China BPIC Surveying Instruments AG

Annual Report 2013

Content

Letter to the Shareholders

Dear Shareholders,

I would like to take this opportunity to thank all the shareholders for their support and trust in China BPIC Surveying Instruments AG (**"BPIC AG"** or the **"Company"** or together with its consolidated subsidiaries the **"Group"** or **"BPIC"**) after being listed on the Entry Standard of the Frankfurt Stock Exchange on 20 November 2012.

Let me take this opportunity to announce the financial results for year 2013. In this economy recovering environment and economy slowdown in the Chinese market, BPIC AG was able to continually maintain a stable growth in the financial year 2013. Our Group results have achieved a minor sales growth, however an improved profitability is a significant plus point.

- 4.8% increase in revenue to EUR 7.5 million from EUR 7.2 million.
- Gross profit decreased marginally by 1.1% to EUR 4.0 million with a gross profit margin of 53.5% (2012: 56.7%).
- Profit before tax, interest and depreciation up 2.6% to EUR 4.01 million with EBITDA margin of 52.1%.

I would also like to take this opportunity to share with you some key achievements in 2013/2014.

12 September 2013 – The administrative committee of Zhongguancun Science Park, so-called "China's Silicon Valley" invited me to witness the signing ceremony of the Strategy Corporation Agreement with Deutsche Boerse Group. BPIC AG is the first and only member of Zhongguancun Science Park listed on the Frankfurt Stock Exchange.

9-12 October 2013 – BPIC AG participated in the 19th INTERGEO, a leading conference trade fair for geodesy, geoinformation and land management in Essen, Germany, to showcase own-branded products to international customers for the first time. This is a major step in expanding the business to overseas markets.

20 November 2013 – Installation of two new semi-automated assembly lines, which comprise of manual stations and automated conveyor belts, the overall production efficiency is enhanced and production capacity increased by 30%.

28 December 2013 – 4 new software components have been successfully developed, which are used for the surveying instruments. Out of the 4 software components, 3 have been registered copyright under the brand name of BPIC.

15 January 2014 – We have been appointed as part of the research and development team by the Institute of China Railway Research and Development for development of gauge meters used for construction of rail roads.

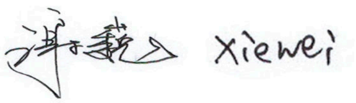
The core market for our own branded products was China. In 2013, not only were we able to retain our existing distributors, we have also secured new distributors around China to further enlarge our market network and ensure our end customers are served well.

In the coming year, we foresee our business will continue to grow given the strong foundation and effort input over the years. Coupled with the additional production capacity and launching of new products to the market, we are confident we will achieve a better result in 2014. Moreover, our research team is testing a newly designed Android system application, which can interface measurements from surveying instruments into mobile phones.

We would also like to take this opportunity to express my greatest gratitude to my fellow employees, for their hard work and dedicated contribution to the success and growth of the Company. I strongly believe that with such an energetic and reliable team, we have a bright future ahead of us.

Sincerely yours,

Wei XIE
Managing Director of China BPIC Surveying Instruments AG



Report of Supervisory Board

Dear Shareholders,

Supervisory Board Activities in the 2013 Financial Year

In the financial year 2013, the Supervisory Board of BPIC AG thoroughly performed its duties as assigned by law, the Articles of Incorporation and the Rules of Procedure and advised the Management Board in the direction of the Company and accompanied and monitored its management activities. The Management Board informed the Supervisory Board, in writing, on the economic situation and development of the Company as well as on significant business matters.

This included, in particular, the development of the Company's business in China as well as overseas, the employment situation as well as basic aspects of corporate planning and the envisaged business policy.

The Management Board fulfilled its reporting duties in relation to the aforementioned topics. The Supervisory Board fully performed its duties as assigned by law, the Articles of Incorporation and the Rules of Procedure and made the necessary decisions.

Outside the meetings, the Management Board kept the Supervisory Board informed about significant events. Moreover, important topics and upcoming decisions were dealt with in regular discussions between the Management Board and the Supervisory Board. The Chairman of the Supervisory Board kept himself regularly informed on significant events from the Chairman of the Management Board. The Supervisory Board did not exercise its examination rights according to Section 111(2) of the German Stock Corporation Act (AktG), as the reporting by the Management Board gave no reason to do so. The Supervisory Board did not set up any committees during the reporting period.

Subject Matters of the Supervisory Board Meetings in the 2013 Financial Year

In the financial year 2013, the Supervisory Board convened four meetings on 28 June 2013, 18 July 2013, 9 September 2013, 17 October 2013.

The subject matter of the meeting on 28 June 2013 was primarily the election of Mr. Matthias SCHROEDER as the chairman of the Supervisory Board of BPIC AG.

The subject matter of the meeting on 18 July 2013 was primarily to approve a Loan Agreement between Beijing Precise Instruments Company Limited, PRC and Mr. Wei, XIE; the approval of the remuneration Mr. Wei, XIE as member of the Management Board of BPIC

AG in 2012 and as director of BPIC AG in 2013. Further remuneration of Mr. Took Jwee NGOH for his services as the Chief Financial Officer of BPIC AG for 2012 has been approved.

The subject matter of the meeting on 9 September 2013 was primarily the discussion and approval of the Company's Financial Statements for the short year 2012, the Company's Consolidated Financial Statements as well as Discussion of the Management Board's Consolidated Report for the short Financial Year 2012 and the resolution on the Report of the Supervisory Board for the short Financial Year 2012.

The subject matter of the meeting on 17 October 2013 was the approval of the Agenda for the Annual General Meeting 2013.

Changes to the Supervisory Board and Management Board

Effective on 19 June 2013, Mr. Phillip MOFFAT resigned from the Chairman of Supervisory Board. Mr. Matthias SCHROEDER was appointed as a member of the Supervisory Board by the Local Court of Hamburg, Germany, on 25 June 2013. By resolution dated 28 June 2013, the Supervisory Board elected Mr. Matthias SCHROEDER as the new Chairman of the Supervisory Board.

Annual Financial Statements and Consolidated Financial Statements for 2012

The principal subject matter of the Supervisory Board meeting on 9 September 2013 was related to the annual financial statements of the Company for the financial year ending 31 December 2012 according to the statutory accounting requirements of the German Commercial Code ("HGB") and the consolidated financial statements for the financial year ending 31 December 2012 according to IFRS as endorsed for application within the EU. The consolidated financial statements for the financial year ending 31 December 2012 were audited by Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Düsseldorf. Both the Management Board and the auditors presented the financial statements to the Supervisory Board and answered all their questions comprehensively.

After discussing the presented financial statements, the Supervisory Board approved the annual financial statements of the Company and the audited consolidated financial statements. The annual financial statements of the Company are thus adopted pursuant to section 172 German Stock Corporation Act ("AktG")

In addition, the Supervisory Board furthermore approved the management report for the Group for the financial year ending 31 December 2012.

Dependent Company Report

According to Section 312 of the AktG, under certain circumstances a company is obliged to produce a report on relations of a dominant shareholder of the company with affiliated companies. The Supervisory Board discussed with the Management Board on the matter and noted that as the majority shareholder, Mr. Wei XIE, has no economic interests other than his participation in BPIC AG, the risk that he uses his influence on related entities to the detriment of the company is limited. Against this background, the Supervisory Board and the Management Board determined that no dependency report was to be prepared by the Management Board in accordance with Section 312 of the AktG.

The Supervisory Board thanks the Management Board and all staff members for their commitment and their work in the financial year 2013.

Hamburg, 03 September 2014

On behalf of the Supervisory Board

Matthias SCHROEDER
Chairman of the Supervisory Board

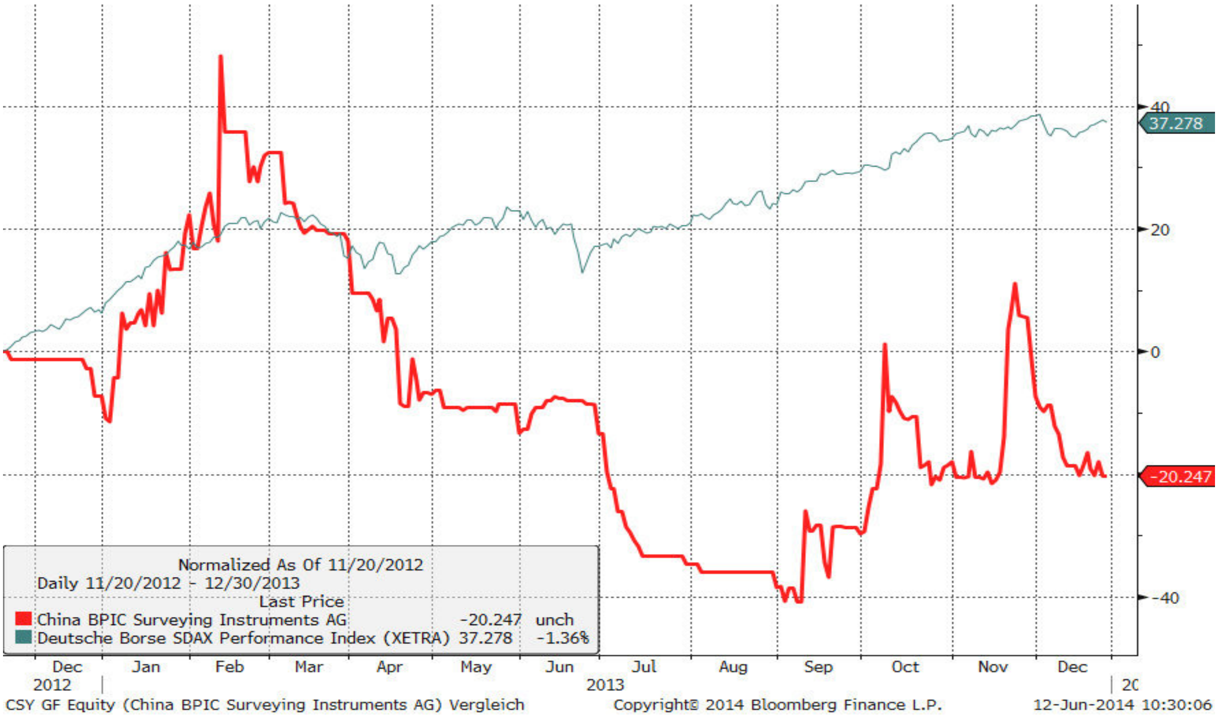
The Share

Development of Share Price

BPIC AG was traded at an initial listing price of EUR 4.05 on the Frankfurt Stock Exchange on the first day of listing, 20 November 2012. The stock reached a high of EUR 6.00 on 12 February 2013. The share price then reached its lowest level of EUR 2.40 on 9 September 2013. Management attributes the decline in share price during the year to the market's general appetite for Chinese businesses at that time. The share price was at EUR 3.23 on 30 December 2013.

Relative Share Price Development in %

First day of listing on 20 November 2012 until 31 December 2013



Basic Data

ISIN / WKN /Ticker	DE000A1PG508 / A1PG50 / CSY
Trading Sector	Industrial
Commencement of Trading	20 November 2012
Share Capital	EUR 5,154,646
Designated Sponsor	BankM - Representative Office of biw Bank für Investments und Wertpapiere AG
Market Capitalization as of 30 December 2013	EUR 16.649.506

GROUP MANAGEMENT REPORT OF CHINA BPIC SURVEYING INSTRUMENTS AG for the period ended 31 December 2013

1. General Information

1.1 Foundation and Structure of China BPIC Surveying Instruments AG and the Group

China BPIC Surveying Instruments AG (hereafter also referred to as “BPIC AG”) is a German stock corporation operating under German law whose financial year is the calendar year (i.e. 1 January through 31 December). The Company’s shares are traded on the non-regulated market (Entry Standard segment) of the Frankfurt Stock Exchange, Germany. BPIC AG is the German Holding Company of the one of the leading Chinese surveying instruments manufacturers. As holding company without an own operational business, China BPIC Surveying Instruments AG is only slightly influenced by the macro-economic situation in Germany, but depends on the future dividend stream from its Chinese subsidiaries.

The structure of BPIC Group by year end is disclosed as follows:

The existing group structure of BPIC was formed on 31 July 2012 by way of a contribution in kind, when the transfer of the entire share capital in China BPIC Surveying Instruments Company Limited (“BPIC HK”) into BPIC AG took legal effect. BPIC HK is an intermediate holding company for the Group’s operating entity Beijing Precise Instruments Company Limited (“BPIC PRC”) and Boxin Dingsheng Software Technology (Beijing) Limited (“Boxin Dingsheng”), which are both located in the PRC. The operating business of the Group is carried out by BPIC PRC and Boxin Dingsheng.

