

B.C.R.H. & Associés

*Société d'Expertise Comptable
et de Commissariat aux Comptes*



Toolux Sanding SA

3B, boulevard du Prince Henri
L-1724 Luxembourg
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INDEPENDENT AUDITOR'S REVIEW REPORT

**CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014**

**INDEPENDENT AUDITOR'S REPORT ON
CONSOLIDATED FINANCIAL STATEMENTS
OF TOOLUX SANDING SA AS AT 31 DECEMBER 2014**

To the shareholders of Toolux Sanding SA,

Following the Company's request, we have audited the accompanying consolidated financial statements of Toolux Sanding SA ("the Company") and its subsidiaries (together the "Group") which comprise the consolidated statement of financial position as at December 31st 2014, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Director's responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statement based on our audit. We conducted our audit in accordance with International Standards of Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the auditor, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Toolux Sanding SA, as of December 31st, 2014 and of its financial performance and of its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

However, we draw your attention on the facts exposed paragraphs IV (1) 3 (1) of the following notes of the consolidated financial statements.

Report on other legal requirements

The consolidated management report, which is the responsibility of the board of directors, is consistent with the consolidated financial statements.

Paris, June 24th, 2015

BCRH & Associés

Société d'Expertise Comptable et de Commissariat aux Comptes



François Sors
Associé

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(euros)

TOOLUX SANDING SA

ITEMS	NOTE	From January 1, 2014 to December 31,2014	From January 1, 2013 to December 31,2013
SALES OF MAIN OPERATIONS	IV(II) (1)	10 337 439	8 886 781
Less:cost of main operations	IV(II) (2)	-7 555 833	-6 021 581
GROSS PROFIT		2 781 606	2 865 200
Add: Income from other operations	IV(II) (3)	54 554	52 506
Less: Selling expenses	IV(II) (4)	-344 133	-291 383
Less: General and administrative expenses	IV(II) (5)	-1 969 033	-2 275 313
Less: Financial expenses	IV(II) (6)	-182 594	-331 479
OPERATING INCOME		340 400	19 531
Investment income(loss expressed with "-")		2 903	12 289
Non-operating income	IV(II) (7)	44 075	48 194
Less:Sales tax and additions		-46 558	-49 099
Less:Non-operating expenses	IV(II) (8)	-12 925	-22 891
PROFIT BEFORE TAX (LOSS EXPRESSED WITH "-")		327 895	8 025
Less: Income tax		-227 327	-49 653
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		100 568	-41 627
PROFIT PER SHARE (BASIC AND DILUTED)		0,06	-0,02

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(euros)

From January 1, 2014 to December 31, 2014

TOOLUX SANDING SA

ITEMS	NOTE	December 31,2014	December 31,2013
NON CURRENT ASSETS :			
Property, plant and equipment	IV(I) (6)	9 952 276	7 853 026
Less:Accumulated depreciation	IV(I) (6)	-4 739 821	-3 847 331
Property, plant and equipment (net value)	IV(I) (6)	5 212 455	4 005 695
Construction in progress	IV(I) (7)	5 268 003	3 755 146
Intangible assets	IV(I) (8)	900 206	828 087
Long-term investment		162 859	146 994
Long-term prepaid assets		101 156	12 410
Deferred tax assets			
TOTAL NON CURRENT ASSETS		11 644 679	8 748 332
CURRENT ASSETS:			
Inventories	IV(I) (5)	945 536	263 841
Trade debtors	IV(I) (2)	1 712 742	1 920 180
Other receivable	IV(I) (3)	20 420 411	17 047 920
Advances to suppliers	IV(I) (4)	4 745 914	4 801 895
Cash and cash equivalents	IV(I) (1)	5 741 487	4 570 506
TOTAL CURRENT ASSETS		33 566 090	28 604 343
TOTAL ASSETS		45 210 769	37 352 675
CURRENT LIABILITIES:			
Bank borrowings	IV(I) (11)	18 133 443	14 642 297
Notes payable	IV(I) (12)	6 097 561	4 641 219
Trade creditors	IV(I) (13)	1 742 916	1 372 513
Advances received from customers	IV(I) (14)	106 421	120 731
Welfare benefits payable		131 784	123 645
Taxes payable	IV(I) (15)	268 614	300 318
Other levies payable	IV(I) (16)	23 482	-18 542
Other payable	IV(I) (17)	4 868 386	3 908 571
TOTAL CURRENT LIABILITIES		31 372 607	25 090 751
OWNERS'/SHAREHOLDERS' EQUITY			
Subscribed capital		1 753 667	1 753 667
Other reserves		8 959 913	8 859 347
Exchange differences on translating foreign operations		2 994 370	1 530 993
TOTAL OWNERS' EQUITY		13 707 950	12 144 007
Non-controlling interests		130 212	117 917
TOTAL LIABILITIES & OWNERS' EQUITY		45 210 769	37 352 675

