Consolidated Financial Report of PEIXIN International Group N.V.

for the period of three months ended 31 March 2015

1Q 2015

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1. Letter to the Shareholders

Dear Shareholders,

It is my pleasure to present the consolidated financial report of PEIXIN International Group N.V. for 1Q 2015. I am pleased to announce that regardless of declining Chinese economy the period ended 31 March 2015 was for the Company quite satisfying beginning of the year 2015.

PEIXIN's revenues in 1Q 2015 grew over 26% in comparison with 1Q 2014 up to EUR 15.7 million. Such substantially growth was generated mainly by the diaper machines segment. Contribution of this segment in the total revenues generated during 1Q 2015 amounted over 44%. Simultaneously the Company held the same number of units sold in sanitary machines segment, however due to technology headway the price of the machines is this segment increased. When it comes to geographical breakdown – most of the growth was generated by international sales. Due to the dynamic activity of the Group's overseas marketing team revenues generated Outside Mainland China increased by EUR 1 million compared to 1Q 2014. Simultaneously sales to trading companies enhanced by over EUR 5.3 million. However a shadow on our performance casts unsatisfying Mainland China results. The decrease of direct sales in mainland China by EUR 3,073 thousands caused decrease of revenues from domestic direct sales by 38%.

Net profit generated in 1Q 2015 increased by over 13% yoy to EUR 3.6 million.

Nevertheless due to prolonged consultations with the local government concerning modification of the investment schedule in the new plant, as well as due to declining economy trend in China the Management Board decided to change dividend policy and it will recommend to the Annual General Meeting to allocate its consolidated net profit for 2014 for raising reserve capitals with the intention to finance investments. Since cancellation of the SPO the Company did not obtained significant external sources of funding.

Yours Sincerely

Qiulin Xie

CEO PEIXIN International Group N.V.

2. General information about the Group

2.1 The Group structure

As of the reporting date i.e. 31 March 2015 the Group was comprised of the parent company Peixin International Group N.V. (registered under the Dutch law with its seat in Amsterdam) and four subsidiaries. The Peixin International Group N.V. is the sole shareholder of Peixin International BVI, whereas Peixin International BVI (Peixin International Group Ltd.) is a sole shareholder of three subsidiaries: Fujian Peixin Machine Manufacture Industry Co. Ltd., Quanzhou Peixin Machine Manufacture Industry Co. Ltd. and Baixin Industry Co. Ltd.

As at the date of the IQ report, 80.77% of the Company's share capital is held by P.I. Investment Limited, wholly owned by the current CEO Mr Qiulin Xie.

The current structure of the Group, at the publication date of the quarterly report, is presented below.

PEIXIN International Group N.V. is the vehicle created for listing shares on the Warsaw Stock Exchange. PEIXIN International Group N.V. is a public limited liability company (*naamloze vennootschap*) incorporated under Dutch law by a notarial deed dated 2 July 2013. The Company has its statutory seat (*statutaire zetel*) in Amsterdam, the Netherlands and its registered office at Joop Geesinkweg 901, 1114 AB Amsterdam, the Netherlands. The Company is registered with the trade register of the Chamber of Commerce in Amsterdam, under the number 58288449. The Company operates under the Dutch law.

Peixin International BVI (Peixin International Group Ltd.) is a limited liability company incorporated on 29 June 2004 under the laws of British Virgin Islands and registered in the Registrar of Companies under number 602294. The registered office of Peixin International BVI is Akara Bldg., 24 De Castro Street, Wickhams Cay I, Road Town, Tortola, British Virgin Islands. Peixin International BVI is a holding company.

As of the reporting date Peixin International BVI was a sole shareholder of the following three subsidiaries:

— **Fujian Peixin**, which scope of business includes manufacturing and selling of precision machinery and equipment used for the production of various sanitary products,


Pictures above present insight into assembling workshop in Fujian

— **Quanzhou Peixin** has no operational activity. The company possesses certain land use rights, real estates and trademarks. Formerly performed operating activities.

— **Baixin Industry** is a special purpose subsidiary established in connection with purchase land in Yongchun county and investment in a new plant settled on this land. The sole shareholder of Baixin is Peixin International BVI, direct subsidiary of the Company. The registered capital of the Baixin amounts to five million euro and its registered office is Fujian Province, Yongchun city, Yongchun county. Baixin's scope of business is manufacturing including production of the general machines, as well as hygienic products machines and the other machine in the other industry.

Fujian Peixin, Quanzhou Peixin and Baixin Industry are limited liability companies formed under PRC laws with a status of wholly foreign owned enterprises.

2.2 Changes in the composition of the Group

During 1Q 2015 composition of the Peixin Group didn't change.

2.3 Business and products description

The Group designs, produces and sells machines manufacturing daily-use hygiene products such as sanitary napkins, diapers, facial tissues and other products. Depending on the type and functionalities of machines, they can be divided for semi-automatic, fully-automatic, semi-servo or full-servo machines.

The Group believes that the key features of its products are high quality and functionality offered at competitive prices. Due to technological development, the life cycle of the Group's products is approximately five years, and follows the life cycle of end products because the design change of the end products and raw materials used in its production require new technology and consequently new machines. This is the reason the Company constantly improves their technology to meet the market demand, obtain and attract more and more clients.

The pictures below present selected types of machines offered by the Group.

Diaper machines segment:

Full-servo Control Elastic Laminited Waistband Baby Diaper Production Line

Full-servo control full-function baby diaper line

Full-servo Control Pull-up Panty Production Line

Full-servo Control Elastic Laminited Waistband Baby Diaper Production Line

Sanitary napkin machines segment:

Automatic Folding Napkin Paper Machine

Semi-automatic Sanitary Napkin Production Line

Tissue machine segment:

Semi-servo Pets Pad Line

As of the 31 March 2015, the Group offered over 40 models of machines. The main models are the Full-servo Control Elastic Laminited Waistband Baby Diaper Production Line, Full-servo Control Pull-up Panty Production Line and Full-servo Control Elastic Laminited Waistband Baby Diaper Production Line respectively, which represent the new progress direction of the hygiene technology.

With nearly 20 years of manufacturing and design experience, the Group has gained a thorough understanding of production technologies, client needs and valuable experience in distribution of products both in China and abroad. The Group is one of the oldest Chinese manufacturers of machines producing daily-use hygiene products and offers the most sophisticated products of this type such as full-servo machines. The Group has one of the highest values of sales among domestic manufacturers of daily-use hygiene machines, according to the Company’s estimates based on the publicly available data.

The Group sells its products under the “PEIXIN” brand. The Group's products are divided mainly into four categories: Sanitary Napkin Machines, Diaper Machines, Facial Tissue Machines and Other machines.

The Group's business is mainly driven by the daily-use hygiene products market, currently experiencing growth in developing countries. In particular, the market for diapers for babies and elderly people drives the diaper machine market. Due to consistent improvement on the technology, the Group has the ability to produce more sophisticated diaper machines. As the Group is dedicated to the design, functionality and quality of its products, its technologies and products are getting closer to international competitors and exceed most of domestic competitors. The increasing sales of the full servo machines are a vivid demonstration of how strong quality and technology of the products gain on importance. During 2014 the Company commenced cooperation with Automated Systems of Tacoma (AST). Subject of the cooperation with AST covers among others works on new generation of baby diaper machine.

The Group will continue to distribute its products to daily-use hygiene product manufacturers in China and abroad, mainly in Asia, Africa, East Europe and South America. However products covered by the cooperation with AST will be distributed exclusively to the definite by the parties territory as Asia (including the Middle East, but excluding India), Africa, Eastern Europe and Oceania (including, Australia, Melanesia, Micronesia and Polynesia (excluding Hawaii). The Company believes that growth of the units price sold in 1Q 2015 was among other things the effect of the agreement concluded with AST.

2.4 Market overview

The Group's business focuses on designing, researching, developing, manufacturing and selling precision machines manufacturing daily-use hygiene products including sanitary napkins, disposable diapers, tissues and other. The development of the machinery market is primarily driven by daily-use hygiene products market. The level of demand on the hygiene products market in particular depends on economic and demography factors such as level of income, consumption expenditure, population size and its structure as well as other like consumption habits or preferences. Furthermore, depending on the market sector (e.g. sanitary napkins, disposable diapers, tissues and other), the actual influence of particular drivers may vary.

Although Chinese economy grew at its slowest pace in 2014 (Gross domestic product (GDP) expanded 7.4 percent from 7.7 percent in 2013), the Group were able to increase revenues for 2014 by ca. 16% compared to 2013. Also net profit for 2014 increased by ca. 7% compared to past year. The Company expects that the declining economy situation in China may be continued. This trend is reflected in sales generated during 1Q 2015 in Mainland China. Revenues generated on this market decreased by over EUR 3 million (ca. 38%) compared to 1Q 2014.

According to Global Diaper Market Report 2014-2018 prepared by Kimberly-Clark, Svenska Cellulosa Aktiebolaget, P&G & Unicharm Corp Dominates the Market, one of the major drivers in this market is the increasing average disposable income among the population. There is a low level of volatility in the per capita disposable income of the people. Moreover, the purchasing power of people has increased exponentially. The affordability of diapers has grown in the developing countries, while there is a high penetration of diapers in the developed nations. One of the major trends in the market is the increased R&D investments by the vendors. The Global Diaper market is witnessing several innovations for the improvement of the performance and the efficiency of diapers. The investments are aimed to enhance the bio-degradability of the product and its safety for usage. The designing of diapers as well as the usage of improved and beltless technology are the focus of the R&D investments. Also, investments are made by the vendors for protection of their brands and to prevent infringement of copyright by other low-cost producers. Thus, the market is expected to experience increased R&D expenditure by the vendors to develop a sustainable competitive advantage. Further, the report states that one of the major challenges in this market is the declining birth rates in the developed markets. The decline occurred during the great recession, when there was high unemployment, which discouraged people to expand their families*.

Simultaneously, a new report by Allied Market Research titled, "Global Baby Diapers Market (Product Types and geography) - Size, Share, Global Trends, Company Profiles, Demand, Insights, Analysis, Research, Report, Opportunities, Segmentation and Forecast, 2013 - 2020", forecast that the global baby diapers' market would reach $59.4 billion by 2020. Overall, disposable diapers segment garnered about 66% market share in the baby diapers' market owing to unique features such as ultra-absorbency, range of ergonomic shapes and sizes. The environmentally friendly and re-usability features of 'cloth diapers' would propel the baby diapers' market and these features eventually would lead to substantial market growth during the forecast period (as opposed to other segments). Most of the leading market players are focusing on sophisticated marketing programs and aggressive market expansion strategies, thus increasing suppliers' businesses. Geographically, increasing purchasing power, growing awareness and enhanced supply-side infrastructure in rural areas have influenced the growth of the Asia Pacific regional diapers' market**.

