

BUSINESS AND ENVIRONMENT

ORGANISATION

No material changes

In the reporting period, we did not make any material changes to the Group's organisational structure.

ECONOMIC PARAMETERS

Differentiated recovery

The first half of 2010 saw a recovery of the global economy, with emerging Asian markets showing particular strength. Overall, industrial countries showed increasing signs of recovery, albeit with wide regional differences.

The Asian countries recorded a robust economic upswing. Year-on-year GDP in China rose in the first half of 2010 by 11.1%. In Japan, the economy continued to grow in the second quarter after seeing GDP improve significantly following a rise in exports in early 2010.

The US economy continued to regain momentum, as the increase particularly in corporate investments indicates. Private consumption and employment also saw moderate gains. However, unemployment levels remained very high and the overall capacity utilisation rate was low. The US Federal Reserve retained its key interest rate at 0% to 0.25% in a continued effort to prop up the economy.

Economic output in the euro zone was again up slightly at the beginning of the year. In the spring, the economic drivers gained momentum, which boosted industrial production in particular. The global rise in demand coinciding with a weakening of the euro benefited the euro zone as a whole. Whilst in some countries the economic drivers strengthened considerably, several of the southern member states suffered from the swelling debt crisis and the intensified measures to consolidate national budgets. The European Central Bank held its key interest rate at 1% to further sustain the economy, with inflation remaining moderate.

According to the information available, the German economy saw a substantial upturn in the second quarter, with exceptionally strong growth in industrial production. In the aftermath of the harsh winter, the spring saw a sharp rise in construction activities coupled with a noticeable drop in unemployment. The ifo Business Climate Index remained high and continued to rise.