CONSOLIDATED CASH FLOW STATEMENT (euros)

ITEMS	31 December 2014	31 December 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	327 892	-26 223
Adjustements for :		
Exchange difference	548 138	-52 174
Impairment loss for doubtful accounts	1 279	
Depreciation of property, plant and equipment	439 373	430 500
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1 316 682	352 104
WORKING CAPITAL CHANGES		
Trade debtors	396 536	104 968
Other receivable	-1 424 177	2 706 595
Advances to suppliers	528 631	-469 206
Inventories	-601 355	-119 982
Notes payable	879 578	-119 773
Accounts payable	205 484	-299 308
Advances from customers	-25 169	-41 897
Welfare benefit payable	-76 623	-68 608
Accrued payroll	121 321	
Taxes payable	-58 919	51 757
Other levies payable	-8 961	8 495
Other payable	622 679	-385 488
CASH FROM OPERATING ACTIVITIES	1 875 706	1 719 657
Income tax	-227 327	60 435
NET CASH FROM OPERATING ACTIVITIES	1 648 380	1 780 092
INVESTING ACTIVITIES		
Long term equity investment		54
Purchase of property, land and equipment	-1 152 327	-244 897
Intangible assets	15 882	643
Construction in progress	-1 019 642	-1 044 620
Long term prepaid assets	-80 467	15 412
NET CASH FROM INVESTING ACTIVITIES	-2 236 554	-1 273 409
FINANCING ACTIVITIES		
Short term loans received	16 693 651	14 642 297
Short term loans repaid	-14 934 495	-15 810 087
NET CASH FROM INVESTING ACTIVITIES	1 759 155	-1 167 791
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1 170 981	-661 107
CASH AND CASH EQUIVALENTS BEGINING OF YEAR	4 570 506	5 231 613
CASH AND CASH EQUIVALENTS END OF YEAR	5 741 487	4 570 506
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1 170 981	-661 107

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(EURO)

	CAPITAL	RESERVES	EXCHANGE DIFFERENCE	MINORITY INTERESTS	TOTAL
Balance as at 1th January 2012	1 753 667	8 733 503	1 833 133	43 924	12 364 227
Exchange difference			-30 231		-30 231
Net profit for the year/period		152 067			152 067
Minority interests				74 005	74 005
Balance as at 1th January 2012	1 753 667	8 885 570	1 802 902	117 929	12 560 068
Exchange difference			-271 909		-271 909
Net profit for the year/period		-26 223			-26 223
Minority interests				-12	-12
Balance as at 31 December 2013	1 753 667	8 859 347	1 530 993	117 917	12 261 924
Exchange difference			1 463 377		1 463 377
Net profit for the year/period		100 566			100 566
Minority interests				12 295	12 295
Balance as at 31 December 2014	1 753 667	8 959 913	2 994 370	130 212	13 838 162

Toolux Sanding SA

Notes to the Consolidated Financial Statements for the financial year ended December 31, 2014

I. General Information

The consolidated financial statements of Toolux Sanding SA ("the Company") and its subsidiaries (collectively referred as "the Group") are prepared for the twelve months period ended December 31, 2014.

The registered office is located at 3B, boulevard du Prince Henri, L-1724 Luxembourg.

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

On 13th October 2008, the directors increased, by a contribution in kind, the capital of the Company by 1 000 000 euros to bring it from 350 000 euros to 1 350 000 euros by the issuance of 1 000 000 new shares with a nominal value of 1 euro each.

The contribution in kind was represented by 100 % of the share capital of Giant Dragon Holdings Ltd (Samoa), a company incorporated in Samoa on 17th January 2007 with registered number 30466 and located at Level 2, Nia Mall, Vaea Street, Apia, Samoa. The contribution in kind value was based on Giant Dragon Holdings Ltd net asset value as at June 30, 2008.