*source: *http://www.reuters.com*
** source: *http://www.prnewswire.com*

3. Selected financial data

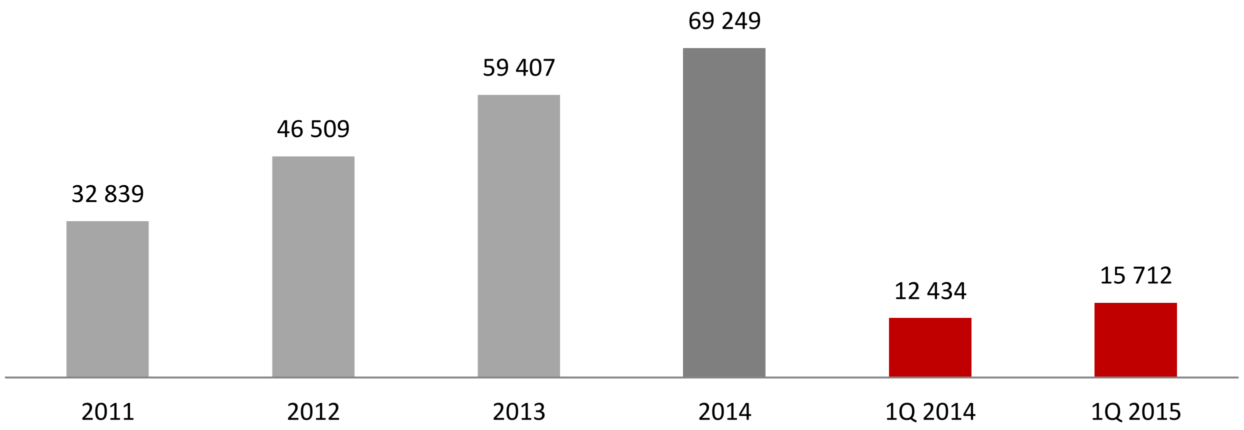
'000 EUR	**1Q 2014**	**1Q 2015**
revenues	12,434	15,721
gross profit	4,677	5,390
operating profit	3,790	3,967
EBITDA	4,364	4,473
profit before tax	3,802	4,231
net profit	3,213	3,648
cash flow from operating activities	1,820	1,385
cash flow from investing activities	(7,185)	(1,598)
cash flow from financing activities	3,816	-
net increase in cash and cash equivalents	(1,550)	(213)

'000 EUR	**31 Dec 2014**	**31 Mar 2015**
non-current assets	35,647	40,797
current assets	35,892	45,197
total assets	71,539	85,994
long-term liabilities	-	-
short-term liabilities	7,757	11,290
total equity	63,782	74,704
paid-in capital	13,000	13,000

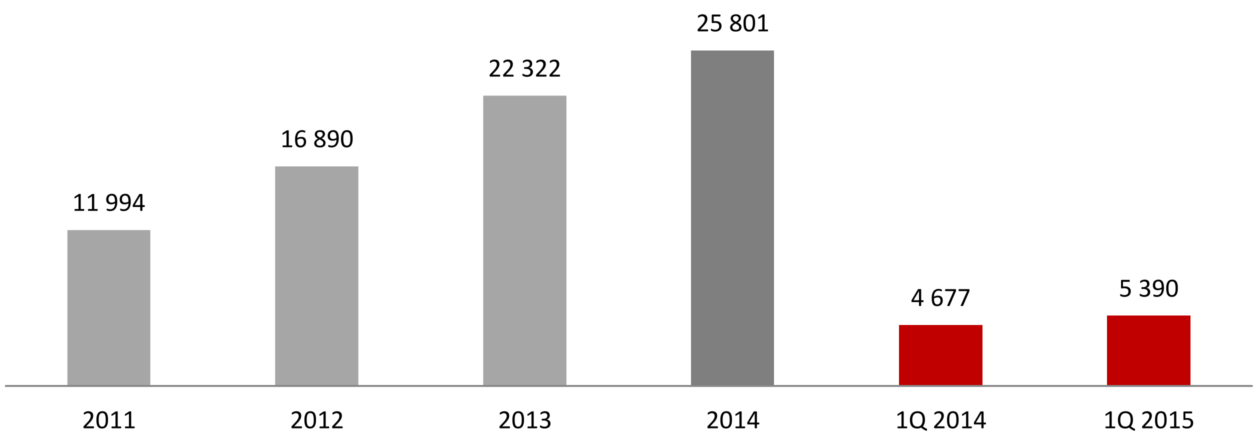
3.1 Operating and financial review

3.1.1 Key financial charts

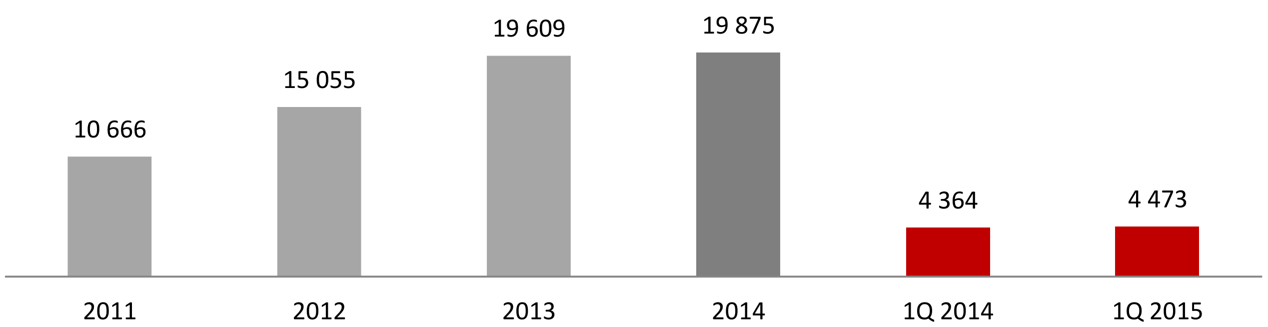
Sales '000 EUR



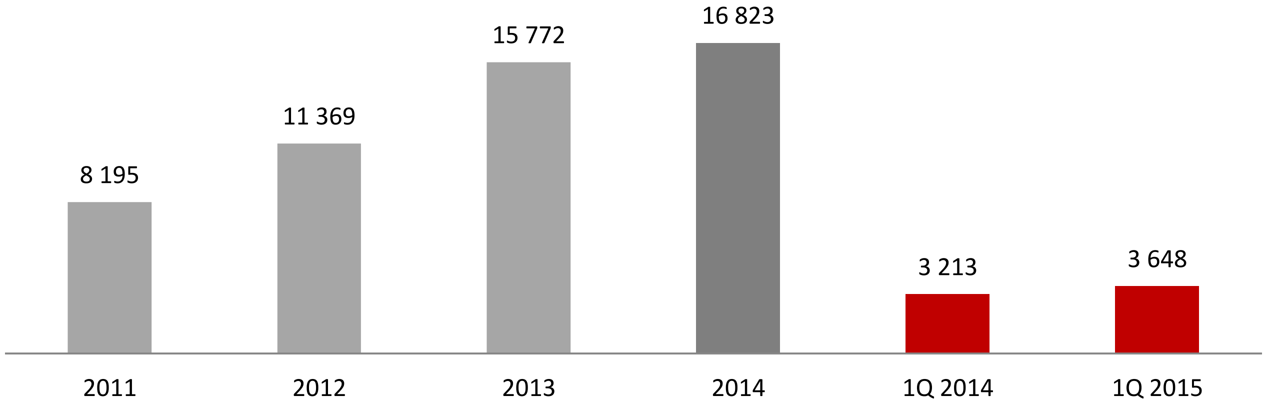
Gross Profit '000 EUR



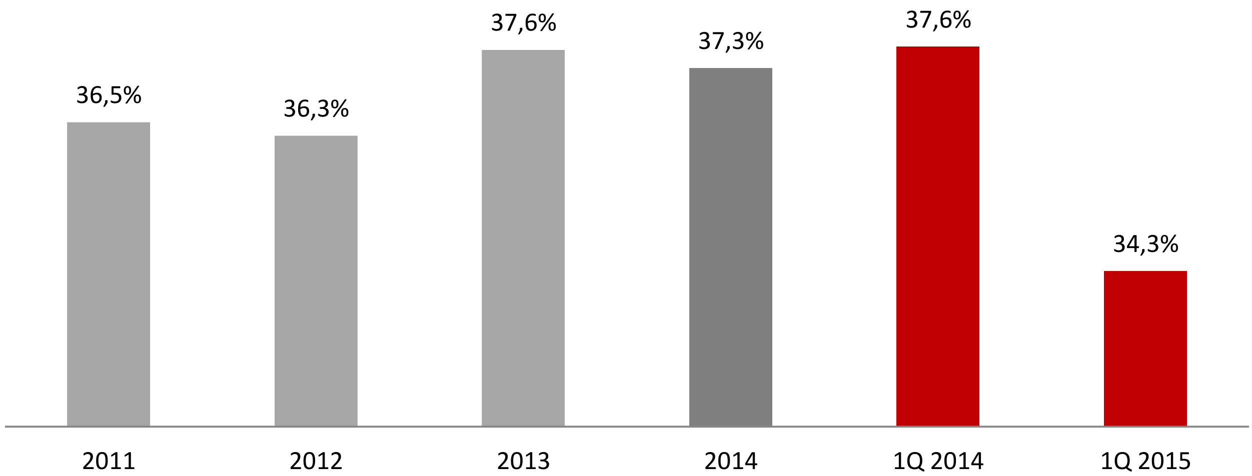
EBITDA '000 EUR



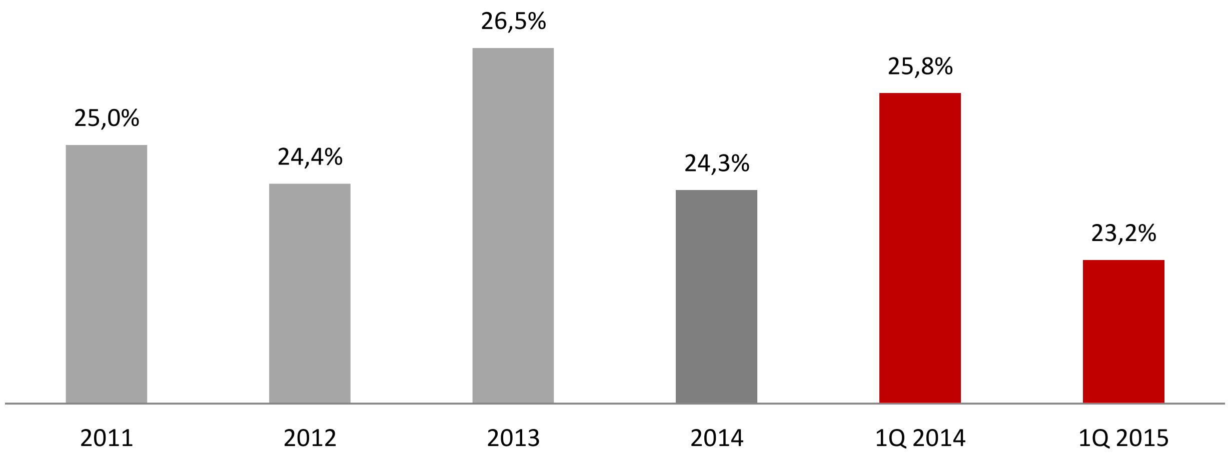
Net profit '000 EUR



Gross Profit Margin %



Net Margin %



3.2 Profit & loss account

3.2.1 Revenues

Revenues are generated from sales of sanitary napkin machines, diaper machines, facial tissue machines and other paper machines.