The BPIC Group is principally engaged in designing, manufacturing and selling surveying instruments under its own “BPIC” brand. Surveying instruments are mainly used to capture, edit, model, analyze and visually present spatial information (e.g. distance, angles, coordinates, image etc.). Spatial information tells us where we are, defines the properties we own, describes, maps and monitors the world, its infrastructure and its resources. Spatial information can also be used in building and monitoring of infrastructure such as roads, bridges, railways, tunnels and dams. The highly-precise surveying instruments of BPIC are produced in its own production plant in Changping District, Beijing, PRC. BPIC has been operating as a surveying instruments manufacturer since 2003. Benefiting from its competitive cost advantages over its peers, BPIC is able to pursue an aggressive pricing strategy on its products which enables it to hold a special position in the Chinese and overseas surveying instrument market.

BPIC has been focusing on its strategy to develop its own “BPIC” branded products (“Branded Products Business”). BPIC sells 4 types of products with a total of 6 different models, namely, Electronic Total Station, Electronic Theodolite (including 2 models), Laser Electronic Theodolite and Construction Cross-Liner Laser (including 2 models) via its China-wide regional dealers. BPIC also provides Original Design Manufacturing (“ODM”) services to other surveying instruments companies including the design and manufacture of whole surveying instruments equipment and component systems in accordance with the specification from its clients (“ODM Business”). As recognition of its technological achievement, BPIC was awarded “Certificate of High and New Technology Enterprise” and “Software Enterprise Cognizance Certificate” in 2011.

BPIC focuses on core production activities (design and product improvements, final assembly and quality control) and outsources production activities that are non-essential on its business. This ensures that it is able to focus its efforts on creating higher value for shareholders while maintaining low overheads in its operations. Leveraging on the competitiveness and availability of manufacturers in the Chinese market, it is able to maintain a low cost structure for its products.

1.2 Research & Development

Technological innovation is the core competitive factor for BPIC Group’s sustainable development. BPIC recognizes the importance of having modern and up-to-date product designs and functions in ensuring its sustainable competitiveness in the surveying instruments industry. BPIC’s surveying instruments are designed and developed by BPIC’s in-house Research and Development department. Market research, technological trends, feedback of BPIC’s customers (i.e. regional dealers) is taken into consideration when developing new designs and products. New designs are developed using computer design software and by experimenting with various core components.

In the financial year 2013, the Research and Development team has developed new products readily to be launched in the market in 2014. BPIC has spent k€ 249 for research and development in 2013 which were not capitalized in the balance sheet but regarded as administrative expenses in the profit and loss statement in 2013. Conditions for the mass production and distribution of the new products are the successful signing of contracts with the distributors and customers.

2. Economic Report

2.1 Macroeconomic and Market Environment

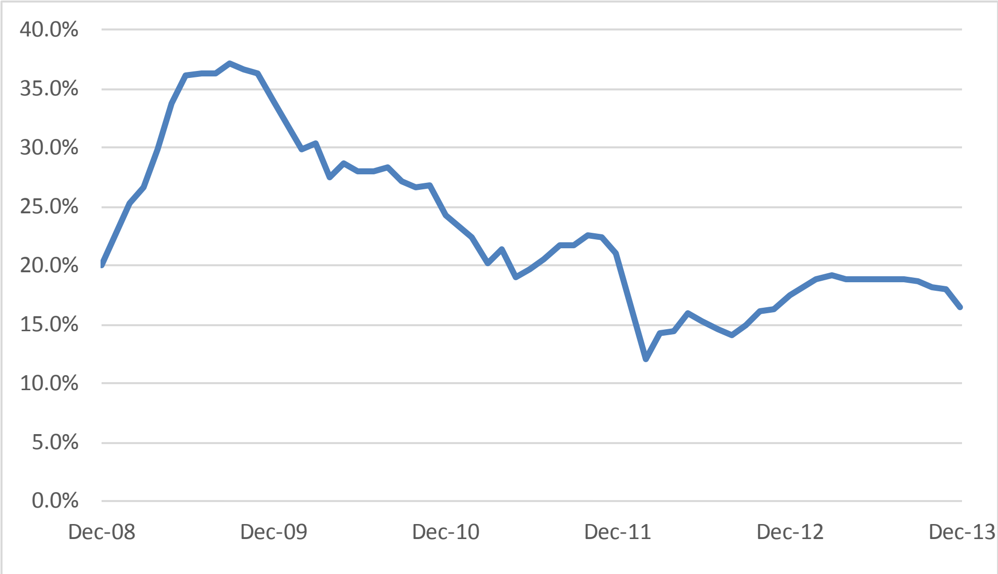
The global economy in 2013 in general has consolidated in the second half from the down cycle triggered by the European sovereign debt crisis back in second half of 2011. During the year, the economy in the Eurozone and in the United States continued to improve from strength to strength. And at the end of 2013, the Federal Open Market Committee (FOMC) of the United States even showed its confidence on the sustainability of the country’s economy growth by introducing the first phase of unwinding the quantitative easing measures – scaling down its bond buying amount.

However, in light of the higher risks brought by the uncertainties in the global market, the Chinese government has continued to adopt prudent financial and monetary policies in 2013 and promote the restructuring of economy to strengthen the foundation of its domestic economy and to reduce the potential negative impact brought by external volatilities.

While the Chinese government continued to nurture the seven strategic industries (Energy saving and environmental protection (clean energy technology, Next generation IT, Bio-technology, High end equipment, New energy, New materials and New energy cars) to enhance the quality of China’s economy, the increasing contribution to the economy attributable to these higher quality industries was not sufficient to offset the reduced effort in other areas such as fixed asset investments which aimed to avoid over-capacity and asset bubbles. As a result, there was a slight decline in the growth of the second-largest economy in the world. According to China's National Bureau of Statistics, the real gross domestic product (GDP) year-on-year growth of China was 7.7% in 2013 (7.8% recorded in 2012).

For projects under construction, following a growth cycle in the total investment in new projects under construction in China since early 2012, beginning from the second half of 2013, the growth continued to slowdown along with the economy.

YoY change in the investment amount of projects under construction.



Source: Chinese National Bureau of Statistics

2.2 Political and Policy Environment

Despite surveying instruments falls into the seven strategic industries identified by the Chinese Central Government, the industry did feel some heat from the overall slowing of the nation's economy. The industry leader in the surveying instruments sector, Hexagon, changed its view on China from 8%+ growth to 0-8% since the fourth quarter of 2013.

According to latest indications of the Chinese Vice Premier Li Keqiang, the Chinese Government's bottom line for the economy growth is 7.5%. The public interpreted this to imply that should there be any signs of further slowing for China's economy, some stimulation policies would be rolled out to maintain the growth of the economy at the target level. The stimulation policies are widely expected to be an increase in infrastructure investments, which is the most direct way to boost the economy in the short-term.

Therefore, the surveying instruments industry is robust as any further downturn in the sector as a result of a slower general economy would see some stimulation policy to direct investments in infrastructure which would support the demand of surveying instruments.

2.3 Competitive Environment

The competitive environment of surveying instruments market remained the same in 2013 as in previous years. The surveying instruments market is highly fragmented, especially in China. Nevertheless, the global market in 2013 is still dominated by 3 companies (Hexagon

AB in Sweden, Topcon Corporation in Japan and Trimble Navigation Limited in the USA). They positioned themselves in the high end market. While Chinese groups, including our Company, are mostly competing in the low to mid-price range, the fastest growing market segment, with Hi-Target Surveying Instrument Company Limited and South Surveying & Mapping Instrument Company Limited being the two most significant Chinese market players.

2.4 Strengths and Weaknesses of the Group

According to a current SWOT analysis, BPIC has the following strengths and opportunities in the overall environments:

- The German listing of BPIC shares increased interest for BPIC products outside of China, potentially commanding superior prices. German listing is the first step of BPIC's intended globalization
- Urbanization trends in China lead to increasing demand for surveying instruments. In addition, BPIC's operating experience in China can be copied in other developing countries, offering strong business opportunities.
- Overseas orders are expected to be improved following BPIC's participation at INTERGEO, an annual trade fair and conference covering all the key trends from geo-based information surveys and data processing to integrated applications hold in Essen, Germany in October 2013.
- BPIC is one of the more cost-efficient suppliers in its chosen market, while providing good quality, leading to superior price/quality ratios among the Chinese competitors.

The Group's weaknesses and threats are the following:

- Small teams in production and distribution limit the ability to enjoy economies of scale. Without significant increase in production and distribution capacity, BPIC will remain a niche player in the Chinese market.
- Limited product choices hinder the brand building opportunities of BPIC. The Company recognizes this and intends to introduce more products in 2014 and following years.
- The absence of vertical integration makes BPIC dependent on core component suppliers. Orders might not be filled in time with customers being forced to seek alternative suppliers to BPIC.

2.5 General Statement on Business Development

In 2013, BPIC was still putting its major business focus on developing its existing branded product business and promoting its "BPIC" brand throughout China and overseas markets at the same time. Meanwhile, BPIC is also in the midst of developing several new products to expand the Group's product offering to strengthen its brand. By participating in the world's largest surveying instruments trade fair INTERGEO in October, BPIC was introduced to buyers, potential business partners as well as investors coming from all over the world and hopes to expand its brand name in Europe.

Overall in 2013 BPIC achieved the goals it had set for itself. From an outlook perspective, it achieved its goal of continued growth. This was done mainly by enhancing its distribution network and assisted by investment into research and development and its brand. BPIC generated consolidated revenues for the year amounting to € 7.5 million (2012: € 7.2 million). Please refer to the following explanations of the results of operations, financial position and net assets in section 2.7.

2.6 Products and Brand

In the financial year 2013, BPIC sold 4 types of products with a total of 6 different models, namely, Electronic Total Station, Electronic Theodolite (including 2 models), Laser Electronic Theodolite and Construction Cross-Liner Laser (including 2 models) under “BPIC” brand.

Electronic Total Station

Product Features:

- Determine the coordinates of target subject relative to the total station’s position.
- Extremely long measuring range (w/ Reflector: 5 km; Reflectorless: 350 m)
- Industry leading “Absolute Encoding” angle measuring technology
- Angle measurement precision: 2’’
- Distance measurement precision: ±2mm+2ppm
- Multiple Data Communication interfaces (TF-Card & USB port)

Electronic Theodolite (including 2 models: DT-2 and DT-5)

Product Features:

- Measures the horizontal subtended angle of 2 target subjects to the theodolite station and the vertical angle between the line of sight of the telescope and the horizontal plane.
- Industry leading “Absolute Encoding” angle measuring technology
- Angle measurement precision: 2’’

Laser Electronic Theodolite

Product Features:

- Same as Electronic Theodolite but equipped with laser beam which can improve the aiming precision
- Laser beam range can reach 200m
- Industry leading absolute encoding angle measuring technology
- Angle measurement precision: 2’’

Construction Cross-Line Laser (including 2 models: VH21 and VH41)

Product Features:

- Project horizontal and vertical straight line on wall, floor or ceiling for interior layout
- To choose: Either 2 horizontal and 1 vertical laser beam lines or 4 horizontal and 1 vertical laser beam lines
- Precision: 1mm / 7m

2.7 Key financial figures, Results of Operations, Financial Position and Net Assets of BPIC Group

2.7.1 Key financial figures

Financial Performance in k€	2013	2012 Restated*	Change in %
Revenues	7,517	7,176	+4.8%
Gross profit	4,024	4,071	-1.1%
EBIT	3,585	3,625	-1.1%
Net income	2,570	2,776	-7.4%
Return on equity[1)]	53.3%	146.6%	
Return on capital employed[2)]	51.4%	78.9%	
Current liquidity ratio[3)]	71.4%	93.4%	
Equity ratio[4)]	48.9%	45.9	
Earnings per share	0.50	0.55	

[1)] Net profit/equity as of prior year end
[2)] EBIT/(total assets - current liabilities - cash)
[3)] Current asset/current liabilities
[4)] Equity/total assets

2.7.2 Results of Operations

The following tables present an overview of the income statement:

Income statement

in k€	2013	2012
Revenues	7,517	7,176
Cost of sales	(3,493)	(3,105)
Gross Profit	**4,024**	**4,071**
Other operating income	488	303
Selling and distribution expenses	(33)	(9)
Administrative expenses	(894)	(740)
Operating profit	**3,585**	**3,625**
Finance income	0	152
Finance costs	(4)	(1)
Profit before income tax	**3,581**	**3,726**
Income tax expense	(1,011)	(1,000)
Profit for the year	**2,570**	**2,776**

Revenues and Segment Reporting

Total revenues amounted to € 7,5 million in the financial year 2013, compared to € 7.2 million in financial year 2012, representing an increase by € 0.3 million (or 4.8%). The increase was mainly attributed to the stronger growth in the Branded Product Business segment which was driven by the strong demand of surveying instruments in PRC and higher orders from returning non-affiliated distributors.