On December 17, 2008, in connection with the admission of the Company on Alternext Market of Euronext Paris, the board of directors realized an increase of the issued share capital paid up in cash to bring it from 1 350 000 Euros to 1 753 667 Euros (1 753 667 shares of 1 euro each). The total amount of the contribution is five million eighty-two thousand one hundred and sixty seven Euros fifty three cents (EUROS 5 082 167,53) represented by four hundred and three thousand six hundred and sixty seven Euros (403 667) for the capital and four million six hundred and seventy-eight thousand five hundred euro fifty three cents (4 678 500,53 Euros) for the share premium.

On December 2, 2008, the company acquired from Giant Dragon Holdings Ltd, for a consideration of 2 998 000 usd, 100 % of the share capital of Shaoxing Sanding Tools Ltd, a Chinese company with registered office at Industrial Park, Ganlin Town, Shengzhou City, Zhejiang Province, China.

The principal activities of Shaoxing Sanding Tools and of its subsidiary, Zhejiang Sanding Tools are the manufacturing and selling of plastic and metal tools.

II. Basis of preparation

Basis of accounting

The consolidated financial statements for the financial year starting on January 1, 2014 and ended December 31, 2014 were prepared on the basis of reviewed financial statements of the following companies :

- Toolux Sanding SA (the company)
- Shaoxing Sanding Tools Ltd (People's Republic of China subsidiary) ;
- Zhejiang Sanding Tools Ltd (People's Republic of China subsidiary) ;
- Shengzhou Sanding Business Travelling Services Co Ltd (People's Republic of China subsidiary) ;

The consolidated financial statements of the Group, expressed in euros, have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention, except as disclosed in the accounting policies below.

Significant accounting estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires the use of judgments, estimate and assumptions, if any, that affect the reported amounts of assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Foreign Currency Translation

Items included in the financial statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the subsidiaries is Renminbi ("RMB") whereas the consolidated financial statements are presented in euros, which is the Group's presentation currency.

The subsidiaries' transactions in foreign currencies are converted at the market exchange rate published by People's Bank of China on the transaction date. The ending balances of various foreign currency accounts are adjusted per the exchange rate (the medium rate) prevailing at the last month of the period.

The financial statements of the overseas subsidiaries are translated into the Group's presentation currency using the year end rate for the balance sheet items (1 Euro = 8.3491 Rmb as of December 31, 2013, 1 Euro = 7.5358 Rmb as of December 31, 2014) and the average rate of exchange for the income

statements items (1 Euro = 8.1646 Rmb for the year 2013, 1 Euro = 8,1557 Rmb for the year 2014). Exchange differences are dealt with as a movement exchange reserve accounted for in equity.

III. Summary of significant accounting policies

Consolidation

All inter-company balances and significant inter-company transactions and resulting unrealized profits or losses are eliminated on the consolidation and the consolidated financial statements reflect external transactions and balances only.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus cost directly attributable to the acquisition. Identifiable assets acquired and liabilities are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Group Structure

All subsidiaries of the group are consolidated following the global integration method and all the reporting dates are the same as the reporting date used for the consolidated financial statements (31 December 2014).

The hold interest of the Company in fully consolidated companies is:

Company	Country	% of interest	% of votes
Shaoxing Sanding Tools Ltd	People's Republic of China	100%	100%
Zhejiang Sanding Tools Ltd	People's Republic of China	100%	100%
Shengzhou Sanding Business Travelling Services Co	People's Republic of China	95%	95%

Cash and cash equivalents

Cash equivalents are investments which are characterized by a short maturity (generally mature within 3 months since the date of purchase), strong liquidity, ready convertibility and low volatility.

Trade and other receivable

Trade and other receivable that have fixed determinable payments that are not quoted in an active market are recognized initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition trade and other receivable are measured at amortized cost using the effective

interest method, less any impairment.

The accounts are considered as bad debts by Group's management within its authority.

The loss of bad debts of the Company is accounted with allowance method, in which the allowance is allocated to offset the loss arising from bad debts.

The range for allowance accounting of bad debts includes the accounts receivable and other receivable.

Trade and other payable

Trade and other payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and service received.