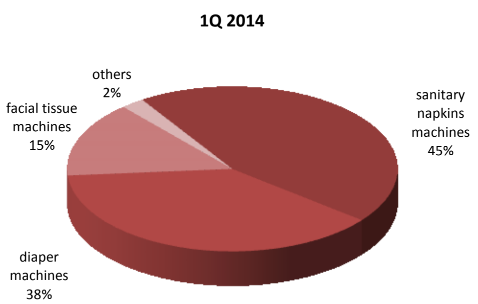
Revenues increased by EUR 3,278 thousand or 26.36 %, from EUR 12,434 thousand for the three months ended on 31 March 2014 to EUR 15,712 thousand for the three months ended on 31 March 2015. The increase of revenues was mainly the result of higher sales and number of units sold in diaper machines segment and facial tissue machines segment. Simultaneously the Company increased price for some models of sanitary napkins machines.

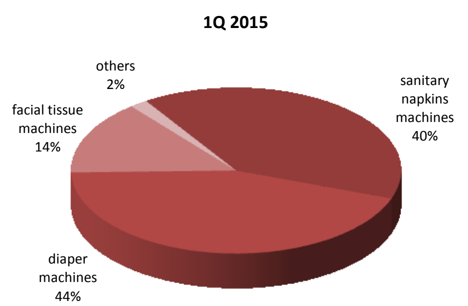
Revenues breakdown by segments

The following table presents the Group's revenues broken down into product categories for 1Q 2014 and 1Q 2015.

	1Q 2014		1Q 2015		Change in revenues
	Unit	**'000 EUR**	**Unit**	**'000 EUR**	**%**
				(unaudited)	
Sanitary napkins machines	14	5,575	14	6,230	11.75
Diaper machines	11	4,731	13	6,935	46.59
Facial tissue machines	112	1,843	115	2,269	23.11
Other paper machines	20	285	18	278	(2.46)
	157	12,434	160	15,712	26.36

Sales breakdown by segments for 1Q 2014 and 1Q 2015 is presented on charts below.





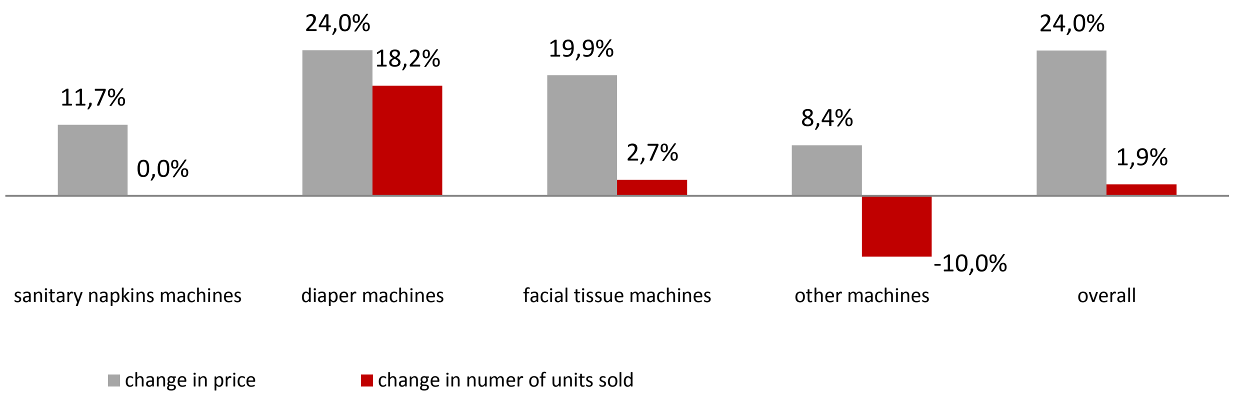
The Group experienced growth of revenues in sanitary napkins machines segment, mainly as a result of increase of sales of full servo machines in this segment. Sanitary napkins machines produced by the Company are believed to be of high quality and competitive technology, therefore both domestic and international clients are willing to order the machines due to be able to provide the market with high-quality end products. The sanitary napkin segment is most competitive amongst all segments the Company operates in. The Company maintains its competitive edge by providing high-end machines and maintaining its leading position in terms of quality. Top quality products complying with most- up-to-date technology enabled the Company to increase the average price of the machine luring the customers pursuing for top quality products.

The Group also experienced substantial growth in diaper machines segment (ca. 47% in revenues and ca. 18% in number of units) mainly driven by full servo machines sold in this segment. Leading position of the Company in providing high-tech diaper machines continue to lure the customers. The products within a segment differ from one another in terms of technology used. Moreover, all of them are tailor-made and therefore the price is set based on customization.

In other paper machines segment the Company recognized slight fall in number of machines sold. In 1Q 2015 the Company sold 20 units in this segment compared to 18 units in 1Q 2014. The revenue generated in this segment is mainly driven by production volume in other segments and is not the core business of the Company.

The Group recognized inconsiderable growth in number of the facial tissue machine segment (ca. 2,7% in number of units and ca. 23% in revenues).

The chart below presents factors influencing sales in 1Q 2015 in relation to 1Q 2014 accomplished in segments of the Company's products.



Sales geographic breakdown

The Group distributes its products in China directly to its end users. The Group distributes its products internationally (i) through China-based trading companies that sell the Group's products on to customers and (ii) directly to international customers.

Over 1Q2015 the Group's growth in revenues was mainly generated on the overseas market, what was the result of dynamic activity of the Group's overseas marketing team. During 1Q 2015 the Group maintained strong relations with the international clients and develops business directly in the overseas market.

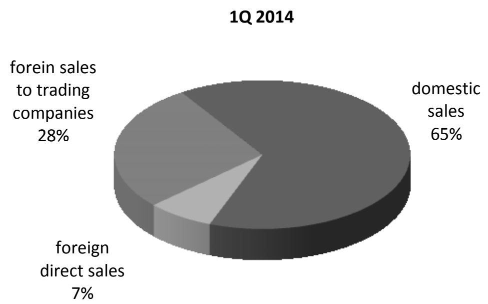
The following table presents the Group's revenues and number of units sold broken down geographically for the period of the 1Q 2014 and 1Q 2015.

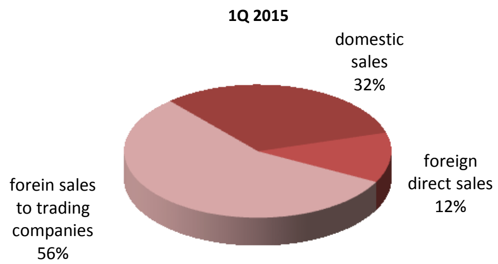
	1Q 2014	1Q 2015	Change
	'000 EUR	**'000 EUR**	**%**
Revenue:			
Direct sales			
-Mainland China	8,076	5,003	(38.05)
-Outside Mainland China	914	1,914	109.41
Sales to trading companies	3,444	8,795	155.37
Total	12,434	15,712	26.36

Number of units sold

	1Q 2014	1Q 2015	Change
	'000 EUR	**'000 EUR**	**%**
Revenue:			
Direct sales			
-Mainland China	87	72	(17.24)
-Outside Mainland China	20	29	45.00
Sales to trading companies	52	59	18.00
Total	157	160	1.91

Sales geographic breakdown for the period 1Q 2014 and 1Q 2015 is presented on charts below





The decrease of direct sales in mainland China by EUR 3,073 thousands was mainly a result of declining economy situation in China.

Due to the strong growth of the direct sales outside China through trading companies (increase of revenues by ca. 110% compared to 1Q 2014) the Company experienced visible and significant development on the overseas markets. Simultaneously the Group recognized substantial growth in revenues generated by sales to the trading companies (ca. 155% compared to 1Q 2014). In consequence Group's revenues from the international sales increased by ca. 145% compared to 1Q 2014. The number of units sold outside China raised by 16 machines (ca. 22% compared to 1Q 2014).

In terms of sales to trading agencies, the Company continues to remain this trading channel, however would not like to rely on it strongly, focusing on further development of direct international sales channel. The Company use indirect distribution channels to reach countries which are less prospective or where making business through distributors is more convenient (from political and business reasons), e.g. Afghanistan or Syria. In the most prospective ones, Peixin prefers to operate directly. Executing its strategy, the Company managed to sell directly more technologically advanced machines of high per-unit price by establishment of the international branch in Ankara, Turkey (the branch is operating since early 2014).

3.2.2 Cost of Goods Sold

The following table presents the Group's cost of sales.

	1Q 2014	**1Q 2015**	**Change**
	'000 EUR	**'000 EUR**	**%**
			(unaudited)
Changes in inventories of finished			
goods and work in progress	(2,513)	(3,275)	30.32
Materials consumed in production			
-Glue machines and motors	2,893	2,489	(13.96)
-Steel	2,000	3,550	77.50
-Electric controllers	1,502	1,818	21.04
-Knife roller\cylinder	353	426	20.68
-Other components	1,642	1,955	19.06
-Auxiliary materials	279	378	35.48
Materials consumed in production	8,669	10,615	22.45
Labour	849	1,164	37.10
Depreciation and amortization	292	427	46.23
Outsourced manufacturing cost	359	421	17.27
Taxes and surcharges *	10	12	20.00
Water and electricity	125	160	28.00
Others	9	43	377.78
Foreign currency translation difference	-43	755	(1,855.81)
Total	**7,757**	**10,322**	**33.07**

**Taxes and surcharges are mainly Urban Maintenance and Construction Tax (7% of Valued Added Tax payment amount), Extra Charges of Education Fund (3% of Valued Added Tax payment amount) and Local Surcharge for Education Fund (2% of Valued Added Tax payment amount).*

The cost of sales (the cost of production reconciled by changes in inventories of finished goods and work in progress and foreign currency translation differences) amounted to EUR 7,757 thousand in 1Q 2014 and increased up to EUR 10,322 in 1Q 2015. Material consumed in production increased by EUR 1,946 thousand or 22.44% in 1Q 2015 compared to 1Q 2014, whereas the cost of sales in 1Q 2015 increased by ca. 33% as compared to the same period of 2014. The growth of the costs of the production, for the period was mainly the result of increase in material consumed in production, mainly steel which are required for production of the sanitary and diaper machines. Cost of the steel increased by over 77%, mostly because of some models which were developed in 1Q2015, such as Full servo Control Elastic Laminated Waistband Baby Diaper Production Line, etc. which demand more steel.