Revenues by segments can be broken down as follows:

in k€	•Branded Product Business		•ODM Business		Group	
	2013	2012	2013	2012	2013	2012
Revenues	6,238	5,633	1,279	1,543	7,517	7,176
Total revenue for reportable segments	**6,238**	**5,633**	**1,279**	**1,543**	**7,517**	**7,176**
Cost of sales	(2,693)	(2,380)	(800)	(725)	(3,493)	(3,105)
Total gross profit from reportable segments	**3,545**	**3,253**	**479**	**818**	**4,024**	**4,071**
Gross profit margin (%)	56.8%	57.7%	37.5%	53.0%	53.5%	56.7%

Branded product business

It is management intention to increase brand recognition and broadening its distribution network, which had attributed to the increase in revenue from Branded products. Total revenue from branded products business represented 82.9% and 78.5% of total revenue, for 2013 and 2012, respectively, increased by 4.4%.

Sales for branded products during the period of review:

	FY2013 Units	FY2012 Units	Average price Per unit (EUR)
Electronic Theodolite (DT-2)	6,267	5,588	335 – 370
Electronic Theodolite (DT-5)	2,758	2,224	310 - 345
Laser Electronic Theodolite	222	218	360 – 390
Electronic Total Station	2,543	2,205	1,220 – 1,350
Construction Cross-Line Laser (VH21)	2,902	3,015	60 – 75
Construction Cross-Line Laser (VH41)	2,676	2,596	85 – 100
Total	**17,368**	**15,846**	

In 2013 and 2012, the product price remained fairly constant, which resulted in a strong price competitiveness in the Chinese market.

ODM Business

ODM business for 2013 and 2012 mainly comprised design and manufacture surveying instruments under customers' brand name and sales of software. As BPIC focus more on the branded product business, it explained the drop in the contribution (in terms of percentage of overall sales) of the segments in comparison to 2012. However, in terms of volume, the ODM business remained comparable to the prior year (albeit with slight fluctuation), as BPIC mainly dealt with repeat orders from existing customers.

Costs of Sales

Cost of sales comprises cost of purchased service for ODM business, core components cost, labour costs for personnel employed in production, depreciation of property, plant and equipment used for production purposes, operating lease expenses etc.

	2013		2012	
	k€	%	k€	%
Raw materials	2,778	79.5%	2,525	81.3%
Business tax and VAT	111	3.2%	111	3.6%
Wage and salary	29	0.8%	51	1.6%
Depreciation	425	12.2%	293	9.5%
Others	150	4.3%	125	4.0%
Total Cost of Sales	**3,493**	**100.0%**	**3,105**	**100.0%**

Cost of sales increased in absolute from k€ 3,105 in 2012 by k€ 388 to k€ 3,493 in 2013. The increase is mainly attributable to cost for raw materials and depreciation within financial year 2013. The gross profit margin decreased from 56.7 % in 2012 to 53.5 % in 2013.

Expenses

Sales and Distribution Expenses

Selling and distribution expenses are mainly transportation expenses for the delivery of goods to regional dealers. All BPIC products were sold in batch directly to distributors, who subsequently re-sold them to end customers, e.g. private and governmental surveying, construction and engineering companies. This enabled BPIC to keep its costs of distribution low even though the Group's sales increased. This approach has also contributed to BPIC's low marketing and sales expenses, as BPIC did not incur costs for its own distributors.

Administrative Expenses

The administrative expenses largely consist of research and development expenses, audit fees, administration staff salaries, rental expenses of the administrative office, utilities etc. In the financial year 2013, the Group incurred additional salaries for the members of the Management Board of k€ 189. In addition, audit fees of k€ 134 (2012: 134) and legal and consultation fees of k€ 24 (2012: 166) were incurred.

Taxes on Income

For the financial years 2013 and 2012, BPIC's PRC charge for income taxes reflected an effective tax rate of 29.5% and 27.4% respectively. The effective tax rate in 2013 and in 2012 was attributed to the effects of preferential tax rates and non-deductible expenses.

2.7.3 Financial Position of the statutory Financial Statements

in k€	31.12.2013	31.12.2012
Assets		
Non-current assets		
Intangible assets	713	0
Property, plant and equipment	6,581	3,995
Construction in progress	2,257	1,198
Deferred tax assets	5	0
	9.556	**5.193**
Current assets		
Inventories	455	356
Trade receivables	2,932	2,774
Other receivables and prepayments	887	0
Amounts due from related parties	0	1,536
Other financial assets	686	374
Cash and cash equivalents	435	225
	5.395	**5.265**
Total assets	**14,951**	**10,458**

in k€		31.12.2013		31.12.2012
Liabilities and Equity				
Capital and Reserves				
Share capital		5,155		5,155
Capital reserves		119		119
Foreign exchange difference		152		190
Chinese statutory reserves		34		30
Retained earnings		1,847		(719)
Total equity		**7.307**		**4,775**
Current liabilities				
Trade payables		489		643
Other payables		3,938		2,773
Provisions		4		5
Amounts due to related parties		120		165
Income tax payable		3,001		2,053
Non-current liabilities				
Deferred tax liabilities		92		44
Total liabilities		**7,644**		**5,683**
Total liabilities and equity		**14,951**		**10,458**

Non-Current Assets

The company's non-current assets amount to k€ 9,556 (2012: k€ 5,193). Non-current assets comprise mainly in 2013 software, machines and office equipment. Plant and equipment increased from k€ 3,995 to k€ 6,581 due to the additional purchases of production and mould equipment for the expansion of BPIC's production capacity and new products.

Current Assets

Current assets increase from k€ 5,265 in 2012 by k€ 130 to k€ 5,395 in 2013 largely due to the settlement in full of an amount due from a related party (interest-bearing loan to the Chairman of the Management Board, Wei XIE, who is also BPIC's ultimate controlling shareholder of k€ 1,536).

Trade and other receivables and prepayments decreased by k€ 419 to k€ 3,8194, as at 31 December 2013 as compared to previous year of k€ 4,310. The increase was largely attributed to (i) prepayments to vendors for purchase of new equipment of k€ 887 and (ii) marginally increase in accounts receivable by k€ 158 due to higher sales towards end of the year. (iii) mitigated by repayment of k€ 1,536 from Xie.

Cash and cash equivalents relate to liquid funds on current bank accounts.

Cash Position

The following table is extracted from the cash flow data of the company, which was derived from the company's consolidated financial statements for 2013:

in k€	2013	2012
Profit for the year before taxation	3,581	3,776
Cash flow from operating activities	5,056	3,634
Cash flow from/used in investing activities	(4,845)	(3,707)
Cash flow from financing activities	0	272
Net increase/decrease in cash and cash equivalents	211	199
Cash at beginning of year	225	89
Foreign exchange difference	(1)	(63)
Cash at end of the period	435	225

Cash and cash equivalents at the end of financial year 2013 amount to k€ 435 and increased by k€ 210 to the comparative period (2012: k€ 225). Any cash transfers from China are in so far restricted as they require a formal approval from the State Administration of Foreign Exchange ("SAFE").

Equity

The statement of financial position of China BPIC Surveying Instruments AG shows net equity of k€ 7,307 (2012: k€ 4,775), which equals an equity ratio of 48.9% (2012: 45.7%).

Current Liabilities

Current liabilities mainly consist of trade payables as well as accruals for sales and income taxes. Total current liabilities increased by k€ 1,913 as compared to previous year largely due to accruals for income taxes to be paid. All taxes have been fully computed and accrued based on the applicable tax rate pursuant to the relevant tax laws and regulations in the PRC.

Other payables amount to k€ 3,938 by 31 December 2013. The increase in comparison to the comparative year is mainly attributable to provision for sales taxes, accruals for fees for listing partner, professional fees for preparation of annual report and expenses of the Annual General Meeting to be held in Frankfurt.

The income tax liabilities consist of taxes on income for the years 2013 and 2012 in the amount of k€ 3,001.

2.8 Human Resources

The experience and know-how of the employees, especially in the production and operations, is a key indicator for the ongoing success of BPIC Group. The average number of employees is in current and in prior year as follows:

		2013		2012
Average number of employees of the Group				
Management		3		3
Production and operations		16		15
Administration		7		3
		26		**21**

In 2013 BPIC Group had 26 employees (2012: 21). In total, the increase by 5 employees in comparison to financial year 2012 is indicative of the growth of the group.

2.9 Overall summary

The worldwide market for global surveying instruments developed satisfyingly in 2013. BPIC Group was able to achieve a slight growth in revenues and a stable profit in the financial year 2013. The predicted forecasted figures for 2013 were materially met. The cash generated from operations and the cash position have ensured sufficient working capital for the business operation. In addition, cash used for investment in new equipment could be generated from operations, so that no external financing was necessary.

3. Subsequent Events

There were no material events subsequent to the end of the financial year.

4. Report on Risks and opportunities and Risk management

4.1 Risk Policy

Due to the size of the Company and the Group, BPIC has not yet established a formal risk management system and early risk detection system as promulgated by Section 91 of the Germany Stock Corporation Law. Management recognises the need and importance of establishing such a risk management system, and will continue its effort to develop and implement a formal risk management system in 2014.

4.2 Risk Management System

Management relies on day-to-day observations, constant feedback from its customers and suppliers as well as interest-related parties to identify and detect risk indicators for the environment in which the Groups operates. These risks are assessed particularly with regard to their likelihood of happening and the magnitude of their impact on the Group. This information will be considered in the Group's execution of strategies and policies.

4.3 Description of the Key Features of the Internal Control and Risk Management System with regard to the Group Accounting Process (Sec. 315 Para. 2 No. 5 of the German Commercial Code – HGB)

BPIC has an internal control system in place. In the future, BPIC intends to establish a risk management system under which appropriate structures and processes for (Group) accounting and financial reporting are defined and implemented throughout the organisation. This system is designed to guarantee timely, uniform and accurate accounting for all business processes and transactions.

Apart from defined control mechanisms such as system-based and manual reconciliation processes, the fundamental principles of the internal control system include the separation of functions and compliance with directives and operating procedures. The accounting and financial reporting process for BPIC is managed by the Accounting Department of BPIC with the assistance by an external German service provider supporting the IFRS-based financial reporting.

The Group companies prepare their financial statements locally and transmit them with the aid of a data model that is standardised throughout the Group. The Group companies are responsible for their compliance with the directives and procedures applicable throughout the Group and for the proper and timely operation of their accounting-related processes and systems. The employees involved in the accounting and financial reporting process receive regular training, and the Group companies are supported by an external service provider. As part of the process, measures are implemented that are designed to ensure the regulatory compliance of the consolidated financial statements. These measures serve to identify and evaluate risks, and to limit and monitor any risks that may be identified. For example, material new contractual relationships for projects are systematically tracked and analysed.

The consolidated financial statements are prepared in co-operation with a German external service provider on the basis of the data supplied by the included subsidiaries. The consolidation, certain reconciliation operations from local Chinese GAAP to Group policies and monitoring of the related time schedules and procedures are performed by the accounting department of BPIC and the German external service provider. System-based controls are monitored by personnel and supplemented by manual inspection. Defined approval procedures must be observed at all stages in the accounting process to ensure segregation of duties.

4.4 Opportunities management

Within the BPIC Group, opportunity and risk management are closely interlinked. BPIC essentially derives its opportunity management from its goals and strategies and ensures an appropriate balance between opportunity and risk. Responsibility for the early and regular identification, analysis and management of opportunities rests with the management board. Management is constantly aware of local and international developments, especially on factors that affect the critical success of the Company. BPIC relies on an opportunity-oriented approach in decision making with considerations of related risks that come with these opportunities.

4.5 Major Risks and Opportunities

Management assessed that the following risk and opportunities are essential:

<u>Internal risks</u>

4.5.1 Distribution risk due failure to establish distribution network

BPIC highly depends on its regional network of unaffiliated dealers for domestic and overseas sales of surveying instruments. The sales through its regional dealers represent the revenue from BPIC’s principal business segment, i.e. designing, manufacturing and selling surveying instruments under its own “BPIC” brand (“Branded Products Business”).

If a regional dealer terminates or does not renew its agreement with the Group, BPIC may not be able to replace it with a new dealer in a timely manner. In addition, the regional dealers might not be successful in selling the products or BPIC might not be efficient in supervising and managing the regional dealers.

On this aspect, BPIC maintains a strong business relationship with all regional dealers. BPIC has also set a high standard in assessing and selection of new dealers in order to maintain strong distribution networking around China. In addition, BPIC continues exploring new dealers to ensure sufficient coverage of its sales network at all times.