Trade and other payable that have fixed determinable payments that are not quoted in an active market are recognized initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition trade and other payable are measured at amortized cost using the effective interest method, less any impairment.

Inventories

Inventories are stated at the lower of cost and net realizable value.

Inventories include the finished products or commodities that are reserved for sale during production and operating activities, or the in-process materials that are under production for sale, or the materials that are consumed during production, operating and R&D activities.

Cost is determined using the weighted average method. The cost of finished goods comprises raw materials, direct labor costs, other direct costs and related production overhead expenses but excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Depreciation of property, plant and equipment

Property, plant and equipment are booked at their initial cost less accumulated depreciation and impairment losses. The initial cost comprises the purchase price and any directly attributable cost of bringing the assets to its working condition and location for its intended use.

Property, plant and equipment are depreciated on a straight-line basis over their estimate useful lives. Management estimates that the useful lives of these property, plant and equipment to be within 5 to 30 years.

The depreciation rate is based on the initial costs and estimated economic useful lives of all fixed assets after being reduced by the estimated residual value of 5%.

The estimated residual value and annual depreciation rates of each fixed asset category are as below:

Category	Year of Depreciation	RV (%)	Annual Depreciation Rate (%)
House & buildings	5-20	5	19 - 4,75
Machinery	5-10	5	19 – 9,5
Office facilities	5-10	5	19 – 9,5
Vehicles	5	5	19
Other Equipments	5	5	19

Impairment of non financial assets

The carrying amounts of non-current assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss, if any, is recognized when the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are charged in the income statement.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognized for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

A reversal of an impairment loss is credited as income in the income statements.

Construction in Progress

The estimated value of the construction in progress is transferred into the fixed assets per its actual cost upon its reaching readiness for use.

At the period end, if one or more of the following cases occur, the provision for construction-in-progress devaluation will be allocated, based on the difference of the recoverable value of a single item of construction in progress less its book value:

- The construction in progress is suspended for a long time and will not be completed in three years;

- The project is outdated in terms of technique and functions and uncertain in terms of profitability for the Company;

- Other cases of devaluation of the construction in progress with sufficient evidences.

Intangible Assets

The intangible assets refer to the land-use rights, trademark rights, property rights and software related to the production that have been obtained by the Company. The intangible assets are accounted at actual cost when acquired, of which the purchased intangible assets are accounted for based upon the actual payments and the intangible assets invested by the investors are accounted for based upon the values rationally assessed

The intangible assets are amortized in equal installments over their expected useful life. In the event that a certain intangible asset cannot presumably bring future benefit to the Company, all the book value of this intangible asset will be transferred to the administrative expenses of the current period.

At the period end, the anticipated economic benefit that the intangible asset can bring to the Company is measured. Based on the difference of the recoverable value of a single intangible asset less than its book value, a provision for impairment is booked.

Related parties

Related parties are entities in which one or more common direct/indirect/ shareholders and/or directors have the ability to control or exercise significant influence over the other party in financial and operating decision making.

Income Recognition Principle

Revenue from the sales of goods is recognized when significant risks and rewards of ownership of goods are transferred to the buyer.

Revenue excludes value added tax.

No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due, associated costs or possible return of goods.

Retirement benefit plan

The eligible employees of the Group, who are all citizens of the People's Republic of China, are members of a state-managed retirement benefit scheme operated by the local government. The company is required to contribute a certain percentage of their payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the company to respect the retirement scheme is to make the specified contributions.

Income taxes

Current taxation provided at the current taxation rate based on the income for the financial period that is chargeable to tax. Deferred taxation is provided at the current taxation rate on all temporary

differences existing at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax liabilities are recognized for all deductible temporary differences to the extent that it is probable that the future taxable profit will be available against which the deductible temporary differences can be recognized.

The statutory tax rates enacted at the balance sheet date are used to determine deferred income tax.

The subsidiaries' income tax rate is 25 % of the income. In the event that the domestic equipments are purchased for the purpose of technical reconstruction and comply with national requirements on tax exempt, credit and refund, the tax will be exempt at the amount approved by the local taxation agency in the current year.