Within the production costs, costs of glue machines and motor decreased slightly due to changes in Company's overall production mix shifting towards lesser complex machines such as sanitary napkins machines (using more steel but not so much these parts). The materials such as knife roller\cylinder, other components, auxiliary materials, were used proportionately in almost all of the products, which explains the increase of this position.

3.2.3 Gross profit

Gross profit increased by EUR 713 thousand, or 15.24%, from EUR 4,677 thousand in 1Q 2014 to EUR 5,390 thousand in 1Q 2015.

The following table presents the Group's gross profit broken down by product categories.

	1Q 2014	**1Q 2015**	change
	'000 EUR	**'000 EUR**	**%**
			(unaudited)
Segment gross profit			
Sanitary napkins machines	2,172	2,265	4.28
Diaper machines	1,753	2,254	28.58
Facial tissue machines	668	790	18.26
Other paper machines	84	81	(3.57)
Total	4,677	5,390	15.24

The following table presents the Group's gross profit margin broken down into product categories.

	1Q 2014	**1Q 2015**	**Change**
	'000 EUR	**'000 EUR**	**p.p.**
			(unaudited)
Segment gross margin			
Sanitary napkins machines	38.96	36.36	(2.60)
Diaper machines	37.05	32.50	(4.55)
Facial tissue machines	36.25	34.82	(1.43)
Other paper machines	29.47	29.14	(0.34)
Total gross margin	37.61	34.30	(3.31)

Regardless of the increase of the gross profit, achieved thanks to the higher average prices of the machines, which were possible to be achieved due to Company's constant development in terms of quality and technology, total gross margin decreased by 3.31 pp. compared to 1Q 2014. However lower gross margin was compensated by growth in revenues in 1Q 2015.

3.2.4 Other income/expenses

The following table presents the Group's other income broken down by categories.

	1Q 2014	1Q 2015	Change
	'000 EUR	**'000 EUR**	**%**
			(unaudited)
Rental income	1	11	1000
Sales of spare parts	5	37	640
Total	**6**	48	700

The Company generated significantly higher profit from sales of spare parts, which in total amounted to almost 77% of other income. For several years the Company has been increasing the portion of high-tech machines sold. Additional spare parts to these machines are more expensive.

3.2.5 Distribution and Selling Expenses

The table below presents the distribution and selling expenses.

	1Q 2014	1Q 2015	Change
	'000 EUR	**'000 EUR**	**%**
		(unaudited)	
Staff costs	119	163	36.97
Marketing and advertising costs	33	31	(6.06)
Post-sales services costs	26	101	288.46
Traveling costs	11	15	36.36
Depreciation	1	2	100.00
Agency costs	21	26	23.81
Others	19	67	252.63
Total	**230**	405	76.09

Staff costs constituted 51.7% of the Group's distribution and selling expenses for 1Q 2014 and 40.3% for the 1Q 2015. Staff costs increased by EUR 44 thousand, or 37.0%, from EUR 119 thousand in 1Q 2014 to EUR 164 thousand in 1Q 2015 mainly as a result of the increased sales commission based remuneration of selling staff. Post-sales services costs increased by EUR75 thousand, or 288.5%, from EUR 26 thousand in Q1 2014 to EUR 101 thousand in 1Q 2015 mainly was due to the Group successfully set up the after-sales service office in Ankara of Turkey, which caused increased in agency cost.

3.2.6 Administrative expenses

Total administrative expenses slightly decreased by EUR 32 thousand, or 7.86 %, from EUR 407 thousand in 1Q 2014 to EUR 375 thousand in 1Q 2015.

The following table presents the Group's administrative expenses broken down into categories.

	1Q 2014	1Q 2015	Change
	'000 EUR	**'000 EUR**	**%**
		(unaudited)	
Staff costs	93	134	44.09
Depreciation and amortization charges	89	92	3.37
Entertainment and office expenses	34	30	(11.76)
Miscellaneous taxes	6	23	283.33
Professional service fee	114	-	
Others	71	96	35.21
Total	407	375	(7.86)

3.2.7 Research and Development Expenses

Research and development expenses increased by EUR 435 thousand, or 169.92 %, from EUR 256 thousand in 1Q 2014 to EUR 691 thousand in 1Q 2015 mainly as a result of less materials were input for the R&D project compare to the same period of last year.

The following table presents the Group's research and development expenses broken down into categories.

	1Q 2014	1Q 2015	Change
	'000 EUR	**'000 EUR**	**%**
		(unaudited)	
Materials	133	358	169.17
Staff costs	116	188	62.07
Depreciation charges	5	99	1,880.00
Outsourced R&D	2	46	2,200.00
Total	256	691	169.92

3.2.8 Balance sheet

3.2.8.1 Non-current assets

Property, plant and equipment

Property plant and equipment increased by EUR 3,068 thousand or by 17.88 %, from EUR 17,155 thousand as at 31 December 2014 to EUR 20,223 thousand in 1Q 2015.

Current assets

Inventories

Inventories comprise materials and components used for production as well as work in-progress and finished goods.

The table below presents the breakdown of inventories of the Group as at 31 December 2014 and 31 March 2015.

	31/12/2014	31/03/2015	Change
	'000 EUR	'000 EUR	%
		(unaudited)	
Raw materials and consumables	3,413	3,787	10.96
Work in progress	5,416	8,323	53.67
Finished goods	348	716	105.75
Total	**9,177**	**12,826**	**39.76**

The level of a particular segment: raw materials, work in progress and finished goods, depends on the timing of the orders placed by the clients. The Group received an increased number of orders from clients and more machines were under construction, consequently work in progress increased. On the other hand finished goods level increased as finished machines were ready for delivery or inspection by the clients.

The table below presents the raw material and consumables composition of the Group as at 31 December 2014 and 31 March 2015.

	31/12/2014	31/03/2015	Change
	'000 EUR	'000 EUR	(%)
			(unaudited)
Glue machines and motors	607	708	16.64
Steel	1216	1,270	4.44
Electronic controllers	296	344	16.22
Knife roller/cylinder	492	747	51.83
Other components	568	579	1.94
Auxiliary materials	89	140	57.30
Total	**3268**	**3788**	**15.91**

Trade and other receivables

Trade and other receivables increased by EUR 2,317 thousand, or 25.25%, from EUR 13,540 thousand as of 31 December 2014 to EUR 15,857 thousand as of 31 March 2015.

Bank balances and cash

Bank balances and cash increased by EUR 3,336 thousand, or 25.37%, from EUR 13,150 thousand as of 31 December 2014 to EUR 16,486 thousand as of 31 March 2015.

3.2.8.2 Current liabilities

Trade and other payables

Trade and other payables consist of amounts payable to suppliers for the purchase of raw materials and products. Trade and other payables increased by EUR 1,887 thousand or 46.16 %, from EUR 4,088 thousand as at 31 December 2014 to EUR 5,975 thousand in 1Q 2015. The increase was mainly the result of significant purchases of raw materials and components necessary for the completion of the orders.

Indebtedness

The Company doesn't have any long term debt and short term debt as of 31 March 2015.

The Company has fully repaid its short term debt due in 4Q 2014 and has not borrowed in the comparable amount in early 2015.

Advance from customers

Advance from customers increased by EUR 1,539 thousand or 67.41%, from EUR 2,283 thousand as at 31 December 2014 to EUR 3,822 thousand in 1Q 2015. The increase was natural effect of higher position of work in progress in comparison to 1Q 2014.

3.2.8.3 Non-current liability

In the period covered by the consolidated final financial statement, the Group did not have non-current liabilities.

3.2.8.4 Capital and reserves.

Capital and reserves increased by EUR 10,922 thousand or 17.12%, from EUR 63,782 thousand as at 31 December 2014 to EUR 74,704 thousand in 1Q 2015, mainly as the result of the result of profit and the gain from foreign currency translation.

3.2.9 Cash flow

	1Q 2014	**1Q 2015**
	'000 EUR	**'000 EUR**
	(unaudited)	
net cash from operating activities	1,820	1,385
net cash from investing activities	(7,185)	(1,598)
net cash from financing activities	3,816	-
net movement in cash and cash equivalents	**(1,550)**	(213)
- exchange difference	(85)	3,549
cash at the beginning of the period	**11,983**	13,150
cash at the end of the period	**10,349**	16,486

In 1Q 2015 the Group generated EUR 1,385 thousand from operating activities thanks to gained profit. The amount is lower than presented in 1Q 2014 mainly due to less favourable receivables generated from customers which altogether influenced Company's working capital.

Company invested EUR 1,598 thousand throughout 1Q 2015 mainly in purchase of equipment. Company investments are in line with intended investment plan.

No financing activities occurred during the period.

As a result of operating, investing and financing activities, the Company reported net cash movement of EUR (213) thousand.

3.3 Key factors affecting operating and financial results

3.3.1 *Unusual items, one-off events*

Over the period ended 31 March 2015, there were no unusual items ore one-off events which affected the Group's operating and financial results.

3.3.2 *Important events and transactions that took place during the period and their consequences for the financial position of the Group if they are significant*

Over the period ended 31 March 2015, no important events or transactions took place that are significant for the financial position of the Group.

3.3.3 *Seasonality*

The Group's business is slightly seasonal. The Group usually generates relatively less sales in the first quarter due to the Chinese New Year and the factories closure for 2 weeks. However, slightly more sales are normally generated in the fourth quarter of the year due to the fact that clients want products to be delivered by the end of the year in order to start the business after the Chinese New Year holiday period.

3.3.4 *Events after the end of the period that have not been reflected in the financial statements for the period /material subsequent events/*

There were no events after the end of period that have not been reflected in the financial statements or would affect financial statements in any way.

3.3.5 *Nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial year*

The Company did not publish any estimates of amounts for the period ended 31 March 2015.

3.4 Risk factors

3.4.1 Risk factors relating to the industry in which the Group operates

The Group operates in a competitive environment. Increased competition or the entry of new competitors, combined with any failure to compete effectively with its competitors, may result in lower margins or in a loss of the Group's revenues.

The Group's business focuses on the manufacturing of precision machinery used for the production of sanitary products including sanitary napkins, diapers and facial tissues.

An increase in competition and new competitors could arise at any time. In particular, due to the economic slowdown and the results of the financial crisis in industrialised countries, the Group's international competitors may increase their sales activities in the markets of China and other growing economies. Existing and new competitors may establish more advanced production facilities or have greater financial resources, which could allow them to compete aggressively by lowering the prices of their products or expanding their production capacity. To remain competitive, the Group must continue to invest significant resources in increasing its production capacity, the on-going development of new products and improvement of existing products, in particular. There can be no assurance that the Group will have sufficient resources to increase its competitiveness or that such investments will improve the Group's position in relation to its competitors.

Increased competition or the arrival of new competitors could result in lower margins or a loss of revenues, either of which could have a material adverse effect on the Group's business, financial condition, and operation results.