4.5.2 Risk of expansion strategy failure

BPIC might fail to execute its development plans successfully and manage its growth efficiently. BPIC has expanded its business significantly and intends to further advance such growth by expanding its production capacity, enhancing its product portfolio, increasing brand recognition and broadening its distribution network etc. However, there can be no assurance that BPIC may, in part or at all, be successful in these activities.

Many strategic goals which are planned by BPIC require high initial expenditures as well as on-going expenditures. Such investments can only be operated profitably if their sufficient utilization is warranted by corresponding demand.

Operational risks

4.5.3 Dependence on limited number of key suppliers

BPIC is dependent on its major suppliers of core components for its production of surveying instruments. There can be no assurance that BPIC is able to reduce its dependence on its major suppliers over time or will be able to find alternative suppliers who can provide the same level of quantity and / or quality. If its suppliers were to be unable to deliver the required quantity of core components to BPIC, BPIC may not be able to fulfil its customers' orders on time or at all and face loss of reputation, damage claims and a loss of turnover and profit.

Management will apply detailed scrutiny on its selection of suppliers to work with, to ensure only quality and reliable suppliers are selected. In addition, BPIC will continue to invest in machines and upgrade existing ones to expand its production capacity and to reduce its dependence on suppliers. Finally, BPIC normally engages multiple suppliers to ensure the availability of material supply and to limit dependencies.

4.5.4 Intellectual property ownership and rights

Since the design and production of BPIC's products involve numerous software and hardware technologies, the protection of its software and hardware technology is very important to BPIC's success and competitive position. Up to now, BPIC has taken steps to protect its technology by patents and by registering a number of copyrights of its own developed computer software and control systems. However, there is no complete protection of BPIC's technology and know-how and BPIC did not register its trademark "BPIC". Accordingly, there is a risk of third parties copying the technology and/or know-how of BPIC without BPIC being able to claim permanent injunction or damages based on these infringements and therefore reducing BPIC's market share. Further, it cannot be excluded that BPIC's technology and know-how infringe third party rights, which could lead to claims for permanent injunction and damages by these third parties against BPIC. Management obtained clearance to register its trademark in China and will arrange for registration of its trademark in other markets in which the Group intends to sell its products.

External risks

4.5.5 Risks from increasing market competition

BPIC operates in a highly competitive market and the current level of or potentially increasing competition may result in a decline in its market share, turnover and / or gross profit. Numerous domestic Chinese and international brands compete with each other based on, amongst other things, brand loyalty, product variety, product design, product quality and price.

Competitors may also position their brand at the same level and target the same market segment as BPIC. Moreover, many of BPIC's competitors are larger and have achieved greater recognition of their brands, have captured higher market share and/or have substantially better financial, marketing, distribution and other resources than BPIC.

In order to cope with the competition, the Group maintains a highly experienced and talented team to ensure the continuation of products improvements and the launch of new products. This will enable BPIC to deliver products with high quality at an affordable price, which the management recognised as the key driver to compete, sustain and grow the business.

4.5.6 Changing technology trends

BPIC may not be able to respond to changing technology trends and produce commercially viable products or gain access to new technology. The Group is of the opinion that BPIC's success depends on its ability to keep abreast of, and to anticipate and react effectively to, rapidly changing technological trends in a timely manner.

The launch and development of each new product line and design involve considerable time and resource commitments. It cannot be ruled out that any new product line or product design that BPIC will launch in the future might not be commercially viable or successful and might be unable to generate a positive cash flow. Further, it cannot be ruled out that BPIC may not have access to new vital technology.

BPIC has established a strong research and development team, which play an important role in continuation on innovating and designing new and existing products to meet customers' needs. Frequent feedback on the products is obtained from distributors for improvement purposes.

Management recognise that BPIC needs to produce designs and functions that appeal to BPIC's customers' target market. In line with this, BPIC constantly stays alert to the technology developments in the industry and other related industries for any opportunities to tap in to.

4.5.7 Fluctuation of foreign exchange rates

Fluctuations in foreign exchange rates of the Renminbi currency may materially and adversely affects BPIC's future financial condition and results of operations, in particular because its operating currency is RMB whilst its consolidated financial statements are prepared in EUR.

A devaluation of the RMB against the EUR would have an adverse currency translation effect on the Company's consolidated financial statements and the value of the potential dividend payments by the Company to its shareholders in the future. On the other hand, a strengthening RMB may harm the competitiveness of PRC exporters as it causes the price of PRC produced goods to be relatively higher as compared to others. Both developments can negatively affect the growth of the PRC surveying instruments manufacturers like BPIC.

The management will continue to monitor the currencies trend and when necessary apply required changes in the approach to mitigate these risks. At the movement, all of the business transactions of BPIC are mainly transacted in Reminbi and BPIC foresee the strong currency trends will benefit the results.

<u>Opportunities</u>

4.5.8 Key competitors in China are state-owned

Since the mid-end surveying instruments market in China is mainly dominated by local Chinese manufacturers who have a state-owned or state-investment background, BPIC enjoys cost advantage thanks to its more flexible corporate hierarchy and the resulting higher operating efficiency. BPIC will continue its efforts to monitor and benefit from these favourable conditions.

4.5.9 Increasing overseas demand for quality and affordable surveying instruments

Rapid technological advancement in China has facilitated product innovation and has greatly improved the quality of PRC products. Chinese players are able to offer up to standard mid-end products compared to their international counterparts. Since target customers of mid-end segment are generally price sensitive provided that the products are of acceptable quality, China-produced surveying instruments are beginning to gain acceptance in the international market due to their competitive pricing. With other international players in the market having higher cost structures, the management expects BPIC to offer the highest price-to-quality products compared to other competing products, which should contribute to the Group's development.

4.5.10 China economic reform that encourage high and advanced technologies sector

One of the current goals of China's economic reformation is to encourage local invention and innovation especially in the high and advanced technologies sector. As surveying instruments fall within the scope of the new generation of information technology and advanced equipment manufacturing, it is widely expected that the Chinese surveying instruments industry as a whole and therefore BPIC should be in position to benefit from potential incentives (including favourable policies, tax rebates, and other benefits) during the course of the economic reformation in China.

4.6 Risks and opportunities specific to China BPIC Surveying Instruments AG

BPIC AG is a holding company without any operating business of its own. The Group's assets are largely located in China. Accordingly, BPIC Group is facing risks related to the political, social and legal environment of the China. Those risks include inherent uncertainties and inconsistencies in the country's legal system including national taxation laws, a potential destabilization of the political and/or economic system and China regulations pertaining to loans and capital investments by offshore parent companies delaying or preventing BPIC from using proceeds for investments in the China.

Under Chinese foreign exchange rules and regulations, payments of current account items, including profit distributions and operating related expenditures, may be made in foreign currencies without prior approval but are subject to procedural requirements. Strict foreign exchange controls continue to apply to capital account transactions. These transactions must be approved by and/or registered with the State Administration of Foreign Exchange ("SAFE") or its local counterparts, and repayment of loan principal, distribution of return on direct capital investment and investments in negotiable instruments are also subject to restrictions.

Should any of the Chinese subsidiaries of BPIC be, or become, restricted and/or legally prohibited from and/or unable to pay dividends or other distributions outside of China, this could have material adverse effects on the Group's subsidiaries/holding company outside China.

Management recognise these risks and will continue to monitor the development of the political and legal environment in China. Any adverse or potential changes will be dealt according and if necessary, external assistance will be sought to mitigate the risk mentioned.

4.7 Assessment of Overall Risk Situation

The main potential risks to the future developments of the Group are posed in particular by risks arising from failure of its distribution network and dependence on a limited number of key suppliers. In addition, the success of the expansion plan undertaken by the Group is one of the key factors in determining the future growth of the Group.

5. Report on Forecast

The outlook on the Chinese surveying instruments market is cautiously optimistic as the economy growth in Europe and in the United States are improving, which would support also the China economy, which currently slows down slightly. But we expect that the Chinese government that would introduce timely stimulation policies to avoid any potential downside business development for Chinese enterprises.

Speaking in relation to products, total station and GPS receivers remain the two key products for the Chinese market even though there are increasing research efforts on instruments for specialized applications such as oil exploration, mining and etc. as seen during the INTERGEO. It is observable that the instruments will get smaller, lighter and more affordable, whilst simultaneously providing more information in shorter processing times to aid in faster and smarter decision making.

Looking ahead to 2014, following the successful trial run of our new production lines which removed the key obstacles to our business growth, we expect sales on the existing products to increase significantly by 5% to 10% as a result of our deeper market penetration in both China and overseas market. We also expect to launch new products and the sales of these products would further drive our business growth.

In summary, we expect that next year will be a challenging year for us given the slowdown in the property industry in China market. Nevertheless, we remain confident to achieve a slightly better operating profit compared to last year given that launching of new products and better sales effort should contribute to higher revenues to the Group. Contrary please note that these expectations are subject to uncertainty even if currently we do not have any information as to any contrary development. The future perspective of China BPIC Surveying Instruments AG highly depends on the economic development in China, but also on the ability to develop, produce and distribute qualitative and affordable surveying instruments.

6. Remuneration of the Management Board and of the Supervisory Board

6.1 Remuneration of the Management Board

According to Sections 87 para. 1, 107 para. 3 sentence 3 of the German Stock Corporation Act (Aktiengesetz), the Supervisory Board determines the remuneration of the Management Board. The agreed remuneration structure is appropriate taking into account the size, the activity and the economic and financial situation of BPIC. Remuneration for the members of the Management Board comprises only fixed remuneration during the period under review.

In 2013, the members of the Executive Board of the China BPIC Surveying Instruments AG have received the following remuneration:

in k€	2013	2012
Mr. Wei XIE	146	155
Mr. Took Jw ee NGOH	43	44
Ms. Yan ZHAO	0	0
	189	199

6.2 Remuneration of the Supervisory Board

The chairman of the Supervisory Board receives a basic remuneration of kEUR12 per calendar year. The other members of the Supervisory Board receive a basic remuneration of kEUR10 per calendar year.

In the financial year 2013, the members of the Supervisory Board have received the following remuneration:

in k€	2013	2012
Mr. Matthias SCHROEDER (since June 2013)	7	0
Mr. Phillip MOFFAT (till June 2013)	10	0
Mr. Jie LUO	12	0
Mr. Xiaoping ZHAO	12	0
	41	0

Effective 19 June 2013, Mr. Phillip MOFFAT resigned from the Chairman of Supervisory Board. Mr. Matthias SCHROEDER was appointed as a member of the Supervisory Board by the Local Court of Hamburg, Germany, on 25 June 2013. By resolution dated 28 June 2013,

the Supervisory Board elected Mr. Matthias SCHROEDER as the new Chairman of the Supervisory Board.