IV. Notes to the Financial Statements

(I). Consolidated statement of financial position

1. CASH AND CASH EQUIVALENTS

Financial years ended 31 December		
	2014	2013
	Euro	Euro
Cash on hand	33 161	17 916
Cash at banks	<u>5 708 326</u>	<u>4 552 590</u>
Total	5 741 487	4 570 506

2. TRADE DEBTORS

Financial years ended 31 December		
	2014	2013
	Euro	Euro
Trade debtors	<u>1 712 742</u>	<u>1 920 180</u>
Total	1 712 742	1 920 180

3. OTHER RECEIVABLE

Financial years ended 31 December		
	2014	2013
	Euro	Euro
Loans to corporations (1)	17 948 185	15 993 065
Loans to individuals (2)	1 818 686	870 640
Other	<u>653 540</u>	<u>194 508</u>
Total	20 420 411	17 058 213

(1)	Annual interest rate	Amount	Month 1-3
Shengzhou Shanghui Real Estate	10%	13 651 761	13 651 761
Zhejiang Jiuding in decoration	6,5%	112 795	112 795

(1) One of directors of the Group is a minor shareholder of Shengzhou Shanghui Real Estate.

(2) Loans to individuals, having no contractual maturities and bearing no interest rate, are considered as short term loans.

4. ADVANCES TO SUPPLIERS

Financial years ended 31 December		
	2014	2013
	Euro	Euro
Prepayment to suppliers	4 745 914	4 801 895
Total	4 745 914	4 801 895

All advances have a residual maturity of less than one year.

5. INVENTORIES

Financial years ended 31 December		
	2014	2013
	Euro	Euro
Raw Material	790 306	167 386
Product in work	103 995	61 484
Finished Products	51 236	34 971
Total	945 537	263 841

There is no impairment on the inventories as at December 31, 2014 and 2013.

6. PROPERTY, PLANT AND EQUIPMENT

Gross book values					
Euro	Buildings	Prod Equipmt	Office equimt	Véhicules	Total
Total 31/12/2013	4 165 162	2 021 535	389 891	1 276 439	7 853 027
Increase	571 661	141 571	186 846	47 993	948 071
Decrease	0	-5 583	0	0	-5 583
Exchange difference	800 026	171 486	294 782	-120 699	1 145 595
Total 31/12/2014	5 536 849	2 340 175	871 519	1 203 733	9 952 276

Amortization					
Euro	Buildings	Prod Equipmt	Office equimt	Véhicules	Total
Total 31/12/2013	1 203 010	1 264 911	299 402	1 080 008	3 847 331
Increase	178 885	132 852	58 305	74 956	444 998
Decrease	0	-4 648	0	0	-4 648
Exchange difference	163 341	128 545	264 096	-113 137	442 845
Total 31/12/2014	1 545 236	1 530 956	621 803	1 041 827	4 739 822

7. CONSTRUCTION IN PROGRESS

Euro	Building Hotel	Building Dormitory	Total
Total 31/12/2013	3 194 669	560 476	3 755 145
Increase	1 591 302	0	1 591 302
Deacreate	0	-560 476	-560 476
Exchange difference	482 032	0	482 032
Total 31/12/2014	5 268 003	0	5 268 003

8. INTANGIBLE ASSETS

Financial years ended 31 December		
Euros	2014	2013
Land use right brut and software	964 232	964 232
Accumulated	153 397	136 145
Exchange difference	89 371	
Total	900 206	828 087

The term of the land in use right is 2051.

11. BANK BORROWINGS

Financial years ended 31 December						
Euros	2014			2013		
	Amount	Maturity	rate	Amount	Maturity	rate
Bank of China	1 803 391,81	26/06/2015	7,20%	5 389 802,49	01/08/2014	6,60%
Bank of China	2 084 715,62	01/07/2015	7,20%			
Bank of China	2 083 388,62	04/07/2015	7,20%			
Bank of China	630 324,58	16/01/2015	5,88%	568 923,60	24/03/2014	5,88%
Bank of China	630 324,58	17/01/2015	5,88%			
Bank of China	630 324,58	29/03/2015	5,88%			
Bank of communication	796 199,47	26/06/2015	7,20%	1 796 600,83	19/06/2014	6,60%
Bank of communication	1 194 299,21	28/07/2015	7,20%			
Bank of Zhao Shang	2 653 998,25	13/05/2015	7,20%	2 395 467,77	07/09/2014	7,20%
Bank of Hua Xia	2 322 248,47	10/12/2015	6,72%	2 096 034,30	13/12/2014	7,20%
SPD bank	663 499,56	19/02/2015	6,16%	598 866,94	28/03/2014	5,25%
Hengfeng	1 990 498,69	02/07/2015	7,20%	1 796 600,83	03/07/2014	7,87%
Shengzhou Ruifeng village bank	650 230	20/10/2015	7,20%			
Total	18 133 443			14 642 297		