Fluctuations in the supply and price of components and raw materials such as steel and alloy steel and other steel-based components could result in increased costs that the Group may only be able to pass on to its customers partially or not at all

As part of the Group's operations, the Group must obtain sufficient quantities of components and raw materials, most importantly steel and alloy steel, and steel-based components, at acceptable prices. Furthermore, steel and alloy steel have been subject to substantial pricing cyclically. The Group cannot assure you that price fluctuations of components and raw materials will not occur in the future or that the Group will be able to pass on cost increases to its customers in part or entirely. Failure to pass on cost increases to its customers in part or entirely could adversely affect the Group's business operations and financial results.

Availability of bank financing

The availability of bank financing for the Group in China is limited. Based on its knowledge of the market practice, the Company believes that receiving bank borrowings without providing collateral in the form of leasehold rights to the land or buildings may be very difficult if at all possible. Almost all of the Group's land and premises are pledged as of the date of hereby report. Consequently, the Group believes that it has a very limited capacity to obtain further bank financing until it acquires new real estate which would be eligible to be used as a pledge.

If the Group is unable to obtain further bank financing or alternative financing, this may have a material adverse effect on the Group's business, revenues, financial condition and results of operations.

3.4.2 Risk factors relating to the Group

The Group is exposed to fluctuations in foreign exchange rates. Fluctuations in currency exchange rates could have material adverse effects on the business, financial condition and results of operations of the Group.

Direct sales outside mainland China were realized by executing direct orders from international clients. It is the only method for the Company to generate the foreign currency. In the next 3-5 years, the Group would like to focus on direct international sales in order to benefit from potentially increasing margins and close the relationship with the clients. Therefore, the revenue generated by foreign currency will be increasing. Consequently, fluctuations in currency rates may influence the Group's results of operations, especially when the time between a sale of the Group's products and receiving payment is significant and the currency rate changes during this time.

Moreover, the Company's competitive position may change as a result of unfavorable currency rate fluctuation. The RMB appreciation may lead to higher prices for the Group's products in overseas markets and may have an adverse effect on the Company's export sales.

As a result, fluctuations in currency exchange rates could have material adverse effects on the business, financial condition and results of operations of the Group.

The inventory levels of raw materials, parts and components for the production of the Group's machines may not be adequate and may expose the Group to additional costs or affect the Group's ability to deliver products in a timely manner

Due to the nature of the Group's production process, the Group does not maintain ready-to-sell machines in its inventory. The Group usually concludes one-year contracts with its suppliers to keep the Group's inventory level of raw materials, parts and components that the Group purchases from suppliers to manufacture its machines. Due to the planned increase in the production scale, occasional shortages in inventories may occur in the future. If the level of raw materials, parts and components in the Group's inventory is insufficient, the Group will need to purchase them from its suppliers at a price which may not always be satisfactory. This may expose the Group to additional production costs. Moreover, if the Group's inventory level is too low and the Group fails to purchase additional raw materials, parts or components in a timely manner, the Group may fail to meet delivery deadlines and consequently may lose sales.

The operations of the Group are subject to uncertainties and contingencies beyond its control that could result in material disruptions and adversely affect its results of operations. A material disruption of the operations of the Group or the operations of its suppliers or customers due to force majeure events could materially and adversely affect the results of operations

The operations of the Group are subject to uncertainties and contingencies beyond its control that could result in material disruptions and adversely affect its results of operations. These include war, riot, public disorder, civil commotion, fire, earthquake, flood and other natural calamities, epidemics, outbreaks of infectious disease, terrorism, whether locally or nationwide, or incidents such as industrial accidents, equipment failures, malfunctions of information systems or other operational problems, strikes or other labour difficulties and disruptions of public infrastructure such as roads, ports or utilities. In addition, the Group's production processes are power intensive and require a constant supply of electricity. Any failure in power generation facilities, transmission systems and other infrastructure or a general scarcity of electricity could therefore also result in a decline in production output or even a suspension of production.

Any such disruption of the Group’s operations could disrupt, limit or delay its production, prevent it from meeting customer orders, increase its production costs or require it to spend additional capital expenditures, each of which could materially and adversely affect its results of operations. Force majeure events may also materially and adversely affect the operational performance of the Group's suppliers or customers, resulting in a decreased demand for the Group's products in the relevant markets. In such event, the business, financial condition and results of operations of the Group may be materially and adversely affected.

Delays in the Group’s delivery of products due to the failure to meet deadlines may have a negative impact on the Group’s customer relationships and business reputation

The business of the Group is largely based on customer relationships. If the Group fails to deliver its products in line with its deadlines, this may affect the Group’s relationships with its clients and the Group’s reputation. In such event, the business, financial condition and results of operations of the Group may be materially and adversely affected.

If the Group experiences a significant number of claims, including warranty claims, the Group’s costs might increase substantially, and the Group's reputation and brand name could suffer

Typically, the Group sells its machines with warranty terms covering a period of one year after the sale, except for certain parts of its machines, e.g. (belt, knives), that are not subject to warranty terms. The Group's product warranty typically requires the Group to provide after-sales services that cover parts and labor for non-maintenance repairs, except for repairs that are caused by operator abuse or improper use or negligence and are not attributable to normal wear and tear. Repair and replacement of certain parts and components of the Group’s machines, such as electrical apparatus control systems, are not covered by the Group but are covered by the manufacturers of such parts and components. However, in the event that such third-party suppliers refuse to perform their warranty obligations or to indemnify the Group for providing warranty services to customers to repair such parts and components, the Group may incur additional warranty costs or incurred costs may not be recovered.

If the Group experiences significant claims, including warranty claims, or if the Group's repair and replacement costs associated with warranty claims increase significantly, the Group may incur greater costs. Moreover, an increase in claims, including warranty claims, could affect its reputation and consequently result in a material adverse effect, financial condition, results of operations and prospects.

Research and development efforts of the Group may not yield the expected benefits and the Group may not be able to introduce successful products and maintain the competitiveness of its product offerings. If the Group is unable to anticipate trends in technological or product development or follow the market trends and rapidly develop the new and innovative technologies or products that are required by the Group's customers, the Group may not be able to produce sufficiently advanced products at competitive prices, which in turn may have a material and adverse impact on the Group's business, financial position and results of operations.

The market for the Group's products is characterized by continuous technological developments and innovation to provide better product performance and address the increasingly complex market needs. As a result, the Group has been focusing on research and development activities, which require considerable human resources and capital investments. However, the Group's research and development efforts may not be successful or yield the anticipated level of economic benefit. In addition, even if the Group's research and development efforts are successful, the Group may not be able to apply these newly developed technologies to products that will be accepted by the market, or the Group may not be able to apply them in a timely manner to take advantage of opportunities in the market. The level of economic benefit that can be derived from newly developed technologies or products may also be affected by the ability and promptness of the Group's competitors to replicate these technologies or products or develop more advanced or cheaper alternatives. If the Group's technologies are replicated, replaced or made redundant, or if the demand for the Group's products is not as anticipated, the Group's turnover associated with such technologies or products may not offset the costs that the Group has incurred in developing such new technologies. Furthermore, if the Group is unable to anticipate trends in technological or product development or follow the market trends and rapidly develop the new and innovative technologies or products that are required by the Group's customers, the Group may not be able to produce sufficiently advanced products at competitive prices, which in turn may have a material and adverse impact on the Group's business, financial position and results of operations.

The Group revenue depends on effective sales through the distribution network and its expansion. The Group cannot ensure that its selling efforts will be satisfactory and there can be no assurance that its marketing and development efforts will not prove costly or ineffective. If the Group fails to expand or develop its sales network as planned or if it loses its best performing salesmen, the Group may not be able to meet its sales' targets, which may have a material and adverse impact on the Group's business, financial position and results of operations.

As of end of 1Q 2015, the Group's distribution network consists of 29 salesmen operating mainly in coastal areas of China and direct overseas market, which generate substantially all of the Group's revenue. Domestically, the Group intends to extend its distribution coverage from the current coastal areas of China to other inland and economically growing regions. The Group also intends to intensively increase its direct presence in selected overseas markets such as India, Turkey and USA by increasing promotional efforts such as targeted advertising and participation in exhibitions to increase its ability to directly distribute its products to international customers. Late 2013 the Group made a decision to establish first overseas office in Ankara, Turkey. The office has been operational since January 2014. The Group cannot ensure that its selling efforts will be satisfactory and there can be no assurance that its marketing and development efforts will not prove costly or ineffective. Moreover, the Group may not be able to successfully deal with legal and regulatory conditions in foreign countries that are different from those in China, what may impact its international expansion. If the Group fails to expand or develop its sales network as planned or if it loses its best performing salesmen, the Group may not be able to meet its sales' targets, which may have a material and adverse impact on the Group's business, financial position and results of operations.

The Group may not be able to implement its strategy. Achieving the Group's strategic objectives is contingent upon a range of factors which are beyond the Group's control, including, in particular, market conditions and the general business and regulatory environment. The Group's failure to implement its strategic objectives may have a material adverse effect on the Group's business, revenues, financial condition and results of operations.

The Group's strategic objectives are to extend sales in China, increase direct international coverage, strengthen brand recognition, focus further on R&D and quality enhancing as well as further increase production capacities (detailed information on strategy is included in the point 1.6 below).

Achieving these strategic objectives is contingent upon a range of factors which are beyond the Group's control, including, in particular, market conditions and the general business and regulatory environment. Strategy implementation requires the Group to provide sufficient financing for its growth as well as to manage its growth properly and integrate operation technologies, products and personnel. The Group can give no assurance that its efforts will have the expected effect. In addition, the Group may incur substantial costs to introduce new products from which the Group may be unable to ultimately realize significant revenues. If revenues do not increase as a result of the introduction of such products, the costs associated therewith may exceed revenue. The Group’s failure to implement its strategic objectives may have a material adverse effect on the Group’s business, revenues, financial condition and results of operations.

The Group’s strategy assumes that the Group’s production capacity needs to be significantly increased to meet the expected growing demand for its products. These assumptions are based on the Company’s best knowledge and perception of the market trends, and its competitive position in the market. However, if the Company’s assumptions concerning the machinery market and its competitive position are incorrect, or the market develops contrary to the Company’s expectations, the assumed investment plan may prove overestimated and the Company may not be able to fully utilize its increased production capacity. Furthermore, a failure to implement the Group’s strategy may also prevent the production capacity from being fully utilized. In such case, the costs and expenses borne by the Group to implement the overestimated investment plan may not translate into an increase in the Group’s revenues.

Success of the Group depends in part on its ability to enhance its production capacity, which is subject to risks and uncertainties. If the Group is unable to increase its production capacity, it may not be able to achieve the desired level of production and revenues, which may have an adverse effect on the Group's financial condition, results of operations and business.

The Group is planning to increase its production capacity, which is one of the factors on which the success of the Group depends (detailed information on investment plan is included in the point 1.7 below).