Hamburg, 3 September 2014

Wei XIE   Took Jwee NGOH   Yan ZHAO

CONSOLIDATED FINANCIAL STATEMENTS OF CHINA BPIC SURVEYING INSTRUMENTS AG

Consolidated Statement of Comprehensive Income

for the period from 1 January to 31 December 2013

in k€	Notes	2013	2012 Restated
Revenues	3.1, 4	7,517	7,176
Cost of sales	5	(3,493)	(3,105)
Gross Profit	**3.1**	**4,024**	**4,071**
Other operating income	6	488	303
Selling and distribution expenses	7	(33)	(9)
Administrative expenses	8	(894)	(740)
Operating profit		**3,585**	**3,625**
Finance income	10	0	152
Finance costs	11	(4)	(1)
Profit before income tax		**3,581**	**3,776**
Income tax expense	21	(1,011)	(1,000)
Profit for the year		**2,570**	**2,776**
Items that maybe reclassified subsequently to profit or loss:			
Foreign exchange differences		(38)	(108)
Other comprehensive Income		**(38)**	**(108)**
Total comprehensive Income		**2,532**	**2,668**
Total comprehensive income attributable to owners of the parent		2,532	2,668
Earnings per share (diluted and undiluted)	2.16	0,50	0,55
Average number of shares	2.16	5,154,646	5,053,808

Consolidated Statement of Financial Position

of China BPIC Surveying Instruments AG as of 31 December 2013

in k€	Notes	31.12.2013	31.12.2012 Restated
Assets			
Non-current assets			
Intangible assets	2.4, 12	713	0
Property, plant and equipment	2.5, 13	6,581	3,995
Construction in progress	14	2,257	1,198
Deferred tax assets	21	5	0
Current assets			
Inventories	15	455	356
Trade receivables	16	2,932	2,774
Other receivables and prepayments	16	887	0
Amounts due from related parties	16	0	1,536
Other financial assets	16	686	374
Cash and cash equivalents	17	435	225
Total assets		**14,951**	**10,458**

in k€	Notes	31.12.2013	31.12.2012 Restated
Liabilities and Equity			
Capital and Reserves			
Share capital	18.1	5,155	5,155
Capital reserves	18.2	119	119
Foreign exchange difference	18.4	152	190
Chinese statutory reserves	18.3	34	30
Retained earnings	18.3	1,847	(719)
Total equity		**7.307**	**4,775**
Current liabilities			
Trade payables	19	489	643
Other payables	19	3,938	2,773
Provisions	20	4	5
Amounts due to related parties	19	120	165
Income tax payable	19	3,001	2,053
Non-current liabilities			
Deferred tax liabilities	21	92	44
Total liabilities		**7,644**	**5,683**
Total liabilities and equity		**14,951**	**10,458**

Consolidated Statement of Cash Flow

of China BPIC Surveying Instruments AG for the period from 1 January to 31 December 2013 and the same period in the previous year

in k€	2013	2012 Restated
Profit before income tax	**3,581**	**3,776**
Adjustments for:		
Allowance for doubtful trade debts	32	0
Changes of provision for warranty	(1)	0
Depreciation of property, plant and equipment	428	295
Interest income/exchange gains	0	(152)
Interest expense/exchange losses	4	0
Operating cash flows before working capital changes	**4,044**	**3,919**
Working capital changes:		
(-)Increase/(+)decrease in:		
Inventories	(102)	244
Trade receivables and other receivables	(186)	(2,496)
(+)Increase/(-)decrease in:		
Trade payables and other payables	1,305	1,825
Cash generated from operations	**5,061**	**3,492**
Interest received	0	152
Interest paid	(4)	0
Income tax paid	(1)	(10)
Net cash generated from operating activities	**5,056**	**3,634**
Cash flow from investing activities		
Purchase property, plant, equipment	(4,130)	(3,722)
Purchase of intangible assets	(715)	0
Cash receipts from acquisition of subsidiary (net cash acquired)	0	15
Cash flow used in investing activities	**(4,845)**	**(3,707)**
Cash flow from financing activities		
Proceeds from issuing shares	0	272
Cash flow generated from financing activities	**0**	**272**

in k€	2013	2012 Restated
Net increase (+) / decrease (-) in cash and cash equivalents	**211**	**199**
Cash at beginning of year	225	89
Foreign exchange differences	(1)	(63)
Cash and cash equivalents at end of period (Note 17)	**435**	**225**

Please refer to **Note** 27 for explanations on the Consolidated Statement of Cash flow.

Consolidated Statement of Changes in Equity

of China BPIC Surveying Instruments AG for the period from 1 January to 31 December 2013

in k€	Share capital AG	Capital Re-serves	Chinese statutory reserves	Retained earnings*	Currency translation reserve (other comprehen-sive income)	Total equity
Notes	18.1	18.2	18.3	18.3	18.4	
Balance as of 1 January 2012	**5,000**	**0**	**25**	**(3,435)**	**298**	**1,888**
Total comprehensive income *	0	0	0	2,776	(108)	2,668
Transfer to statutory reserve	0	0	5	(5)	0	0
Issue of shares	155	96	0	0	0	251
Share based payment	0	23	0	0	0	23
Elimination of share capital of BPIC PRC from prior year	0	0	0	(52)	0	(52)
Negative goodwill arising from consoliding BPIC HK	0	0	0	(3)	0	(3)
Balance as of 31 December 2012/ 1January 2013	**5,155**	**119**	**30**	**(719)**	**190**	**4,775**
Total comprehensive income	0	0	0	2,570	(38)	2,532
Transfer to statuary reserve	0	0	4	(4)	0	0
Balance as of 31 December 2013	**5,155**	**119**	**34**	**1,847**	**151**	**7,307**

All amounts are attributable to the shareholders of the parent company. Rounding differences can occur.

*restated

NOTES TO THE FINANCIAL STATEMENTS

China BPIC Surveying Instruments AG as of 31 December 2013

1. Background and Basis of Preparation

1.1 The Company

Formation, business name, registered office, financial year and shares of the Company

China BPIC Surveying Instruments AG ("the Company" or "BPIC AG") is the parent company of the BPIC Group and was formed by means of a notarial deed of incorporation, dated 18 July 2012. The Company is registered as a German listed stock corporation under the registration number HRB 123952 at the local court in Hamburg. The legal domicile of the Company is located at Schopenstehl 22, 3rd floor, 20095 Hamburg, Germany. The principal place of business of the Group is located in Room 313, Unit 2, Building 3, ZhuJiangmoer International, ChangPing District, Beijing, China ("PRC"). The Company's financial year is the calendar year (1 January to 31 December).

BPIC AG's shares are traded on the Entry Standard, a segment of the non-regulated market (Freiverkehr) of the Frankfurt Stock Exchange.

Business of the BPIC Group

The BPIC Group is principally engaged in designing, manufacturing and selling surveying instruments under its own "BPIC" brand. Surveying instruments are mainly used to capture, edit, model, analyze and visually present spatial information (e.g. distance, angles, coordinates, image etc.). Spatial information tells us where we are, defines the properties we own, describes, maps and monitors the world, its infrastructure and its resources. Spatial information can also be used in building and monitoring of infrastructure such as roads, bridges, railways, tunnels and dams. The highly-precise surveying instruments of BPIC are produced in its own production plant in Changping District, Beijing, PRC. BPIC has been operating as a surveying instruments manufacturer since 2003. Benefiting from its competitive cost advantages over its peers, BPIC is able to pursue an aggressive pricing strategy on its products which enables it to hold a special position in the Chinese and overseas surveying instrument market.

Group structure

The operational business of the BPIC Group is carried out by individual operating subsidiaries, being limited liability companies formed under the laws of the PRC. The following subsidiaries are under either direct or indirect control of China BPIC Surveying Instruments AG and accordingly consolidated:

in k€	Interest (direct/ indirect)	Equity 31.12.2013	Results 2013
China BPIC Surveying Instruments Company Limited, Hong Kong	Direct 100%	(491)	(305)
Beijing Precise Instruments Company Limited, Beijing, PRC	Indirect 100%	7,497	2,811
Boxin Dingsheng Software Technology (Beijing) Limited, Beijing, PRC	Indirect 100%	101	46

BPIC HK is an intermediate holding company for the Group's operating entity Beijing Precise Instruments Company Limited ("BPIC PRC") and Boxin Dingsheng Software Technology (Beijing) Limited ("Boxin Dingsheng") and holds all the shares of BPIC PRC, which also holds all shares of Boxin Dingsheng. China BPIC Surveying Instruments AG also holds 100% of the shares in China BPIC Surveying Instruments Company Limited. ("BPIC HK").

Dividends to be paid by the Chinese subsidiaries generally have to be approved by Chinese government bodies. In addition, dividends are only payable if Chinese statutory reserves satisfy the relating legal requirements. Cash transfers from China require a formal approval from the State Administration of Foreign Exchange ("SAFE").

1.2 Basis of preparation of the consolidated financial statements

The Consolidated Financial Statements of the BPIC Group for the reporting period ending 31 December 2013 have been prepared in accordance with International Financial Reporting Standards (IFRS) and as issued by the International Accounting Standards Board (IASB), London, United Kingdom, and the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRSIC), in so far as these have been adopted by the European Union (EU) in effect at the closing date. Sec. 315a Para. 1 of the German Commercial Code has been considered.

The Consolidated Financial Statements of BPIC Group are drawn up in Euros. Amounts are stated in thousands of Euros (€ thousand or k€) except where otherwise indicated. Because the calculations of the individual items included are based on the full figures, rounding differences may occur where amounts are shown in thousands of Euros. The financial statements of the individual consolidated companies are prepared as of the closing date for the Group financial statements.

The Consolidated Financial Statements for the reporting period ended 31 December 2013 (including comparative information relating to the accounting year 2012) were approved and authorised for issue by the Management Board as at 3 September 2014. They were approved by the Supervisory Board on its meeting as at 3 September 2014.

The consolidated financial statements were generally prepared using the historical cost convention. The balance sheet is divided into non-current and current assets and liabilities in accordance with IAS 1. Assets and liabilities which are due within one year are classified as current. In accordance with IAS 12, deferred tax assets/deferred tax liabilities are presented as non-current assets or liabilities. The consolidated statement of comprehensive income was prepared using the cost of sales method. The items presented are disclosed and explained separately in the notes.

The significant accounting policies and measurement bases that have been applied in the preparation of these Consolidated Financial Statements as of 31 December 2013 are summarised below.

With the exception of the changes in the accounting policies as set out below, the Consolidated Financial Statements have been prepared in accordance with the accounting policies adopted in the Consolidated Financial Statements for the year ended 31 December 2012. With reference to changes in estimates under **Note 2.3** the accounting policies have been applied consistently for the purpose of preparation of these Consolidated Financial Statements.

An overview of new standards, amendments and interpretations applicable for the first time in the 2013 financial year is given in **Note 1.3**.

1.3 Standards, Interpretations and Amendments to Standards applicable for the first time in the 2013 financial year

The Group has applied the following standards and interpretations of the IASB as well as its changes or revisions for the first time in the 2013 reporting period:

IFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for first time Adopters
IAS 12 (Amendments)	Deferred tax: Recovery of Underlying Assets
IAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
IAS 19 (Amendments)	Employee benefits
IFRS 1 (Amendments)	Government Loans
IFRS 13	Fair Value Measurement
IFRIC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
IFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities
Annual Improvements to IFRSs 2009–2011 cycle	

No material effect arose on the consolidated statement of financial position, consolidated statement of cash flows or consolidated statement of comprehensive income of the BPIC Group.

1.4 Published but not yet applied Standards, Interpretations and Amendments

At the time of preparation of the Group consolidated financial statements, the following standards and interpretations of the IASB as well as their changes and revisions had either not been endorsed by the European Union or were not compulsorily applicable in the 2013 financial year, and were therefore not applied by the BPIC Group:

Standard	Text	First time application in the EU
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 11	Joint Arrangements	1 January 2014
IFRS 12	Disclosures of Interests in other entities	1 January 2014
IAS 27	Separate Financial Statements	1 January 2014
IAS 28	Investments in Associates and Joint Ventures	1 January 2014
IAS 32 (Amendments)	Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014
IAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
IAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
Transition Guidance	Amendments to IFRS 10, IFRS 11 and IFRS 12	1 January 2014
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities	1 January 2014
IFRS 9	Financial Instruments and Subsequent Amendments (Amendments to IFRS 9 and IFRS 7)	yet to be determined
IAS 19 (Amendments) Defined Benefit Plans	Employee Contributions	yet to be determined
IFRS 14	Regulatory Deferral Accounts	yet to be determined
IFRIC 21	Levies	yet to be determined
Annual Improvements to IFRSs 2010 – 2011 cycle		yet to be determined
Annual Improvements to IFRSs 2011 – 2013 Cycle		yet to be determined

The aforementioned standards and interpretations are to be applied in the Consolidated Financial Statements of the BPIC Group from the 2014 financial year or later. Aside from additional or modified disclosure requirements BPIC Group currently expects from the first-time application of these standards, interpretations and amendments only marginal effect on the consolidated financial statements.

1.5 Restatements

During the preparation of the financial statements for the year ended 31 December 2013, management noticed that tax rebates of €292,580 have not been reflected in the financial statements of the previous year as a receivable. In addition, the related deferred tax expenses of €43,887 have not been recognised as deferred tax liabilities.

Comparative figures for the previous year have been adjusted to reflect the omission above.

The effects of the restatements are stated below:

Consolidated Statement of Comprehensive Income

in k€	2012	Increase / (decrease)	2012 Restated
Other operating income	10	293	303
Profit before income tax	3,483	293	3,776
Income tax expense	(956)	(44)	(1,000)
Profit after tax	2,527	249	2,776
Total comprehensive income	2,419	249	2,668
Earnings per share (diluted and undiluted) (in €)	0.50	0.05	0.55

Consolidated Statement of Financial Position

in k€	2012	Increase / (decrease)	2012 Restated
Current assets			
Other financial assets	81	293	374
Capital and Reserves			
Retained earnings	(968)	249	(719)
Non-current liabilities			
Deferred tax liabilities	0	44	44

Other than those changes mentioned above, the rest of the prior year comparatives remained unchanged.

2. Accounting policies and valuation methods

2.1 Basis of consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiary undertakings drawn up to 31 December 2013. Subsidiaries are all entities over which the parent company has the power to control the financial and operating policies. All subsidiaries have an annual reporting date of 31 December.

Consistent accounting and valuation policies are applied for like transactions and events in similar circumstances. The inter-group business relations correspond to the third party comparison, if not stated otherwise.