12. NOTES PAYABLE

Financial year ended 31 December				
	2014		2013	
Euros	Amount	Maturity	Amount	Maturity
China Merchant Bank	291 940	30/03/2015	1 197 734	14/05/2014
Bank of communication	1 326 999	21/04/2015		
Shanghai pudong bank	2 488 123	10/03/2015	3 443 485	01/03/2014
Shanghai pudong bank	1 326 999	12/02/2015		
Shengzhou Ruifeng village bank	663 500	04/05/2015		
Total	6 097 561		4 641 219	

13. TRADE CREDITORS

Financial years ended 31 December		
Euros	2014	2013
Supplier payable	1 742 916	1 372 516
Total	1 742 916	1 372 516

14. ADVANCES RECEIVED FROM CUSTOMERS

Financial years ended 31 December		
Euros	2014	2013
Advance from customers	106 421	120 731
Total	106 421	120 731

15. TAX PAYABLE

Financial years ended 31 December		
Euros	2014	2013
Corporate Income Tax	81 562	52 112
VAT	26 638	76 620
Estate Tax	43 048	37 478
Tax		8 694
Turnover Tax	88 713	80 072
Individual income tax	8 115	6 353
Land use tax	20 410	36 843
Others	128	2 147
Total	268 614	300 319

16. OTHER LEVIES PAYABLE

Financial years ended 31 December		
	2014	2013
Education Surtax	6 404	9 091
Resources	-36 989	-34 373
Stamp tax	310	385
Social assurance	53 758	6 356
Local Education surtax		
Total	23 483	-18 541

17. OTHER PAYABLE

Financial years ended 31 December		
	2014	2013
Euros		
Other payable	4 868 386	3 934 268
Total	4 868 386	3 934 268

There is no arrears of shareholders holding more than 5% of voting shares in other account payable year end

18. SUBSCRIBED CAPITAL

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

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

On December 17, 2008, the board of directors realized an additional capital increase by contribution of 403 667 euros for the capital and 4 678 500 euros for the share premium in connection with the admission of the Company on Alternext Market of Euronext Paris. As of December 31, 2011, the subscribed share capital of the Company amounts to EUR 1 753 667 represented by 1 753 667 shares with a nominal value of EUR 1 each fully paid up.

On December 31, 2014, the shareholders of the Company are:

Crystal Sky Holding Limited, (Samoa) :	1 319 825 shares
Kunyuanyuan Capital Limited, (British Virgin Islands) :	79 428 shares
Meridian International Co Ltd, (Usa) (1) :	350 734 shares
Other :	3 680 shares
Total:	1 753 667 shares

The company has not adopted any share option scheme.

The authorized capital of the company amounts to EUR 14 000 000 as at December 31, 2014.

The company's board of directors is authorized until October 2nd, 2014, to increase the subscribed capital of the company within the limits of the authorized capital.

(II) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1. SALES OF MAIN OPERATIONS

Euros	December 31,2014
Domestic Sales	10 337 439
Total	10 337 439

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

2. MAIN OPERATING COSTS

Euros	December 31, 2014
Raw materials	5 904 565
Wages	1 050 208
OEM	163 042
Manufacturing cost	438 019
Total	7 555 834

3. INCOME FROM OTHER OPERATIONS

Euros	December 31, 2014
Sales raw materials	7 420
Electricity bill	23 275
Mold fees	17 326
Samples	1 135
Other	5 397
Total	54 553

4. SELLING EXPENSES

Euros	December 31,2014
Freight	138 656
Advertising	7 364
Wages	73 018
Packing fees	79 662
Inspections fees	10 577
Participation fees	31 371
Other	3 485
Total	344 133