The Group's ability and efforts to enhance its manufacturing capabilities are subject to significant risks and uncertainties, including: the Group's ability to obtain funding and the Group's ability to obtain the required approvals from relevant government authorities to acquire additional facilities.

If the Group is unable to increase its production capacity, it may not be able to achieve the desired level of production and revenues, which may have an adverse effect on the Group's financial condition, results of operations and business.

3.5 Strategy

The Group's objective is to maintain and further strengthen its position as a market leader among domestic producers of daily-use hygiene product machines both in terms of revenue and quality. The Group also aims to increase its international presence and increase its direct international sales. To achieve this, the Group intends to implement the following goals:

- Extend sales in China to benefit from the expected growth in the daily-use hygiene product industry there and expand its international coverage
- Establish international branches in the world’s developing regions (South Africa and Oceania), and some already-developed markets (Turkey, Central and Eastern Europe)
- Strengthen brand recognition
- Further focus on R&D and quality enhancement , such as new generation of baby diaper machines
- Further increase production capacity

- Labor training and reserving for the coming production extension

3.6 Significant investment CAPEX

As at the date of publication of this report the Company is determined to pursue the presented investment plan, however mostly due to slower than expected process of applying for building permissions and other independent from the Company administrative law procedures, the Company informs that investments schedule, especially the first stage of it, will change. According to the land purchase agreement described in current report No. 11/2014 the Company is under the process of the investment in the new plant, nevertheless because of delays in expenditures which supposed to be made by the local government into the infrastructure, on a zone were the Company's plot is located, like wiring installation, water-supply system, etc., the initial investments planned by the Company had to be postponed. At the moment the Company conducts consultations with the local government concerning modification of the investment schedule in the new plant, but the consultations are not finalized yet.

3.7 Dividend policy

On 11 May 2015, the Management Board of the Company decided to change Company's dividend policy disclose in the current report No. 13/2014, and in this same day the Management Board recommended to the Annual General Meeting approving the financial statements for 2014 to allocate its consolidated net profit for 2014 for raising reserve capitals with the intention to finance investments.

Alteration of the dividend policy was caused in particular by main reasons as follows.

According to the land purchase agreement described in current report No. 11/2014 the Company is under the process of the investment in the new plant, nevertheless because of delays in expenditures which supposed to be made by the local government into the infrastructure, on a zone were the Company's plot is located, like wiring installation, water-supply system, etc., the initial investments planned by the Company had to be postponed. At the moment the Company conducts consultations with the local government concerning modification of the investment schedule in the new plant, but the consultations are not finalized yet.

Another reason of the Management Board's decision is the fact, that since cancellation of the SPO the Company hasn't raised significant external sources of funding yet.

Additionally the Company expects that the declining economy situation in China and overseas markets also justifies abovementioned decision.

Simultaneously the Company informed, that in the remaining scope upholds dividend policy for subsequent years, however the dividend policy will be reviewed periodically and payment of any future dividends will be effectively made at the discretion of the Management Board and the Shareholders' Meeting after taking into account the Company's earnings, cash flow, financial condition, capital investment requirements and other factors.

Recommendation of the Management Board was approved by the Supervisory Board of the Company on 11 May 2015.

all data in thousand EUR, unless stated otherwise

3.8 Shareholders and shares

3.8.1 Share capital structure

As of 31 March 2015 the Company's share capital consisted of 13,000,000 ordinary shares with a nominal value of EUR 1 each.

The Company has an authorized share capital of EUR 50,000,000 consisting of 50,000,000 ordinary shares with a nominal value EUR 1 of each.

3.8.2 Major shareholders and shares

As of 31 March 2015 the Company's shareholding structure was as follows:

Shareholder	number of shares	% in the share capital
P.I. Investment Limited (wholly owned by Mr Qiulin Xie)	10,500,000	80.77%
Xinsheng Investment Holding Ltd - fully controlled by Mr Zhang Fan (Macau Resident)	600,000	4.62%
Jinyuan Investment Holding Ltd - fully controlled by Mr Li Meiqing (HK Resident)	539,202	4.15%
others	1,360,798	10.47 %
Total	**13,000,000**	**100%**

Since publication of the report for 3Q 2014, as well as annual report for 2014 there were any changes in the Company's major shareholders' structure.

3.8.3 Issue of new shares

The Company's share capital comprises 13,000,000 shares with a nominal value of EUR 1 each.

In 1Q 2015 the Company did not issue any debt securities nor made any repurchases or repayments of debt or equity securities.

3.8.4 Changes in ownership of shares and rights to shares by Management Board members in the six month ended 31 March 2015 and until the date of publication of the report

At the date of publication of this quarterly report, to the best of the Company's knowledge none of the Management Board members, other than Mr. Xie, held directly Company's shares or rights to shares.

3.8.5 Changes in ownership of shares and rights to shares by Supervisory Board members in the six month ended 31 March 2015 and until the date of publication of the report

To the best of the Company's knowledge none of the Supervisory Board members held Company's shares or rights to shares in the three months ended 31 March 2015 and until the date of publication of this quarterly report and there was no changes in their shareholding or the number of rights to shares.

all data in thousand EUR, unless stated otherwise

3.8.6 Special rights to control over the Company

There are no Company's shares that give special rights to control over the Company to shareholders.

3.9 Corporate bodies

The Company has a two-tier board structure consisting of a Management Board and a Supervisory Board. The Management Board is the statutory executive body and is responsible for the day-to-day management of the Company, including, amongst other things, formulating the Company's strategies and policies and setting and achieving the Company's objectives. The Supervisory Board supervises and advises the Management Board. In addition, Supervisory Board approval is required for certain important decisions of the Management Board.

3.9.1 Management Board

The Management Board members were appointed by the General Meeting on 9 September 2013 for a period of four years, provided that the members of the Management Board retire periodically in accordance with a rotation plan drawn up by the Supervisory Board.

As of 31 March 2015 Management Board was composed of the following members:

Name	Age	Position	Member since	Term	End of term
Qiulin Xie	55	Chairman	2 July 2013	4 years	the date of the annual General Meeting in 2017
Kaida Xie	28	Sales and Marketing Manager	9 September 2013	2 years	the date of the annual General Meeting in 2015
Bas Xue	38	Administrative Manager	10 September 2013	3 years	the date of the annual General Meeting in 2018

On 12 March 2015 Ms. Hongyan Dai submitted resignation from holding both the function of the Chief Financial Officer and the Member of the Company's Management Board. The resignation becomes effective as of 12 March 2015. Ms. Hongyan has been holding her function since 9 September 2013. Ms. Hongyan Dai indicated the personal health issue as the reason for resignation. Information on the resignation of Ms. Hongyan Dai was disclosed in the current report 3/2015.

Simultaneously after the end of the period, the Supervisory Board of the Company adopted the resolution nominating Mr Zhimin Huang for both the function of the Member of the Company's Management Board as well as conditionally as the Chief Financial Officer. Detailed information concerning nomination of Mr Zhimin Huang was disclosed in the current report 3/2015.

all data in thousand EUR, unless stated otherwise

3.9.2 Supervisory Board

As of 31 March 2015 the Supervisory Board was composed of the following members:

Name	Age	Position	Independent	Member since	Term	End of term
Ya Li	35	Chairman	No	10 September 2013	4 years	the date of the annual General Meeting in 2017
Ming Shen	52	Member	Yes	10 September 2013	4 years	the date of the annual General Meeting in 2017
Liem Tsong Lucien Tjon	53	Member	Yes	10 September 2013	3 years	the date of the annual General Meeting in 2016
Rongfu Wu	29	Member	No	10 September 2013	4 years	the date of the annual General Meeting in 2018

During 1Q 2015, the Company received the resignation of Mr Jaroslaw Dabrowski from holding the function of a Member of the Supervisory Board of Peixin International Group N.V. Mr Jaroslaw Dabrowski in the declaration of resignation as a reasons for his decision stated new professional challenges of a time consuming nature. Information on the resignation of Mr Jaroslaw Dabrowski was disclosed in the current report 3/2015.

4. Other information

4.1 Environmental matters

Waste generated by the Group in the production process includes steel scrap and waste from test runs. The Group holds the required waste discharge permit which is valid until 21 April 2016. The permit is renewable.

4.2 Employee matters

The following table presents the number of employees of the Group as of the end of 2015 and as of 1Q 2015.

	2014	1Q 2015
Management and administration	36	27
Production and assembly	413	424
R&D	33	33
Sales	29	29
Total	**511**	527

5. Statement of the Management Board

Statement of the Management Board of Peixin International Group N.V. on compliance of the consolidated quarterly financial statements:

The Management Board of Peixin International Group N.V. hereby represent that to the best of their knowledge:

— quarterly financial statements of Peixin International Group N.V. for the period ended 31 March 2015 and the comparable information are prepared in accordance with the applicable accounting,

— the quarterly accounts for the period ended 31 March 2015 give a true and fair view of the assets, the liabilities, the financial position and the profits or the loss of the Company and the joint ventures included in the consolidation,

— the quarterly report for the period ended 31 March 2015 give a true and fair view of the important events of the past six-month period and their impact on the half-year financial statements, as well as the principal risks and uncertainties for the six-month period to come, and the most important related party transactions.

Members of the Management Board:

Qiulin Xie	Chairman	--- signed ---
Kaida Xie	Sales and Marketing Manager	--- signed ---
Bas Xue	Administrative Manager	--- signed ---

15 May 2015 Amsterdam, The Netherlands.

PEIXIN INTERNATIONAL GROUP N.V.

