other

21 Reserves

	Share premium €'000	Share option reserve €'000	Share warrant reserve €'000	Other reserves €'000	Retained earnings €'000
Group					
At 1 January 2009	17,649	1,471	1,883	(99)	518
Issue of shares	4,433	-	-	-	-
Exercise of warrants	-	-	(1,733)	-	-
Translation differences	-	-	-	98	-
Total recognised losses for the year	-	-	-	(5)	(6,330)
At 31 December 2009	<u>22,082</u>	<u>1,471</u>	<u>150</u>	<u>(6)</u>	<u>(5,812)</u>
Company					
At 1 January 2009	17,649	1,471	1,883	-	(276)
Issue of shares	4,433	-	-	-	-
Exercise of warrants	-	-	(1,733)	-	-
Total recognised profit for the year	-	-	-	-	19
At 31 December 2009	<u>22,082</u>	<u>1,471</u>	<u>150</u>	<u>-</u>	<u>(257)</u>

The currency translation reserve in Other reserves comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy on foreign currency translation.

Notes to the financial statements for the year to 31 December 2009

21 Reserves (continued)

Capital management

The objective of capital management is to ensure that the Group will continue as a going concern, an adequate return is earned on equity, as well as to maintain and improve the capital structure. The Group's capital is made up of borrowed capital and the equity that is attributable to the parent's shareholders, which, as shown by the consolidated changes in shareholders' equity, is made up of share capital, share premium, a share option reserve, a share warrant reserve, a currency translation reserve, a balancing item for available-for-sale securities, and consolidated net losses.

Neither Neumann International Ltd or its subsidiaries are subject to external minimum capital requirements. In 2009 capital management was not changed compared to 2008.

22 Reconciliation of movements in equity

	Year to 31 December 2009	Period from 1 September 2007 to 31 December 2008
	€'000	€'000
Opening equity	21,604	21,171
Share capital issued during the year / period	4,751	552
Share warrants issued during the year / period	-	526
Share warrants exercised during the year / period	(1,733)	(553)
Movement in other reserves	(5)	(105)
Foreign exchange differences	98	(120)
(Loss) / profit for the year / period	(6,330)	133
Closing equity	<u>18,385</u>	<u>21,604</u>

23 Share-based payments

Options for 1,471,468 ordinary shares of €0.01 were granted during a prior period.

Warrants for 1,910,486 ordinary shares of €0.01 were granted during a prior period. Warrants for 526,000 ordinary shares of €0.01 were granted in September 2007. None of these warrants could be exercised prior to September 2008. Up to half of these warrants could be exercised up to September 2009, with all of the warrants exercisable after that date. The warrants expire in September 2012. The exercise price is €0.01 per share warrant. The estimated fair value of the warrants is €1 per share at the date of issue, based on the market value of similar shares issued for cash.

The above options and warrants were issued in respect of services rendered during the acquisition of Neumann International AG and Ward Howell Euroselect Personalberatung GmbH. These services related to professional advice and have been capitalised as part of the costs of investments in subsidiary undertakings.

	Options	Exercise price (€)
Brought forward at 1 January 2009	1,471,468	1.00
Outstanding at 31 December 2009	1,471,468	1.00
Exercisable at 31 December 2009	1,471,468	1.00

The options outstanding at 31 December 2009 had an exercise price of €1.00 and a remaining contractual life of 1 year and 6 months.

Notes to the financial statements for the year to 31 December 2009

24 Current and non-current financial liabilities (continued)

Certain bank loans and overdrafts are secured on trade receivables, €2,583,000 of which have been pledged as collateral. The agreement is an undisclosed assignment financing arrangement over fully collectable trade receivables not older than 6 months.

The carrying amounts of current liabilities and lease obligations correspond to their fair values.

Maturity analysis of non-current liabilities (excluding liabilities under finance leases)

	31 December 2009 €'000	31 December 2008 €'000
Up to one year	-	-
Between 1 and 5 years	175	1,937
Greater than 5 years	-	-
	<u>175</u>	<u>1,937</u>

Minimum lease payments under finance leases

	31 December 2009 €'000	31 December 2008 €'000
Up to one year	86	146
Between 2 and 5 years	111	173
Future finance charges	(11)	(19)
Present value of finance lease obligations	<u>186</u>	<u>300</u>
thereof		
- current	84	121
- non-current	<u>102</u>	<u>179</u>
	<u>186</u>	<u>300</u>

Finance lease obligations concern the vehicle fleet. No purchase price or renewal options exist for those lease obligations. Some lease agreements contain an agreement on conditional lease payments if the contractually agreed mileage is exceeded. In 2009 and 2008 no conditional lease payments were made.