All inter-group balances, transactions, income and expenses, including provisional results from inter-group transactions are fully eliminated. Insofar as allowances for the shares of subsidiaries included or intra-Group receivables were recognized in single-entity financial statements, these are reversed in the course of consolidation. Subsidiaries are fully consolidated from the date of acquisition or foundation, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases.

2.2 Functional and presentation currency

a) Functional currency

The functional currency for all of the Group's companies is Renminbi (RMB). Sales and major costs of providing goods and ongoing services, including most of the operating expenses are stated and invoiced almost exclusively in RMB.

b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currency of the combined entities and are recorded, on initial recognition, in the functional currency at the approximate exchange rates current as at their respective transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange applicable as of the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when their respective fair values are determined.

Exchange differences arising from the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the Statement of Comprehensive Income except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiaries. These are recognised initially without effect on profit and loss in the statement of other comprehensive income and as a separate component of equity (foreign currency translation reserve) in the consolidated balance sheet. Only on disposal of the subsidiary are they recognized in the consolidated Statement of Comprehensive Income.

c) Foreign currency translation

The presentation currency of the Group is Euro as the parent company is a German Stock Corporation listed in Germany. The results and statements of financial position of the combined entities are translated from Renminbi (or HKD), the functional currency of all entities of the Group, into Euro as follows:

Development of exchange rates (1 €/ foreign currency rate)		Average rate		Ending rate	
	ISO-Code	2013	2012	2013	2012
Chinese Yuan or RMB	CNY	8.3892	8.1234	8.4175	8.3472
Hong Kong-Dollar	HKD	10.6382	9.9800	10.6723	10.2564

Assets and liabilities for each balance sheet are presented at the closing rate ruling as of the balance sheet date. Income and expenses are translated at annual average exchange rates, which are approximations to the exchange rates as of the date of transactions.

All resulting exchange differences are recognised without effect on profit and loss in other comprehensive income in the currency translation reserve, a separate component of equity.

2.3 Significant accounting estimates and judgments

The preparation of financial statements in accordance with the IFRSs as adopted by the EU requires management to exercise judgment in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period.

The following estimates which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are disclosed below:

a) Allowance for trade receivables

Trade receivables are recorded at the invoiced amount and given their short duration do not bear interest. The allowance for doubtful receivables is the Group's best estimate of the amount of probable credit losses in the Group's existing accounts receivables.

Management uses judgment to determine the allowance for doubtful receivables, which are supported by the historical write-off credit history of the customers and repayment records.

The Group reviews its allowance for doubtful receivables at least monthly. Account balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Actual results could differ from estimates.

In some cases allowances for trade receivables are recognized using allowance accounts. Whether a default risk is recognized via an allowance account or directly by writing off the receivable depends on the estimated probability of default and the extent to which this estimate is considered reliable.

The carrying amount of allowance for doubtful receivables was k€ 32 (2012: k€ 0).

b) Amortization and Depreciation of intangible assets, property, plant and equipment

The cost of software and equipment used for the manufacturing process is amortized or depreciated on a straight-line basis over its estimated useful life. The management estimates the useful life of the software to be between 3 and 6 years and of the equipment to be between 3 and 10 years, according to life expectations in comparable industries. As changes in the expected level of usage and technological developments could affect the economic useful life and the residual value of these assets, future amortization charges could be revised.

Although these estimates are based on management's best knowledge of current events and actions, differences between the actual results and estimates cannot be excluded.

c) Provision for warranty

The Group generally offers two year warranties for its products. Management estimates the related costs based on historical claims information. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from these estimates.

2.4 Intangible assets

a) Software

Acquired software and licences are capitalised on the basis of cost incurred to acquire and bring it to the intended condition of use, as well as other costs relating to this. Direct expenditure, which can enhance or extend the performance of the software or licences and which can be measured reliably, is recognised as a capital improvement and added to the original cost of the software or licences. Costs associated with maintaining the software are recognised as expense as incurred.

Software and licences are stated at cost less accumulated amortisation and any impairment losses. The costs are amortised using a straight line method over its estimated useful life of three to ten years. Amortisation has been charged to cost of sales and administrative / other expenses.

b) Research and development costs

Research costs, if any, are expensed in the period in which they incur. Development costs are only capitalised if all the cumulative recognition criteria listed in IAS 38 are fulfilled, if the research phase can be clearly distinguished from the development phase and if the costs arising can be directly allocated to the individual project phases. No development costs were capitalised as per IAS 38 because the relevant criteria were not met. In particular, it is impossible to distinguish clearly between research and development activities due to countless interdependencies (circular process).

All intangible assets have a definite useful life.

2.5 Property, plant and equipment

Property, plant and equipment are recorded at cost, less accumulated depreciation and impairment losses if any.

Depreciation is charged to write off the costs of the assets over their estimated useful lives, using the straight-line method, as follows:

Plant and Machinery		10 years
Computer and office equipment		3-5 years
Furniture and fixtures		5 years

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The gain or loss arising from the disposal or retirement of an item of equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.6 Impairment of non-financial assets

At each reporting date, the Group assesses whether there is an indication that an asset may be impaired. If any such indication exists, or an annual impairment test for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. 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 risk specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset other than goodwill may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss is recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in previous years. Reversal of an impairment loss is recognised in the consolidated statement of comprehensive income. After such a reversal, the depreciation charge is adjusted for future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.7 Inventories

Inventories are valued at the lower of acquisition and production costs or the net realisable value as follows:

Raw materials		Purchase cost on a w eighted average basis
Finished goods and w ork-in-process		Costs of direct materials and labor and a proportion of manufacture overheads based on normal operating capacity but excluding borrow ing costs

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated selling costs.

Financial assets and financial liabilities are measured subsequently as described below:

a) Financial assets

Financial assets are classified into different categories determining their subsequent measurement. The Group holds only financial assets of the category loans and receivables (including cash and cash equivalents).

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade receivables and most other receivables and amounts due from related parties fall into this category of financial instruments. All loans and receivables are subject to review for impairment at least at each reporting date. When there is any objective evidence that a financial asset or a group of financial assets is impaired, the amount of the loss is determined and written off. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other available features of shared credit risk characteristics.

b) Financial Liabilities

The Group`s financial liabilities include trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method. Gains are recognised in the statement of comprehensive income when it is evident that payment will not be necessary.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the statement of comprehensive income are included within "finance cost" or "finance income".

2.8 Trade and other receivables

Trade and other receivables do not bear interest. They are recognised at the original amount less an allowance for any uncollectible amounts. The allowance for doubtful receivables is the Group`s best estimate of the amount of probable credit losses in the Group`s existing accounts receivable. Management uses judgment to determine the allowance for doubtful receivables which is supported by historical repayment records of the customers.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank deposits with a maturity of up to three months and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant rise of changes in value. These are carried at their nominal amount.

For the purpose of providing security on the issue of bank acceptance bills BPIC Group is required to deposit cash into restricted accounts with its bankers. The restrictions on bank deposits are normally removed on settlement of the underlying bank acceptance bills.

2.10 Capital and Reserves

Share capital represents the nominal value of shares that have been issued by China BPIC Surveying Instruments AG.

The management board is authorised to increase the share capital of the Company with the consent of the supervisory board until 17 July 2017 once or several times by up to € 2,577,323 by the issue of up to 2,577,323 new nil par value bearer shares for cash or non-cash consideration. With the approval of the supervisory board, the management board is also authorised, under certain circumstances, to exclude the pre-emption rights of the existing shareholders. Until as at 31 December 2013, the company has not used the authorized share capital so that the authorized share capital amounted to EUR 2,577,323 as at 31 December 2013.

Capital reserves include any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares have been deducted from capital reserve, net of any related income tax benefits.

Chinese statutory reserves arise from the requirement under PRC law for one subsidiary to transfer 10% of the annual net profit as reported in their PRC statutory financial statements to the statutory reserve in each year, unless this reserve has reached 50% of the company´s registered capital. This statutory reserve can be used for loss compensation or for a capital increase as long as the reserve does not fall below 25% of the paid-in capital.

2.11 Provisions

Provisions are recognised when the Group has a present obligation (legal or factual) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only to the extent the reimbursement is virtually certain.

If the provisions are long term, they are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. As at 31 December 2013 all provisions are classified as current as they are due to reach maturity within a year.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate of the obligation. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.12 Operating lease

Where the Group makes use of assets under operating leases, payments made under the leases are recognised in the income statement on a straight-line basis over the term of the lease.

2.13 Revenue recognition

Revenue is generally recognised to the extent that it is probable that economic benefits will flow to the Group and can be reliably measured. All intra-group transactions are excluded from the revenue of the consolidated group.

a) Sales of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership to the customer, which generally coincides with delivery and acceptance of the goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods. Sale of goods represents the invoiced amount of delivered goods net of discounts, returns and value added tax.

b) Sales of service

Sales of services (i.e. processing services under ODM businesses) are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

2.14 Pension scheme

The Group participates in national pension schemes as defined by the laws of the respective judicial area. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

2.15 Taxation

Income tax for the financial year comprises current and deferred tax. Income tax is recognised in the Statement of Comprehensive Income except for the extent that relates to items recognised directly in equity. None of these have been accounted for directly in equity as at balance sheet date or in the previous year.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases. Deferred tax assets and liabilities are generally accounted for all taxable temporary differences to the extent they are recognisable.

Deferred tax assets and liabilities, if any, are measured at the tax rates that are expected to be applicable in the year the asset is realised or the liability is settled. Deferred tax assets and liabilities, are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to income taxes levied by the same tax authority.

The carrying amount of deferred tax assets is revised at each balance sheet date 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 deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

2.16 Earnings per Share

Earnings per share for 2013 amounted to € 0.50 (2012: € 0.55). The basis for the calculation is the profit after tax attributable to the owners of BPIC AG (the legal parent) as the numerator. The earnings per share are determined on the basis of the weighted average of the outstanding common stock. The number of outstanding shares used for basic earnings per share for the twelve month period ended 31 December 2013 amounted to 5,154,646 shares (31 December 2012: 5,053,808 shares). Basic and diluted earnings per share are the same.

in k€		2013		2012
Calculation of earnings per share				
Result attributable to owners of the parent		2,570,235		2,775,290
Average number of shares		5,154,646		5,053,808
Basic and diluted earnings per share		0.50		0,55

2.17 Dividend

Management do not intend to declare any dividend for year ended 31 December 2013.

3. Segment Reporting

3.1 Segment information

Operating segments are identified on the basis of the internal reporting which is regularly reviewed by the chief operating decision maker. The operating business is reported separately according to the nature of the products, with each representing a strategic business unit. The segments are managed on the basis of gross return on sales as well as by orders received and the order backlog.

a) Business segment

The Group's operating businesses are organised into two business segments:

- Branded Products: The Branded product business is selling and distributing own branded products, which comprised Electronic Theodolite (2 models), Laser Electronic Theodolite, Electronic Total Station and Construction Cross-Line Laser (2 models).

- ODM Products: ODM business represents designing and manufacturing services of components related to surveying instruments and software to other surveying instruments companies in accordance with their specifications and requirements

b) Geographical business

The Group's contract partners and customers are all based in the People's Republic of China ("PRC") and all of its services to date have been provided in the PRC. In addition nearly all identifiable assets of the Group are located in the PRC. Therefore all revenues from external customers are attributed to the PRC.

c) Allocation basis

Revenue and cost of sales are directly attributable to the segments. The figures presented for the Group's reportable segment are reconciled to the Group's key financial figures as presented in the consolidated financial statements.

The following table presents revenue and results information regarding the Group's business segments for the financial year ended 31 December 2013. All revenues in the total amount of k€ 7,517 (2012: k€ 7.176) are from external customers.

3.2 Segments

in k€	•Branded Product Business		•ODM Business		Group	
	2013	2012	2013	2012	2013	2012 Restated
Revenues	6,238	5,633	1,279	1,543	7,517	7,176
Cost of sales	(2,693)	(2,380)	(800)	(725)	(3,493)	(3,105)
Total gross profit from reportable segments	**3,545**	**3,253**	**479**	**818**	**4,024**	**4,071**
Gross profit margin (%)	56.8	57.7	37.5	53.0	53.5	56.7
Segment assets	**13,191**	**6,170**	**683**	**493**	**13,874**	**6,663**
Unallocated assets	0	0	0	0	1,077	3,795
Group assets	**13,191**	**6,170**	**683**	**493**	**14,951**	**10,458**

The accounting policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements. The reconciliation from gross profit for reportable segments to the loss of the year is presented below:

in k€	2013	2012 Restated
Total gross profit for reportable segments	**4,024**	**4,071**
Total profit or loss for the Group	**4,024**	**4,071**
Unallocated income and expenses of the Group	(439)	(446)
EBIT	**3,585**	**3,625**
Finance income	-	152
Finance expense	(4)	(1)
Profit before tax	**3,581**	**3,776**
Income tax	(1,011)	(1,000)
Profit for the year	**2,570**	**2,776**

The unallocated expenses of the Group primarily consist of selling and distribution expenses, administrative expenses and other operating expenses. The investments and liabilities could not be allocated to the segments.