CONSOLIDATED FINANCIAL STATEMENTS

for the three months ended 31 March 2015

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	NOTES	Three months ended 31 March	
		2014	2015
		kEUR	kEUR
Revenue	8	12,434	15,712
Cost of sales	9	(7,757)	(10,322)
Gross profit		4,677	5,390
Other income	10	6	48
Distribution and selling expenses	11	(230)	(405)
Administrative expenses	12	(407)	(375)
Research and development expenses	13	(256)	(691)
Profit from operations		3,790	3,967
Other gains and losses		-	-
Finance income	14	51	264
Finance costs	15	(39)	-
Profit before tax		3,802	4,231
Income tax expense	16	(589)	(589)
Profit for the year		3,213	3,213
Other comprehensive income			
Items that will not be reclassified to profit or loss			
-IPO costs		-	-
Items that will be reclassified to profit or loss			
-currency translation differences		(357)	7,259
Total comprehensive income for the year		2,856	10,907
Attributable to:			
Owner of the Company		2,856	10,907
Earnings per share - basic (EUR)	19	0.25	0.28

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(BEFORE PROFIT APPROPRIATION)

	NOTES	Year ended 31 December	
		2014	2015
		kEUR	kEUR
Non-current assets			
Property, plant and equipment	20	17,155	20,223
Prepaid lease payments	21	17,692	19,781
Investment properties	22	14	-
Other deferred assets	23	786	793
		35,647	40,797
Current assets			
Inventories	24	9,177	12,826
Trade and other receivables	26	13,540	
Prepaid lease payments	21	25	28
Bank balances and cash	27	13,150	16,486
		35,892	45,197
Current liabilities			
Trade and other payables	28	4,088	5,975
Related parties payables	30	634	665
Advances from customers	29	2,283	3,822
Income tax payable		752	828
		7,757	11,290
Net current assets		28,135	33,907
Total assets less current liabilities		63,782	74,704
Non-current liability		-	-
Net asset		63,782	74,704
Capital and reserves			
Paid-in capital	32	13,000	13,000
Reserves	33	50,782	61,704
Total equity		63,782	74,704

CONSOLIDATED STATEMENTS OF CASH FLOW

	Three months ended 31 March	
	2013	2014
	kEUR	kEUR
OPERATING ACTIVITIES		
Profit before tax	3,802	4,231
Adjustments for:		
Finance cost	39	(264)
Interest income	(39)	*
Depreciation of		
property, plant and equipment	468	463
Amortization of prepaid lease payments	6	10
Amortization of investment properties	1	16
Amortization of other deferred assets	48	215
Operating cash flows before		
movements in working capital	4,325	4,671
(Increase) decrease in inventories	(2,814)	(3,649)
(Increase) decrease in trade and other receivables	(458)	(2,317)
Increase (decrease) in trade and other payables	(497)	1,887
Increase (decrease) in related payables	(1)	31
Increase (decrease) in advance from customers	2,105	1,539
Cash generated from operations	2,660	2,162
Income taxes paid	(840)	(777)
NET CASH FROM OPERATING ACTIVITIES	1,820	1,385
INVESTING ACTIVITIES		
Interest received	39	-
Purchase of property, plant and equipment	(1,865)	(1,467)
Acquire of other deferred assets	-	(131)
Purchase of land use right	(5,359)	-
NET CASH USED IN INVESTING ACTIVITIES	(7185)	(1,598)

	Three months ended 31 March	
	2013	2014
	kEUR	kEUR
FINANCING ACTIVITIES		
Interest paid	(39)	-
New bank loans raised	3,965	-
Payment of IPO issuing expenses	(110)	-
NET CASH USED IN FINANCING ACTIVITIES	3,816	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	(1,550)	(213)
Less: Exchange difference	(85)	3,549
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	11,983	13,150
CASH AND CASH EQUIVALENTS AT END OF YEAR, represented by cash and bank balances	10,349	16,486

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Owners of the Company						
	Share capital	Share premium	Foreign currency translation reserve	Statutory surplus reserve	Retained profits	Results for the year	Total
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
	(Note 32)	(Note 33)	(Note 33)	(Note 33)	(Note 33)		
Balance at 31 December 2013	13,000	22,299	1,488	2,637	(12,960)	15,772	42,236
Result appropriation	-	-	-	-	15,722	(15,722)	-
Profit for the year	-	-	-	-	-	16,823	16,823
Other comprehensive income for the year	-	-	6,239	-	-	-	6,239
Payment of dividends	-	-	-	-	(1,516)	-	(1,516)
Balance at 31 December 2014	13,000	22,299	7,727	2,637	1,296	16,823	63,782
Result appropriation	-	-	-	-	16,822	(16,822)	-
Profit for the year	-	-	-	-	-	3,648	3,648
Other comprehensive income for the year	-	-	7,274	-	-	-	7,274
Payment of dividends	-	-	-	-	-	-	-
Balance at 31 March 2015	13,000	22,299	15,001	2,637	18,118	3,648	74,704

Notes to the consolidated financial statements

1. GENERAL INFORMATION

Peixin International Group N.V. (the "Company") is the vehicle created for listing shares on the Warsaw Stock Exchange. Peixin International Group N.V. is a public limited liability company (naamloze vennootschap) incorporated under Dutch law by a notarial deed dated 2 July 2013. The Company has its statutory seat (statutaire zetel) in Amsterdam, the Netherlands and its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands. The Company is registered with the trade register of the Chamber of Commerce in Amsterdam, the Netherlands, under the number 58288449. The Company operates under Dutch law.

Peixin International Group Ltd. ("Peixin International BVI") is a limited company incorporated in the British Virgin Islands ("BVI") on 29 June 2004 by Xie Qiulin. The registered office of the Company is situated at Akara Bldg., 24 De Castro Street, Wickhams Cay I, Road Town, Tortola, British Virgin Islands. The principal business of Peixin International BVI is through its subsidiaries, Fujian Peixin Machine Manufacture Industry Co., Ltd. ("Fujian Peixin"), Quanzhou Peixin Machine Manufacture Industrial Co., Ltd. ("Quanzhou Peixin") and Baixin Industry Co., Ltd. ("Yongchun Baixin") in the People's Republic of China ("PRC"). The address of the principal place of Fujian Peixin, Quanzhou Peixin and Yongchun Baixin is disclosed in Note 2.

The principal activities of the Company and its subsidiaries (the "Group") are the research and development, manufacturing and trading of daily-use paper machinery. Its market mainly locates in PRC.

2. GROUP REORGANISATION AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2015, the Group comprised of the parent company Peixin International Group N.V. (registered under the Dutch law with its seat in Amsterdam) and four subsidiaries: Peixin International Group Ltd. (Peixin International BVI), Fujian Peixin Machine Manufacture Industry Co., Ltd. (Fujian Peixin), Quanzhou Peixin Machine Manufacture Industry Co., Ltd. (Quanzhou Peixin) and Baixin Industry Co., Ltd. (Yongchun Baixin).

Peixin International Group N.V. is the sole shareholder, whereas Peixin International Group Ltd. (Peixin International BVI) is a sole shareholder of three subsidiaries: Fujian Peixin Machine Manufacture Industry Co., Ltd., Quanzhou Peixin Machine Manufacture Industry Co., Ltd. and Baixin Industry Co., Ltd.

On 14 August 2013 all shares in Peixin International Group Ltd. (Peixin International BVI) were contributed to the Company in exchange for newly issued shares in the share capital of the Company as a part of the Group restructuring in connection with the public offering.

Peixin International BVI was established by Xie Qiulin with a share capital of USD 50,000 divided into 50,000 shares with a par value of USD 1 each. On 7 February 2013 Xie Qiulin transferred 2,500 shares to Jinyuan Investment Holding Ltd., 2,500 shares to Xinsheng Investment Holding Ltd. and 1,250 shares to Best Fortune Investment Enterprise Limited. On 14 August 2013 Xie Qiulin, Xinsheng Investment Holding Ltd., Jinyuan Investment Holding Ltd. and Best Fortune Investment Enterprise Limited contributed all their shares in Peixin International BVI to the Company in exchange for shares in the share capital for the Company.

Due to the fact that the Company was incorporated on 2 July 2013, there is no historical financial information relating to the Company for the full year ended 31 December 2013. The consolidated figures of Peixin International Group Ltd. (Peixin International BVI) have been used as comparative figures.

2. GROUP REORGANISATION AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS-continued

As at 31 March 2015 and the date of approval of the consolidated financial statements, Peixin International Group N.V. had the following wholly-owned subsidiaries:

Name of entity	Place and date of establishment	Registered capital	Principal activities
Fujian Peixin (i)	Quanzhou, Fujian Province, PRC 8 November 2006	HKD 50,000,000	Manufacture of daily-used paper machinery
Quanzhou Peixin (ii)	Quanzhou, Fujian Province, PRC 28 November 1994	RMB 5,800,000	Manufacture of daily-used paper machinery
Peixin International BVI (iii)	British Virgin Islands, 29 June 2004	USD 50,000	Investing
Yongchun Baixin (iv)	Yongchun, PRC 18 April 2014	RMB 50,000,000	Manufacture of daily-used paper machinery

(i) Fujian Peixin was established by Peixin International BVI on 8 November 2006 with a registered capital of Hongkong Dollar 28,800,000. The registered capital was increased to Hongkong Dollars 50,000,000 in November 2013.

(ii) Quanzhou Peixin was established on 28 November 1994 with a registered capital of Renminbi 5,000,000 by Yee Lung Enterprise Co., Ltd. (30% share capital) where Xie Qiulin being the ultimate controlling party and Quanzhou Licheng Light Industry Machinery Factory (70% share capital). The registered capital was increased to Renminbi 5,800,000 in November 2002 and the entire share capital of Quanzhou Peixin was transferred to Peixin International BVI in June 2006.

(iii) Peixin International BVI was established by Xie Qiulin with a share capital of USD 50,000 divided into 50,000 shares with a par value of USD 1 each. On 7 February 2013 Xie Qiulin transferred 2,500 shares to Jinyuan Investment Holding Ltd., 2,500 shares to Xinsheng Investment Holding Ltd. and 1,250 shares to Best Fortune Investment Enterprise Limited. On 14 August 2013 Xie Qiulin, Xinsheng Investment Holding Ltd., Jinyuan Investment Holding Ltd. and Best Fortune Investment Enterprise Limited contributed all their shares in Peixin International BVI to the Company in exchange for shares in the share capital for the Company.

(iv) Yongchun Baixin was established on 18 April 2014 with a registered capital of Renminbi 50,000,000.

2. GROUP REORGANISATION AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS-continued

As of 31 March 2015, the Company's shareholding structure was as follows:

Shareholder	**number of shares**	**% in the share capital**
P.I. Investment Limited (wholly owned by Mr Qiulin Xie)	10,500,000	80.77%
Xinsheng Investment Holding Ltd - fully controlled by Mr Zhang Fan (Macau Resident)	600,000	4.62%
Jinyuan Investment Holding Ltd - fully controlled by Mr Li Meiqing (HK Resident)	539,202	4.15%
others	1,360,798	10.47 %
Total	**13,000,000**	**100%**

4. SIGNIFICANT ACCOUNTING POLICIES-continued

Transactions and balances

Foreign currency transactions are measured and recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate ruling at the respective balance sheet dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rates as at 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 the fair value was determined.

Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group;
- and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue from sale of goods is recognized when the goods are delivered and title has passed.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES-continued

Research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Cost that are directly attributable to the development phase of new products and designs are also expensed if they do not yet meet the criteria to be recognized as an intangible asset in accordance with IAS 38.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

Government grants

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Government grants related to income are recognized as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

4. SIGNIFICANT ACCOUNTING POLICIES-continued

Retirement benefit costs

Pursuant to the relevant regulations of the PRC government, the Group participates in a local municipal government retirement benefits scheme (the "Scheme"), whereby the subsidiaries located in the PRC are required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiaries located in the PRC. The only obligation of the Group with respect to the Scheme is to pay the on-going required contributions under the Scheme mentioned above. Contributions under the Scheme are charged to the profit or loss as incurred. There are no provisions under the Scheme whereby forfeited contributions may be used to reduce future contributions. These plans are considered defined contribution plans. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contributions into the national pension schemes. Contributions to national pension schemes are recognized as an expense in the period in which the related service is performed.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statements of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES-continued

Taxation-continued

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment ("PPE") including buildings held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment other than construction in progress over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognized impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognized.