25 Deferred taxes

Deferred taxes are recognised for all temporary differences.

	31 December 2009 €'000	31 December 2008 €'000
Deferred tax assets	<u>2,336</u>	<u>2,686</u>

Deferred taxes for tax losses carried forward and other temporary differences which may be deducted in the future are only recognised to the extent that realisation is possible. All other deferred tax assets were recognised as tax-deductible items by the relevant Group companies.

Notes to the financial statements for the year to 31 December 2009

23 Share-based payments (continued)

	Warrants	Exercise price (€)
Brought forward at 1 January 2009	1,883,486	0 01
Exercised during the year	(1,733,486)	0 01
Outstanding at 31 December 2009	150,000	0 01
Exercisable at 31 December 2009	150,000	0 01

The warrants outstanding at 31 December 2009 had an exercise price of €0 01. A total of 150,000 warrants had a remaining contractual life of 2 years and 9 months.

24 Current and non-current financial liabilities

Group	31 December 2009	31 December 2008
	€'000	€'000
Current		
Overdraft facilities	1,393	272
Bank loans	2,555	1,171
Unsecured loan notes	-	749
Lease obligations	84	121
	4,032	2,313
Non-current		
Bank loans	175	888
Unsecured loan notes	-	1,049
Lease obligations	102	179
	277	2,116
Total	4,309	4,429
Company	31 December 2009	31 December 2008
	€'000	€'000
Current		
Unsecured loan notes	-	749
Non-current		
Unsecured loan notes	-	1,049
Total	-	1,798

The unsecured loan notes were repaid on 1 September 2009.

Lease obligations are secured to the extent that the leased items go back to the lessor in the case of violations of the lease agreement by the lessee.

	31 December 2009	31 December 2008
Average weighted effective interest rates*		
Overdraft facilities	3.32%	6.63%
Bank loans	3.97%	5.31%
Unsecured loan notes	-	10.00%
Lease obligations	6.25%	5.10%

Notes to the financial statements for the year to 31 December 2009

25 Deferred taxes (continued)

The balances of deferred tax assets, deferred tax liabilities and deferred tax (expense) / income in the income statement are attributable to the following items

	31 December 2009 €'000	31 December 2008 €'000
Deferred tax assets		
One seventh write-down of investment	11	95
Tax losses carried forward	2,261	2,554
Provisions for staff	45	64
Other assets	58	48
	<u>2,375</u>	<u>2,761</u>
Deferred tax liabilities		
Other assets	(39)	(75)
Other liabilities	-	-
	<u>(39)</u>	<u>(75)</u>
Total deferred taxes	<u>2,336</u>	<u>2 686</u>

26 Post-employment benefit obligations

Amounts recognised in the balance sheet

	31 December 2009 €'000	31 December 2008 €'000
Vested rights to severance pay	450	702
Pension costs	355	252
	<u>805</u>	<u>954</u>

Vested rights to severance pay

The obligation to set up a provision for severance pay is based on the applicable labour law. The expected liability at the time of termination of the employment relationship was measured by an independent actuary according to the projected unit credit method and the earliest possible statutory retirement age.

Actuarial gains and losses are recognised immediately, the corridor method is not applied.

Notes to the financial statements for the year to 31 December 2009

26 Post-employment benefit obligations (continued)

Severance pay entitlements

	31 December 2009 €'000	31 December 2008 €'000
A. Change in the provision obligations		
Present value of the provision obligations at the beginning of the period	702	711
Service cost	42	76
Interest cost	34	47
Benefits paid	(13)	(67)
Actuarial (gains) / losses	(315)	(65)
Present value of the provision obligations at the end of the period	450	702
B Available plan assets at market values at the beginning and end of the period	-	-
C. Provision recognised in the balance sheet		
Present value of the provision obligations at the end of the period	450	702
Unrecognised actuarial (loss)	-	-
Provision recognised in the balance sheet at the end of the period	450	702
D. Net expense / (income)		
Service cost	42	76
Interest cost	34	47
Redemption of actuarial (gains) / losses	(315)	(65)
Total net expense / (income) for the period	(239)	58

Expenses for old-age provision

The Group has entered into separate pension agreements for executive staff in Austria. All pension agreements are based on final salary and are not secured by external cover funds. They were measured at the balance sheet date by an independent actuary using the projected unit credit method.

Actuarial gains and losses are recognised immediately, the corridor method is not applied.

In addition, the Group has taken out life insurance for executive staff. The relevant claim for reimbursement is included in non-current receivables.