Notes on the Statement of Comprehensive Income

4. Revenues

Revenue amounts to € 7.5 million (2012: € 7.2 million). A breakdown of revenue by segment can be found in the segment reporting in **Note 3.2**.

5. Cost of Sales

The following table shows a breakdown of costs of sales for the period under review for each category:

	2013		2012	
	k€	%	k€	%
Raw materials	2,778	79.5%	2,525	81.3%
Business tax and VAT	111	3.2%	111	3.6%
Wage and salary	29	0.8%	51	1.6%
Depreciation	425	12.2%	293	9.5%
Others	150	4.3%	125	4.0%
Total Cost of Sales	**3,493**	**100.0%**	**3,105**	**100.0%**

Cost of sales increased in absolute from k€ 3,105 in 2012 by k€ 388 to k€ 3,493 in 2013. The increase is mainly attributable to cost for raw materials and depreciation within financial year 2013. The gross profit margin decreased from 56.7 % in 2012 to 53.5 % in 2013.

6. Other operating income

Other operating income in 2013 mainly relates to government subsidies (k€ 121) and tax rebates (k€ 367) granted to the company.

7. Selling and distribution expenses

The following table shows a breakdown of selling and distribution expenses for the period under review:

in k€	2013	2012
Arrangement fee for road show	28	0
Transportation	5	9
	33	**9**

8. Administrative expenses

The following table shows a breakdown of administrative expenses for the period under review:

in k€	2013	2012
Research and development	249	13
Personnel expenses	220	63
Preparation and audit of financial statements	159	134
Stock exchange/listing cost/IPO cost	56	271
Remuneration for Supervisory board	41	0
Provision for bad debt	32	0
Others	137	259
	894	**740**

9. Selected information and the nature of expenses

Due to classifying expenses by function in the profit and loss statement the following table presents additional information on the nature of expenses:

in k€	2013	2012
Staff costs	322	274
Depreciation of property, plant and equipment	429	295
Addition/Release of Allowance for doubtful trade debts	32	0
Operating lease charges on buildings	63	50
Research and development expenses	249	13
Provisions for warranty expenses	4	6
Professional, legal and consulting fees	24	166

10. Finance Income

in k€		2013		2012
Loan to a related party		0		152
		0		**152**

For Further information see **Note** 24.2.

11. Finance Costs

in k€		2013		2012
Losses on foreign currency translation of liabilities		3		0
Other financial expenses		1		1
		4		**1**

Notes on the Consolidated Statement of Financial Position

12. Intangible Assets

in k€		Software
Cost:		
At 1 January 2013		**0**
Additions		715
Exchange difference		(2)
At 31 December 2013		**713**
Accumulated depreciation and impairment:		
At 1 January 2013 and 31 December 2013		**0**
Net carrying amount:		
At 1 January 2013		0
At 31 December 2013		**713**

Since the software was installed only at the end of the year 2013 no amortization was accounted for the year 2013. The carrying amount of the Group's software at 31 December 2013 was k€ 713 (2012: k€ 0).

13. Property, Plant and Equipment

in k€	Technical equipment and machinery	Other, plant and office equipment	Furniture and Fixtures	Operating lease improvement	Total
Cost:					
At 1 January 2012	**2,089**	**4**	**23**	**0**	**2,116**
Additions	2,471	1	0	0	2,472
Exchange difference	(26)	0	0	0	(26)
At 31 December 2012 / 1 January 2013	**4,534**	**5**	**23**	**0**	**4,562**
Additions	2,808	10	0	238	3,056
Exchange difference	(46)	0	0	(1)	(47)
At 31 December 2013	**7,296**	**15**	**23**	**237**	**7,571**
Accumulated depreciation and impairment:					
At 1 January 2012	**268**	**1**	**16**	**0**	**285**
Depreciation	291	1	2	0	294
Exchange difference	(11)	0	0	0	(11)
At 31 December 2012 / 1 January 2013	**548**	**2**	**18**	**0**	**568**
Depreciation	424	2	2	0	429
Exchange difference	(7)	1	0	0	(6)
At 31 December 2013	**965**	**5**	**20**	**0**	**990**
Net carrying amount:					
At 1 January 2013	**3,986**	**3**	**5**	**0**	**3,995**
At 31 December 2013	**6,331**	**10**	**3**	**237**	**6,581**

The carrying amount of the Group's property, plant and equipment at 31 December 2013 was k€ 6,581 (2012: k€ 3,995). Due to the conversion in k€ rounding differences can occur.

14. Construction in Progress

in k€	Construction in progress
Cost:	
At 1 January 2012	**0**
Additions	1,198
At 31 December 2012 / 1 January 2013	**1,198**
Additions	1,073
Exchange difference	(14)
At 31 December 2013	**2,257**
Net carrying amount:	
At 1 January 2013	**1,198**
At 31 December 2013	**2,257**

15. Inventories

in k€	31.12.2013	31.12.2012
Raw materials and consumables	209	202
Finished goods	142	154
Goods in transit	104	**0**
	455	**356**

16. Trade Receivables, other Receivables and prepayments, amounts due from related parties and other current financial assets

in k€		31.12.2013		31.12.2012
Trade receivables:				
Trade receivables		2,964		2.774
Allow ance for trade receivables		(32)		0
		2.932		**2,774**
Other receivables and prepayments:				
Prepayments		**887**		**0**
Amounts from related parties:				
Amount due from related party		**0**		**1,536**
Other current financial assets:				
Note receivables		49		0
Deposit		7		81
Rebates receivables		616		293
Tax recoverables		14		0
		686		**374**
		4,505		**4,684**

All trade receivables are non-interest bearing. They are recognised at their original invoice amounts, which represent their fair values on initial recognition. The due dates are as follows:

in k€		31.12.2013		31.12.2012
Due:				
Within 60 days		1,037		921
61-90 days		681		174
More than 90 days		1,214		1,679
		2,932		**2,774**

Allowance for doubtful receivables

Trade receivables are adjusted for impairment. In 2013 a specific allowance is made in the amount of k€ 32. No general allowance was made for doubtful accounts.

The following table shows the development of for the allowance of trade receivables:

in k€		2013
At 1 January		**0**
Additions		32
At 31 December		**32**

Amounts due from a related party

Amount due from a related party represented an interest-bearing loan to the Chairman of the Management Board, Wei XIE, who is also BPIC's shareholder. The loan has been approved retrospectively for 2012 and also for 2013 by the Supervisory Board and was repaid in 2013.

17. Cash and Cash Equivalents

in k€	31.12.2013	31.12.2012
Cash at banks (relates to the cash fund)	329	201
Other cash equivalents (relates to the cash fund)	60	0
Cash in hand (relates to the cash fund)	46	24
	435	**225**
Thereof in Germany	2	141
Thereof in China	433	84

18. Equity

18.1 Share capital

The share capital of the BPIC AG amounts to € 5,154,646 and is divided into fully paid 5,154,646 (nil-par shares) bearer shares of no par value with a notional amount of € 1.00 each. The amount of shares issued and fully paid as at end of the financial year 2013 amount to € 5,154,646. In 2013 no movements in shares issued and fully paid in occurred.

The management board is authorised to increase the share capital of the Company with the consent of the supervisory board until 17 July 2017 once or several times by up to € 2,577,323 by the issue of up to 2,577,323 new nil par value bearer shares for cash or non-cash consideration. With the approval of the supervisory board, the management board is also authorised, under certain circumstances, to exclude the pre-emption rights of the existing shareholders. Until as at 31 December 2013, the company has not used the authorized share capital so that the authorized share capital amounted to EUR 2,577,323 as at 31 December 2013.

18.2 Share Premium

Proceeds received in addition to the nominal value of the shares issued have been included in share premium, less registration and other regulatory fees and net of any related tax benefits.

18.3 Reserves and retained earnings

a) Chinese statutory reserves

This statutory reserve amounting to k€ 34 (2012: k€ 30) relates to the subsidiaries. According to the legal regulations of the PRC, a corporate enterprise has to allocate at least 10% of its annual net profit to the statutory reserve until this amount to at least 50% of the paid-in capital. The Chinese statutory reserve can be used for loss compensation or for a capital increase as long as the reserve does not fall below 25% of the paid-in capital.

b) German statutory reserves

BPIC is required to transfer 5 % of the profit after tax as reported in its German statutory financial statements to statutory reserves (Sec. 150 Para. 2 of the German Stock Corporation Law), until this reserve together with the capital reserve attain at least 10 % of the share capital. Under certain circumstances this reserve may be used to make up losses incurred or be converted into paid-in capital, as long as the reserves amount to at least 10 % of the share capital. At 31 December 2013, the statutory reserve of BPIC amounts to Nil (31 December 2012: Nil).

c) Retained earnings

Retained earnings comprise the cumulative net gains and losses recognised in the consolidated statement of income and expense and amount to k€ 1,847 (2012: k€ -719). No dividend was paid in 2013 for 2012.

18.4 Currency Translation Reserve

The foreign currency translation reserve represents the foreign currency translation differences arising from the translation of the functional currency RMB in the reporting currency Euro.

19. Trade payables, other payables and prepayments and other financial liabilities

in k€	31.12.2013	31.12.2012
Current liabilities:		
Trade payables	**489**	**643**
Amount due to related party	**120**	**165**
Other Payables and prepayments:		
VAT payables	3.329	2,525
Other payables	609	248
	3,938	**2,773**
Income tax payable	**3,001**	**2,053**
Total current liabilities	**7,548**	**5,634**

All trade payables are non-interest bearing. Management considers the carrying amounts recognised in the balance sheet to be a reasonable approximation of their fair value.

The amount due to a related party arises from liabilities to the group's ultimate controlling party, Mr. Wei XIE.

20. Provisions

in k€	Warranty	Total
At January 1, 2012	**0**	**0**
Additions	6	6
Utilised	1	1
At January 1, 2013	**5**	**5**
Additions	2	2
Utilised	1	1
Released	2	2
At December 31, 2013	**4**	**4**

Warranty

The Group generally offers two year warranties for its products. Management estimates the related costs based on historical claims information. Claims are usually settled between one to six months from sales.

21. Income Tax

The major components of income tax expense are as follows:

in k€	2013	2012 Restated
Current income tax	968	956
Deferred income tax	43	44
Income taxes according to profit and loss statement	**1,011**	**1,000**

The reconciliation of tax expenses is as follows:

in k€	2013	2012 Restated
Profit before income tax	3,581	3,776
Tax rate	25.0%	25.0%
Expected tax income expense	895	944
Difference between statuory rate and group tax rate	27	0
Effect of preferential tax rate	(408)	(424)
Tax effect of		
Non deductable expenses	384	364
Unused tax losses for which no deferred income tax assets was recognized	113	116
Income taxes according to profit and loss statement	1,011	1,000
Group tax rate	28.2%	26.5%

The general Chinese tax rate amounts to 25%. Due to the fact that several subsidiaries are regularly granted tax holidays or tax reductions the average tax rate of the group's subsidiaries is lower than 25%. Beijing Precise Instruments Company Limited associated with a reduction of the normal corporate tax rate from 25% to 15% for the years 2011 to December 2013. The remaining PRC subsidiary is subject to corporate tax rate of 25%.

In accordance with Hong Kong tax law the applicable tax rate for China BPIC Surveying Instruments Company Limited is 16.5%.

In Germany China BPIC Surveying Instruments AG is subject to corporation tax at a rate of 15% plus a 5.5% solidarity surcharge (Solidaritätszuschlag) thereon (in total 15.825%). The Company did not have any assessable profit for the year ended 31 December 2013, no German corporate income taxes have been provided for.

The Group has tax losses which arose in subsidiaries located in Germany and Hong Kong of k€ 1.009 (2012: k€ 444) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. No deferred tax were recognized in respect of these losses during the financial year ended 31 December 2013 and prior years, due to the absence of anticipated future profits in those companies enabling their use.

22. Employee Benefits

22.1 Number of Employees

	2013	2012
Average number of employees of the Group		
Management	3	3
Production and operations	16	15
Administration	7	3
	26	**21**

in k€	2013	2012
The average payroll costs of these employees		
Wages and salaries	302	258
Retirement benefit scheme contributions	20	16
	322	**274**

22.2 Retirement benefit plans

The eligible employees of the Group, who are citizens of the PRC, are members of a state managed retirement benefit scheme operated by the local government. Retirement benefits to employees are provided through a defined contribution plan.