5. GENERAL & ADMINISTRATIVE EXPENSES

Euros	Decembre 31,2014
Depreciation	305 350
Salary	324 877
House accumulation fund	36 649
R et D	330 519
Auditing and Consulting	56 179
Expenses on Business entertainment	130 181
Social security costs	103 828
Others	681 501
Total	1 969 084

6. FINANCIAL EXPENSES

Euros	Decembre 31,2014
Interest expenses	940 282
Procedures fees	29 167
Interest income	-786 855
Total	182 594

7. NON OPERATING INCOME

Euros	Decembre 31,2014
Rent	3 537
Adjusting accounts	36 196
Funding of local government	2 443
Other	1 899
Total	44 075

8. NON OPERATING EXPENSES

Euros	Decembre 31,2014
Hydraulic construction fund	10 409
Penalty	684
Sponsors expenses	611
Other	1 222
Total	12 926

9. INCOME TAX

The tax burden is equal to the sum of current taxes and deferred taxes. Deferred taxes are calculated according to the expiration periods for tax liabilities set by local legislation and the availability of deferrable losses in view of a favorable outlook for the companies in question so as to be able to offset deferred and related taxes. The income tax rate level in China is 25 % of benefit.

V. EMPLOYEES

	2014	2013
Administration staff	69	36
Production staff	201	125
Recherche et développement	12	11
Selling staff	16	9
Total	298	181

VI. MORTGAGE AGREEMENTS & GUARANTEES GIVEN

Pledged Assets	Area	Amount (€)	Mortgagee
House Propety (Shaoxing sanding)	1090,31m2	2 389 925	SPD bank
Land Use Right (Shaoxing sanding)	422,93 m2 2011-03782		
Land Use Right (zhejiang sanding)	34178,6m2 2004-4-3716 2004-4-3717 2004-4-3718 2007-4-1320	2 926 033	Shengzhou Branch of China Branch
House Propety (zhejiang sanding)	31330,98m2	3 941 187	Shengzhou Branch of China Branch
House Propety (zhejiang sanding)	1814,04 m2	1 446 429	Bank of communication
Land Use Right (zhejiang sanding)	594,79 m2 2010-03493		
House Propety (zhejiang sanding)	14032,25 m2	10 095 809	Bank of Zhao Shang
Land Use Right (zhejiang sanding)	6354,51 m2 2014-04336		
House Propety (zhejiang sanding)	1057,43m2	2 322 248	Bank of Hua Xia
Land Use Right (zhejiang sanding)	410,18m2 2011-03781 2011-03783 2011-03785		
TOTAL			

Pledged Assets	Amount (€)	Beneficiary	Mortgagee
Shaoxing sanding	398 099,74	Zhongding Plastic Tool Ltd.	Bank of HUAXIA branch shaoxing
Shaoxing sanding	5 175 296,58	Shengzhou Shiguang Clothing Ltd.	Bank of ZHONGXIN
Shaoxing sanding	1 326 999,12	Shengzhou xinhua Bearing Ltd.	Bank of commerce de Zhejiang
Shaoxing sanding	1 459 699,04	Shengzhou Shiguang Clothing Ltd.	Bank of commerce de Zhejiang
Zhejiang sanding	862 549,43	Shengzhou hongyang plastic limited company	Bank of China
Zhejiang sanding	2 653 998,25	Shengzhou Yuying metal cold-drawn Material Co.,Ltd	Bank of Zhao Shang
Zhejiang sanding	2 521 298,34	Shaoxing sanding	Bank of Hengfeng
Total	14 397 940,50		

VIII. RELATED TRANSACTIONS

Other Receivable :		December 31, 2014
Euros		
Name of company:		
Meridian International Co Ltd (1)		68 662
Zhejiang Dinglian Import & Export Ltd (2)		329 944
Zhejiang Dinglian Tripod Joint Co Ltd (2)		1 678 654
(1) is a shareholder of the Company (cf note IV (1)18)		
(2) Common shareholder		

XI. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The management meets periodically to analyze and formulate measures to manage the group's exposure to market risk, including principally changes in interest rates and market prices. Generally, the company employs a conservative strategy regarding its risk management: The Company has not used any derivative or other instruments for hedging purposes. The company does not hold or issue derivative financial instruments for trading purposes.

As at December 31, 2014, the company's financial instruments mainly consist of cash equivalents, receivables and payables.

X. POST BALANCE SHEET EVENTS

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