Notes to the financial statements for the year to 31 December 2009

26 Post-employment benefit obligations (continued)

Pension entitlements

	31 December 2009 €'000	31 December 2008 €'000
A. Change in the provision obligations		
Present value of the provision obligations at the beginning of the period	252	207
Service cost	22	20
Interest cost	13	11
Benefits paid	-	-
Actuarial (gains) / losses	68	14
Present value of the provision obligations at the end of the period	355	252
B. Available plan assets at market values at the beginning and end of the period	-	-
C. Provision recognised in the balance sheet		
Present value of the provision obligations at the end of the period	355	252
Unrecognised actuarial (loss)	-	-
Provision recognised in the balance sheet at the end of the period	355	252
D. Net expense / (income)		
Service cost	22	20
Interest cost	13	11
Redemption of actuarial (gains) / losses	68	14
Total net expense / (income) for the period	103	45

Present values of defined benefit obligations for the financial years 2007 through 2009

	2009 €'000	2008 €'000	2007 €'000
Severance payments	450	702	752
Pension payments	355	252	207

Accounting was based on the following actuarial assumptions

	31 December 2009	31 December 2008
Discount rate	5.00%	5.25%
Future salary increases	2.00%	2.00%
Future pension increases	0.00%	0.00%

Notes to the financial statements for the year to 31 December 2009

27 Trade and other payables

	31 December 2009		31 December 2008	
	Group	Company	Group	Company
	€'000	€'000	€'000	€'000
Trade payables	1,122	34	1,509	64
Amounts owed to group undertakings	-	1,364	-	556
Other payables	2,104	-	1,582	24
	<u>3,226</u>	<u>1,398</u>	<u>3,091</u>	<u>644</u>

Trade payables include payables to affiliated companies of €12,000 (31 December 2008 €12,000)

The fair values of the payable amounts above approximate to their carrying amounts

28 Provisions and other accrued expenses

	31 December 2009		31 December 2008	
	Group	Company	Group	Company
	€'000	€'000	€'000	€'000
Provisions	1,111	-	1,129	-
Accrued bonus obligations	2,462	-	3,415	-
Accrued holiday pay	653	-	756	-
Accrued expenses	19	19	453	77
	<u>4,245</u>	<u>19</u>	<u>5,753</u>	<u>77</u>

Provisions for legal and consultancy expenses concern audit expenses. Other provisions mainly include costs of litigation for the amount of €155,000 (31 December 2008 €500,000) and invoices not yet received for the amount of €159,000 (31 December 2008 €47,000). A material outflow of resources for these provisions is expected for the next financial year. Accrued expenses mainly relate to consultancy services accounted for in advance.

	Provisions for legal and consultancy expenses	Other provisions	Total
	€'000	€'000	€'000
Balance at 1 January 2009	120	1,009	1,129
Currency translation	-	(2)	(2)
Additions	645	166	811
Utilisation	(51)	(736)	(787)
Reversal	(3)	(37)	(40)
Balance at 31 December 2009	<u>711</u>	<u>400</u>	<u>1,111</u>

Notes to the financial statements for the year to 31 December 2009

29 Other obligations not recognised in the balance sheet

The Group has concluded lease agreements for various items of IT equipment and vehicles, with terms of 3 – 5 years. No purchase price or renewal options exist for these lease obligations. As at the balance sheet date the following future minimum lease payments exist on the basis of non-terminable lease obligations:

	31 December 2009	31 December 2008
	€'000	€'000
Up to one year	204	328
Between 2 and 5 years	213	398

30 Derecognition of assets and liabilities of related parties

The following balances arise with unconsolidated subsidiary companies:

	Gross receivables at 31 December 2009	Adjustments	Carrying amount at 31 December 2009
	€'000	€'000	€'000
H Neumann Verwaltung GmbH, Germany	1,400	1,400	-
H Neumann International GmbH, Germany	68	68	-
H Neumann International Management Consultants, S A, Belgium	2,464	2,464	-
H Neumann International Management Consultants Sp z o o, Poland	1,347	1,347	-
Take It Doradztwo personalne Sp z o o, Poland	673	673	-
Neumann Polska Sp z o o, Poland	51	51	-
Ward Howell Euroselect GmbH, Austria	878	300	578
Neumann International Sp z o o, Poland	453	150	303
Neumann International (Switzerland) AG, Austria	172	100	72
Ward Howell Life Science, Austria	11	11	-
	7,517	6,564	953

Notes to the financial statements for the year to 31 December 2009

31 Financial instruments

Due to its business activities the Group is exposed to several financial risks, such as the credit risk, the interest rate risk, the currency risk and the liquidity risk

The Group's risk are managed by a central finance department on the basis of targets specified by the Executive Board. That department identifies and evaluates financial risks in close co-operation with the operating divisions