As stipulated by the rules and regulations of the PRC, the Group contributes to a state-sponsored retirement plan for its employees in the PRC. The Group contributes to the retirement plan based on the basic salaries of its employees, and has no further obligations for the actual payment of pensions or post-retirement benefits. The state-sponsored retirement plan is responsible for the entire pension obligations payable to retired employees.

23. Commitments and Contingencies

23.1 Operating lease commitments

At reporting date, the total future minimum lease payments under non-cancellable operating leases in respect of buildings were payable by the Group as follows:

in k€	31.12.2013	31.12.2012
Within one year	33	48
In the second to fifth years	93	37
	126	**85**

The Group leases various buildings under non-cancellable operating lease agreements. The leases have varying terms and renewal rights. There are no restrictions placed upon the Group by entering into these leases. The operating lease payment recognised as expense in the Statement of Comprehensive Income in every financial year is as follows:

in k€	2013	2012
Lease payment recognized as expense	**63**	**49**

Future minimum lease payments payable under non-cancellable operation leases as at December 31, 2013 are as follows:

in k€	31.12.2013	31.12.2012
Not later than one year	33	48
Later than one year but not later than five years	93	37
	126	**85**

23.2 Capital commitments

in k€	31.12.2013	31.12.2012
Within one year	**119**	**599**

As at reporting date, The Group has a contractual commitment to construct a semi-automated production line of k€ 119 (2012: k€ 599). These capital commitments have a maturity of less than one year.

23.3 Purchase commitments

in k€	31.12.2013	31.12.2012
Within one year	**1,259**	**0**

As at reporting date, The Group has a contractual commitment to purchase one semi-automated production line and molding for the new products of k€ 1,259 (2012: k€ 0). This purchase commitment has a maturity of less than one year.

.

24. Related Party and Company Disclosures

An entity or individual is considered a related party of the Group for the purposes of the financial statements if:

- the individual possesses the ability, directly or indirectly, to control or exercise significant influence over the operating and financial decision of the Group or vice versa; or
- the individual is subject to common control or common significant influence,
- or it is a company controlled by an individual who belongs to the Company's key management personnel or is jointly managed by a company in which this person holds a stake.

24.1 Related party information

Name of related party		City, Province, Country
Key Management of the Group		
Wei XIE		Beijing, China
Yan ZHAO		Beijing, China
Took Jw ee NGOH		Beijing, China
Companies		
Feng Gao Ltd.		Hong Kong
Aries Gold Investments Ltd.		Hong Kong

24.2 Transactions with related party

a) Due from/to related parties

in k€		31.12.2013		31.12.2012
Due from related parties				
Amounts due from Mr. Wei XIE		0		1,536
		0		**1,536**
Due to related parties				
Amounts due to Mr. Wei XIE		**120**		**165**

This table shows receivables and liabilities, which mainly relate to the key management of the group.

b) Key management remuneration

in k€	2013	2012
Key management of the Group	189	199

in k€	2013	2012
Supervisory board	41	0

As in prior year the remuneration paid to key management personnel consists of salaries and other benefits and are exclusively short-term employee benefits. No variable remuneration was paid in 2013 or 2012. All remuneration is paid by and from the Mainland China entities. For more information on remuneration, please refer to the Group management report.

25. Disclosure of Financial Instruments

The Group's financial instruments on the closing day comprise cash and liquid resources, some short-term debtors and creditors, as well as normal trade debtors and creditors. The main risks, which arise from these financial instruments, relate to liquidity, interest and exchange rates.

Disclosures IFRS 7

Carrying amounts, amounts recognized, and fair values by category: in k€	Category in accordance with IAS 39	Carrying Amount Dec 31, 2013	Amounts recognized in balance sheet according to IAS 39 at amortized cost	Carrying Amount Dec 31, 2012	Amounts recognized in balance sheet according to IAS 39 at amortized cost
Trade receivables	LaR	2,932	2,932	2,774	2,774
Other receivables and other financial assets	LaR	686	686	374	374
Amounts due from related parties	LaR	0	0	1,536	1,536
Cash and cash equivalents	LaR	435	435	225	225
Trade payables	FLAC	489	489	643	643
Other payables	FLAC	609	609	248	248
Amounts due to related parties	FLAC	120	120	165	165
Of which: aggregated by category in accordance with IAS 39					
Total Loans and receivables, (LaR)		4,052	4,052	4,909	4,909
Total Financial liabilities measured at amortised cost (FLAC)		1,219	1,219	1,056	1,056

As current financial assets and liabilities have short residual terms their carrying amounts correspond to market value as of the balance sheet date. Their maximum exposure to credit risk at the end of the reporting period agrees with their carrying amounts.

Interest from financial instruments is recognised in finance income and costs. Net gains and losses from financial instruments are presented under administration expenses.

26. Financial Risk Management Objectives and Policies

The Group is exposed to interest rate and other market risks arising in the normal course of business. The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange rates. The Group is exposed to various risks in relation to financial instruments. The main types of risks are market risks, credit risks and liquidity risks arising in the normal course of business. The Group established a risk management system which allows identifying risk concentrations in a timely manner.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk:

interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits and available-for-sale investments.

b) Credit risk (default risk)

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in a loss to the Group. The Group has adopted the policy of only dealing with creditworthy counter parties and monitors their balances.

The Group’s credit risk is primarily attributable to its trade and other receivables and amount due from related party. Cash is placed with creditworthy financial institutions. The trade and other receivables presented in the financial position are net of an allowance for doubtful receivables, estimated by management based on current economic conditions.

The carrying amount of financial assets recorded in the financial statements net of any allowance for doubtful receivables, represents the Group’s maximum exposure to credit risk. The carrying amount of financial assets as of 31 December 2013 is k€ 4,940 (2012: k€ 4,909). All material financial assets are due from Chinese contract partners.

c) Foreign currency risk

Foreign exchange risk refers to the risk that movement in foreign currency exchange rates against the Group’s functional currency will affect the Group’s financial results and cash flows. The majority of the Group's transactions are in RMB, and all of the Group’s interest bearing financial assets and liabilities. For this reason, foreign currency changes that affect the financial results and cash flows are classified as insignificant.

As the presentation currency of the Group's consolidated financial statements is in EUR, any significant depreciation of the functional currency against the EUR would result in foreign currencies translation losses when translating the net assets of the Company from other foreign currencies to EUR.

d) Liquidity risk

Liquidity risk arises from the possibility that the Group is unable to meet its obligations towards other counter parties. The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group’s operations and mitigate the effects of fluctuations in cash flows.

The Group manages its liquidity needs by carefully forecasting cash inflows and outflows due in day to day business. Liquidity needs are monitored in various time bands, on a day to day and week to week basis, as well as on the basis of a rolling 30 day projection. Long term liquidity needs for a 360-day lookout period are identified monthly. The Group maintains cash and short-term bank deposits to meet its liquidity requirements for 30 day periods at a minimum.

The liquidity policies have been followed by the Group during the period and are considered to have been effective in managing liquidity risks.

Analysed below is the Group's remaining contractual maturities for its non-derivative financial liabilities as at reporting date. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on when the Group can be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group is committed to pay. The analysis is based on the undiscounted cash flows of the financial liabilities.

in k€	31.12.2013	31.12.2012
Payable within 1 year:		
Trade payables	489	643
Amount due to related party	120	165
Other payables	609	248
	1,218	**1,056**

27. Cash Flow Statement

The cash flow statement has been prepared in accordance with IAS 7 and is classified into net cash flows from operating, investing and financing activities. The cash flow from operating activities is presented using the indirect method, while the cash flows from investing and financing activities are presented using the direct method. Cash funds are composed of cash and cash equivalents, such as short-term deposits with a fixed term of no more than three months.

28. Comments on Capital Management

BPIC Group fundamentally pursues the goal of securing its shareholders' equity base for the long term and of achieving a suitable return on its capital. A high level of shareholders' equity is also aimed at because it supports the independence and competitiveness of the company. The BPIC Group's capital management also aims to ensure that the operating companies will continue to operate and to finance organic and external growth.

As of 31 December 2013, the shareholders' equity rate of the BPIC Group was 47.31% (2012: 44.52%). The return on shareholders' equity – the ratio of the share of consolidated income of the BPIC Group's shareholders and the shareholders' equity on the preceding report date – amounted to +44.5% and +50.0%in the 2012 and 2013 financial years, respectively.

29. Members of the Executive and Supervisory Boards

Executive Board

Mr. Wei XIE, Henan Province, PRC, merchant
Mr. Took Jwee NGOH, Malaysia, merchant
Ms. Yan ZHAO, Beijing, PRC, businesswoman

Supervisory Board

Mr. Jie LUO, Wuhan Province, PRC, merchant, deputy chairman
Mr. Xiaoping ZHAO, Shanghai, PRC, merchant
Mr. Matthias SCHROEDER, Hamburg, Germany, lawyer, Chairman (since June 2013)
Mr. Phillip MOFFAT, Hamburg, Germany, merchant (till June 2013).

Effective on 19 June 2013, Mr. Phillip MOFFAT resigned from the Chairman of Supervisory Board. Mr. Matthias SCHROEDER was appointed as a member of the Supervisory Board by the Local Court of Hamburg, Germany, on 25 June 2013. By resolution dated 28 June 2012, the Supervisory Board elected Mr. Matthias SCHROEDER as the new Chairman of the Supervisory Board.

30. Remuneration of the Executive and Supervisory Boards

Management Board

For the fiscal year 2013, the members of the Management Board received the following fixed remuneration in excess of which they are not entitled to receive any further performance-based remuneration:

in k€	2013	2012
Mr. Wei XIE	146	155
Mr. Took Jw ee NGOH	43	44
Ms. Yan ZHAO	0	0
	189	199

Supervisory Board (only Fixed Remunerations)

in k€		2013		2012
Mr. Matthias SCHROEDER (since June 2013)		7		0
Mr. Phillip MOFFAT (till June 2013)		10		0
Mr. Jie LUO		12		0
Mr. Xiaoping ZHAO		12		0
		41		**0**

The chairman of the Supervisory Board receives a basic remuneration of kEUR12 per calendar year. The other members of the Supervisory Board receive a basic remuneration of kEUR10 per calendar year.

31. Shareholdings in China BPIC Surveying Instruments AG

The shareholdings in China BPIC Surveying Instruments AG are as follows:

Shareholders		in %
Feng Gao Ltd.		67,9
Aries Gold Investment Ltd.		29.1
Others		3.0
		100.0

32. Audit

Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Düsseldorf has been elected as the auditors of China BPIC Surveying Instruments AG and the Group for fiscal year 2013. The auditor charged audit fees in the amount of k€ 40 (2012: k€ 49) (including out-of-pocket expenses, if any) for the business year. No other services were provided by the auditor.

33. Proposal on Results utilization

At the Annual General Meeting, the Executive Board and Supervisory Board will propose that no dividends will be declared for the 2013 financial year.

34. Events after the Balance Sheet Date

There is no significant event after the balance sheet date up to the date of this report.

Hamburg,03September 2014

Wei XIE	Took Jwee NGOH	Yan ZHAO

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principals, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with its expected development.

Hamburg, 3 September 2014

Wei XIE   Took Jwee NGOH   Yan ZHAO

AUDITOR'S OPINION

To China BPIC Surveying Instruments AG, Hamburg

We have audited the consolidated financial statements prepared by China BPIC Surveying Instruments AG – comprising a consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements – and the group management report for the financial year from 1 January to 31 December 2013. The preparation of the consolidated financial statements and the group management report in accordance with IFRS, as adopted by the EU, and with the additional requirements of the German commercial law pursuant to section 315a paragraph 1 HGB are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with paragraph 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements of China BPIC Surveying Instruments AG for the financial year from 1 January to 31 December 2013 comply with IFRS, as adopted by the EU, and the additional requirements of the German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitable presents the opportunities and risks of future development.

Düsseldorf, 3 September 2014

Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Ralf Clemens
Wirtschaftsprüfer
[German Public Auditor]

Angelika Dobslaw
Wirtschaftsprüfer
[German Public Auditor]

Financial Calendar

9 September 2014	Publication of Annual Report 2013
30 September 2014	Interim Financial Report 2014
14 November 2014	Annual General Meeting

Imprint

China BPIC Surveying Instruments AG
Schoppenstehl 22
20095 Hamburg, Germany

Contact

E-mall: bpic@bpicsurvey.com
Tel: + 86 (010) 57227983
Fax: + 86 (010) 80707743