Credit risk

Credit risk means the risk of financial loss if a customer or contracting party of a financial instrument fails to fulfil his contractual duties. The Group provides that services will only be rendered to customers of an appropriate credit standing. The credit risks, the way they arise as well as the targets, policies and procedures for constant monitoring of the risks and the credit risk assessment methods remained unchanged during the financial year

Maturity analysis of trade receivables as at 31 December 2009 and 31 December 2008

	Gross 31/12/2009 €'000	Impairment 2009 €'000	Gross 31/12/2008 €'000	Impairment 2008 €'000
Not yet due	977	-	1,125	4
Overdue 0 – 90 days	1,623	221	3,381	64
Overdue 91 – 180 days	186	40	387	140
Overdue 181 – 360 days	237	185	555	264
Overdue for more than 1 year	961	712	1,187	756
	3,984	1,158	6,635	1,228

Changes in value adjustments of trade receivables

	31 December 2009 €'000	31 December 2008 €'000
Carrying amount at 1 January	1,228	1,020
Use	(502)	(303)
Reversal	(238)	(217)
Allocation	670	728
Carrying amount at 31 December	1,158	1,228

The carrying amount of financial assets corresponds to the maximum credit risk

Maximum credit risk as at 31 December 2009 and 31 December 2008

	31 December 2009 €'000	31 December 2008 €'000
Available-for-sale securities	498	491
Other non-current assets	478	446
Accrued receivables from uncompleted contracts	6	29
Receivables and advances made	3,665	7,322
Cash and cash equivalents	1,153	1,961
	5,800	10,249

Notes to the financial statements for the year to 31 December 2009

31 Financial instruments (continued)

Interest rate risk

Interest rate risk means the risk that may result from changes in the value of financial instruments due to fluctuations of market interest rates and includes the interest-related price risk in the case of fixed-interest financial instruments and the risk of changes in the cash flows in the case of floating rate financial instruments. The Group's financing is predominantly based on floating rate financial liabilities.

The interest rate risk relating to financial assets is insignificant and is, thus, not explained in more detail. Interest-bearing financial liabilities are presented in Note 21.

Sensitivity analysis of the fair value of fixed-interest financial liabilities

A change of 100 base points of the interest rate at the balance sheet date would have led to the following increase (decrease) in the fair value of fixed-interest liabilities:

	Capital amounts €'000	Increase or decrease in fixed-rate liabilities	
		100 base points Increase €'000	100 base points Decrease €'000
Fixed-interest financial liabilities as at			
31 December 2009	2,296	(23)	23
31 December 2008	455	(4)	4

Sensitivity analysis of the cash flows for floating rate financial liabilities

A change of 100 base points of the interest rate at the balance sheet date would have led to increases (decreases) in the gain or loss as shown in the table below. The analysis is based on the assumption that all other variables are constant. The values shown in the table relate to the floating portion of total financial liabilities.

	Carrying amounts €'000	Gain or loss	
		100 base points Increase €'000	100 base points Decrease €'000
Floating-rate financial liabilities as at			
31 December 2009	1,948	(20)	20
31 December 2008	2,331	(22)	22

Currency risk

Currency risk means the risk that may arise from fluctuations of the value of financial instruments due to changes in foreign exchange rates. This risk exists where business transactions are settled in a currency other than the functional currency.

This mainly applies to revenue and services purchased in Hungarian forint, Czech and Slovak crowns, Ukrainian hryvna, Chinese yuan and Croatian kuna.

The currency risk for receivables, advances made and trade payables is low since only a minor percentage of all trade receivables and trade payables are denominated in a currency other than the functional currency.

Notes to the financial statements for the year to 31 December 2009

31 Financial instruments (continued)

Liquidity risk

Liquidity risk means the risk to be able at any time to provide necessary funds to timely fulfil obligations. Based on timely liquidity planning sufficient liquidity of all group companies is ensured by availability of sufficient cash and credit lines.

The table below shows the contractually agreed (undiscounted) interest and redemption payments regarding financial liabilities. Floating rate interest payments on financial instruments were calculated on the basis of the most recent interest rates applicable prior to 31 December 2009 and 31 December 2008 respectively. All amounts in foreign currencies were translated at the exchange rate at the balance sheet date.

31 December 2009	Carrying amount €'000	Contractual cash flow €'000	Due in 0-6 months €'000	Due in 6-12 months €'000	Due in 2-5 years €'000	Due after 5 years €'000
Non-current financial liabilities	277	277	-	-	277	-
Current financial liabilities	4,032	4,032	3,990	42	-	-
Trade and other payables	3,226	3,226	3,226	-	-	-
	<u>7,535</u>	<u>7,535</u>	<u>7,216</u>	<u>42</u>	<u>277</u>	<u>-</u>
31 December 2008	Carrying amount €'000	Contractual cash flow €'000	Due in 0-6 months €'000	Due in 6-12 months €'000	Due in 2-5 years €'000	Due after 5 years €'000
Non-current financial liabilities	2,116	2,116	-	-	2,116	-
Current financial liabilities	2,313	2,313	2,253	60	-	-
Trade and other payables	3,091	3,091	3,091	-	-	-
	<u>7,520</u>	<u>7,520</u>	<u>5,344</u>	<u>60</u>	<u>2,116</u>	<u>-</u>

Fair value of financial instruments

The table below shows the carrying amounts and fair values of financial instruments according to categories of financial assets and liabilities (debt).

	Carrying amount 31/12/2009 €'000	Fair value 2009 €'000	Carrying amount 31/12/2008 €'000	Fair value 31/12/2008 €'000
Financial assets				
Loans and receivables at amortised cost				
Cash and cash equivalents	1,153	1,153	1,961	1,961
Accrued receivables from uncompleted contracts	6	6	29	29
Receivables and advances made	3,665	3,665	7,322	7,322
Other non-current assets	478	478	446	446
Available-for-sale financial assets				
Available-for-sale securities	498	498	491	491
	<u>5,800</u>	<u>5,800</u>	<u>10,249</u>	<u>10,249</u>

Notes to the financial statements for the year to 31 December 2009

31 Financial instruments (continued)

	Carrying amount 31/12/2009 €'000	Fair value 2009 €'000	Carrying amount 31/12/2008 €'000	Fair value 31/12/2008 €'000
Financial liabilities				
At amortised cost				
Non-current financial liabilities	277	277	2,116	2,116
Current financial liabilities	4,032	4,032	2,313	2,313
Trade and other payables	3,226	3,226	3,091	3,091
	<u>7,535</u>	<u>7,535</u>	<u>7,520</u>	<u>7,520</u>

The carrying amounts of financial instruments with maturities up to one year mainly correspond to the fair values

The income and expenses recognised in the consolidated income statement according to categories with respect to those financial assets are made up as follows

	Gains/losses 2009 €'000	Interest 2009 €'000	Gains/losses 2008 €'000	Interest 2008 €'000
Loans and receivables at amortised cost	(538)	6	(530)	24
Available-for-sale financial assets	24	13	13	-
Financial liabilities at amortised cost	-	(144)	-	(131)
	<u>(514)</u>	<u>(125)</u>	<u>(517)</u>	<u>(107)</u>

32 Minority interest

	31 December 2009 €'000	31 December 2008 €'000
Balance at start of period	7	170
Translation differences	(1)	(138)
Attribution of profit / (loss) to minority interests	(60)	(25)
Balance at end of period	<u>(54)</u>	<u>7</u>

Notes to the financial statements for the year to 31 December 2009

33 Related party transactions

The following material transactions took place with other Group companies during the year

	31 December 2009		31 December 2008	
	Group €'000	Company €'000	Group €'000	Company €'000
Revenue from services	1,329	-	3,017	-
Other income	4,027	1,274	14,110	2,002
Services purchased	(1,633)	(1,052)	(5,630)	(1,475)

The following balances with other Group companies were outstanding at the reporting date

	31 December 2009		31 December 2008	
	Group €'000	Company €'000	Group €'000	Company €'000
Receivables from other Group companies	25,354	1,436	48,510	328
Bad debt allowance for receivables from other Group companies	(6,564)	-	(6,003)	-
Payables to other Group companies	(19,277)	(1,364)	(26,132)	(556)

Other than as shown in note 30, all intragroup transactions, balances, income and expenses are eliminated on consolidation

34 Contingent liabilities

	31 December 2009 €'000	31 December 2008 €'000
BHD Liegenschaftsvermietungs GmbH, rent deposit guarantee Dornbirn	9	9
ÖRAG, rent deposit guarantee, Vienna, Schottenring 12	160	160
Gesellschaft Bürgerlichen Rechts, rent deposit guarantee Dusseldorf	17	17
Newreel, rent deposit guarantee Milan	13	13
Immobiliere De L'Art Moderne Sarl, rent deposit guarantee Strasbourg	8	8
	<u>207</u>	<u>207</u>

35 Ultimate controlling party

At 31 December 2009 Sares Invest AG, a company incorporated in Switzerland, had a controlling interest in the company. On 26 March 2010 Sares Invest AG was renamed Sinecura Invest AG.