Investment property

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the group. It also includes properties that are being constructed or developed for future use as investment properties.

Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are measured under the cost model that they are recognized at cost and depreciated systematically over its useful life.

Other deferred assets

Other deferred assets, principally comprising costs of plant greening project and office building renovation, are held for administrative purposes. Other deferred assets are initially measured at cost and amortized systematically over its useful life.

Prepaid investments

Prepaid investments are principally comprising of prepayments for machineries and land use right. The amount will be transferred to property, plant and equipment and prepaid lease payments when the constructions are completed.

4. SIGNIFICANT ACCOUNTING POLICIES-continued

Leased assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the consolidated statement of comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined using the weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognized on the consolidated statements of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as receivables.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognized on an effective interest basis for debt instruments.

4. SIGNIFICANT ACCOUNTING POLICIES-continued

Financial instruments-continued

Financial assets-continued

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables (including trade and other receivables, related parties receivables, and bank balances and cash) are measured at amortized cost using the effective interest method, less any impairment (see accounting policy on impairment loss on receivables below).

Impairments of receivables

Receivables are assessed for indicators of impairment at the end of the reporting period. Receivables are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the receivables, the estimated future cash flows of the receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or financial reorganization.

For certain categories of financial asset, such as trade and other receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, and increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

An impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the receivables is reduced by the impairment loss directly for all financial assets with exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in carrying amount of the allowance account are recognized in profit or loss. When a trade and other receivable are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

4. SIGNIFICANT ACCOUNTING POLICIES-continued

Financial instruments-continued

Financial assets-continued

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognized on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables advance from customers and bank borrowings are subsequently measured at amortized cost, using the effective interest method.

Equity instruments

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

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

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

4. SIGNIFICANT ACCOUNTING POLICIES-continued

Capital and Reserves

Share capital represents the nominal value of shares that have been issued by the Company. Share capital is determined using the nominal value of shares that have been issued.

Retained profits include all current and prior period results as determined in the combined statement of comprehensive income.

Foreign currency translation differences arising on the translation of subsidiaries are included in the currency translation reserve.

In accordance with the relevant laws and regulations of PRC, the subsidiaries of the Company established in PRC are required to transfer 10% of its annual statutory net profit (after offsetting any prior years' losses) to the statutory reserve. When the balance of such reserve reaches 50% of the subsidiary's share capital, any further transfer of its annual statutory net profit is optional. Such reserve may be used to offset accumulated losses or to increase the registered capital of the subsidiary subject to the approval of the relevant authorities. However, except for offsetting prior years' losses, such statutory reserve must be maintained at a minimum of 25% of the share capital after such usage. The statutory reserves are not available for dividend distribution to the shareholders.

All transactions with owners of the Group are recorded separately within equity.

5. SIGNIFICANT MANAGEMENT JUDGMENT IN APPLYING ACCOUNTING POLICIES

The preparation of financial statements in conformity with IFRS requires management to exercise judgment in the process of applying the Group's accounting policies and 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 financial statements and reported amount of revenue and expenses during the reporting period. The following estimates that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are disclosed below:

Allowance for Bad and doubtful debts

Allowances for bad and doubtful debts are based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgment and estimates, where the expected outcome is different from the original estimate, such difference will impact carrying value of trade and other receivables and doubtful debt expenses in the period in which such estimate has been charged.

Income Tax

The Group has exposure to income taxes in numerous jurisdictions. Significant judgment is involved in determining the Group's provision for income taxes. The Group recognizes liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome is different from the amounts that were initially recognized, such differences will impact the income tax and differed tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable as at 31 December 2013 and 31 December 2014 amounted to kEUR 792 and kEUR 752 respectively.

6. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, management is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

Depreciation of building, machinery and equipment

As described in Note 4, the Group reviews the estimated useful lives and residual values of property, plant and equipment at the end of each reporting period. The cost of building, machinery and equipment is depreciated on a straight-line basis over the assets' estimated useful lives. Management estimates the useful lives of these buildings, machinery and equipment to be within 5 to 20 years. These are the common life expectancies applied in the same industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

7. SEGMENT REPORTING

Management currently identifies the Group's four product categories as operating segments, which are sanitary napkins machines, diaper machines, facial tissue machines and other paper machines. The segment presentation is in accordance with management's expectation of future business developments. These operating segments are monitored and strategic decisions are made on the basis of segmental gross margins.

By business

	Three months ended 31 March			
Revenue:	2014		2015	
	Unit	kEUR	Unit	kEUR
External customers				
Sanitary napkins machines	14	5,575	14	6,230
Diaper machines	11	4,731	13	6,935
Facial tissue machines	112	1,843	115	2,269
Other paper machines	20	285	18	278
	157	12,434	160	15,712

	Three months ended 31 March	
Results:	2014	2015
	kEUR	kEUR
Segment gross profit		
Sanitary napkins machines	2,172	2,265
Diaper machines	1,753	2,254
Facial tissue machines	668	790
Other paper machines	84	81
	4,677	5,390

By Geographical Information

	Three months ended 31 March			
	2014		2015	
	Unit	kEUR	Unit	kEUR
Revenue:				
Direct sales				
-Mainland China	87	8,076	72	5,003
-Outside Mainland China	20	914	29	1,914
Sales to trading companies	50	3,444	59	8,795
	157	12,434	160	15,712

	As at 31 December	As at 31 March
	2014	2015
	kEUR	kEUR
Current assets		
-Sanitary napkins machines	8,078	
-Diaper machines	6,200	
-Facial tissue machines	1,814	
-Other paper machines	541	
-Unallocated current assets	15,167	
	31,800	

7. SEGMENT REPORTING – continued

	As at 31 December	As at 31 March
	2014	2015
	kEUR	kEUR
Non-current assets		
-Sanitary napkins machines	-	
-Diaper machines	-	
-Facial tissue machines	-	
-Other paper machines	-	
-Unallocated non-current assets[1]	26,605	
	26,605	

[1]The reason for not allocating non-current assets was that the manufacturing facilities (including the production line, buildings and plants, land use right and etc.) were shared by the four product categories and can't be split.

8. REVENUE

Revenue represents revenue arising on sales of goods.

Revenue is denominated in the following currencies:

	Three months ended 31 March	
	2014	2015
	kEUR	kEUR
Renminbi ("RMB")	11,520	13,798
United States Dollars ("USD")	914	1,914
	12,434	15,712

9. COST OF SALES

Cost of sales comprises of purchasing materials, labor costs for personnel employed in production, depreciation and amortization of non-current assets used for production purpose, outsourced manufacturing cost, taxes and surcharges and water and electricity. The following table shows a breakdown of cost of sales for the period under review for each category:

	Three months ended 31 March			
	2014		2015	
	kEUR		kEUR	
Changes in inventories of finished goods and work in progress		(2,513)		(3,275)
Glue machines and motors	2,893		2,489	
Steel	2,000		3,550	
Electric controllers	1,502		1,818	
Knife roller\cylinder	353		426	
Other components	1,642		1,955	

Auxiliary materials	279	378
Materials consumed in production	8,669	10,615
Labor	849	1,164
Depreciation and amortization	292	427
Outsourced manufacturing cost	359	421
Taxes and surcharges *	10	12
Water and electricity	125	160
Others	9	43
Foreign currency translation difference	(43)	755
	7,757	10,322

9. COST OF SALES-continued

* Tax and surcharges are mainly Urban Maintenance and Construction Tax (7% of Valued Added Tax payment amount), Extra Charges of Education Fund (3% of Valued Added Tax payment amount) and Local Surcharge for Education Fund (2% of Valued Added Tax payment amount).

10. OTHER INCOME

	Three months ended 31 March	
	2014	2015
	kEUR	kEUR
Rental income	1	11
Sales of spare parts	5	37
	6	48

11. DISTRIBUTION AND SELLING EXPENSES

	Three months ended 31 March	
	2014	2015
	kEUR	kEUR
Staff costs	119	163
Marketing and advertising costs	33	31
Post-sales services costs	26	101
Travelling costs	11	15
Depreciation	21	2
Agency costs	21	26
Others	219	67
	230	405

12. ADMINISTRATIVE EXPENSES

	Three months ended 31 March	
	2014	2015
	kEUR	kEUR
Staff costs	93	134
Depreciation and amortization charges	89	92
Entertainment and office expenses	34	30
Miscellaneous taxes	6	23
External advisors	114	-
Others	71	96
	407	375

13. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses comprise following expenses:

	Three months ended 31 March	
	2014	2015
	kEUR	kEUR
Materials	133	358
Staff costs	116	188
External advisors	5	99
Depreciation charges	2	46
	256	691

14. FINANCE INCOME

	Three months ended 31 March	
	2014	2015
	kEUR	kEUR
Interest income	39	-
Foreign exchange gain, net	12	-
	51	-

15. FINANCE EXPENSES

	Three months ended 31 March	
	2014	2015
	kEUR	kEUR
Interest expenses on bank borrowings wholly repayable within one year	39	

Bank borrowings interests are charged on interest rates of 6.000% to 6.560%, 6.560%, per annum during the periods ended 31 March 2013 and 2014 respectively.

16. INCOME TAX EXPENSE

	Three months ended 31 March	
	2014	2015
	kEUR	kEUR
Current tax:		
PRC enterprise income tax	589	583

The Company is incorporated in Netherlands and does not have any taxable income.

The Company is incorporated in BVI and does not have any taxable profits subject to BVI Profits Tax since its incorporation.

Peixin International Group Ltd. is incorporated in BVI and does not have any taxable income.

The applicable enterprise income tax rate of Fujian Peixin is 25%. Being a foreign owned enterprise, Fujian Peixin is entitled to full exemption from enterprise income tax ("EIT") for the first two years and a 50% reduction in EIT for the next three years, commencing from the first profitable year after offsetting all tax losses carried forward from the previous five years. 2007 was the first profitable year of Fujian Peixin, accordingly, the effective income tax rate of Fujian Peixin in the years of 2010 and 2011 is 12.5%. Since year 2012, Fujian Peixin obtained the “High and New Technology” certificate thus having been enjoying a low tax rate of 15%.

The applicable enterprise income tax rate of Quanzhou Peixin is 25%. At 31 March 2013 and 2014, Quanzhou Peixin has no recognized tax losses and no income tax was charged for the periods ended 31 March 2013 and 2014.

The applicable enterprise income tax rate of Yongchun Baixin is 25%. At 31 March 2013 and 2014, Yongchun Baxin has no recognized tax losses and no income tax was charged for the periods ended 31 March 2013 and 2014.

17. EMPLOYEES' EMOLUMENTS

	Three months ended 31 March	
	2014	2015
	kEUR	kEUR
Salaries and other short-term benefits	11,144	1,483
Defined contribution benefit schemes	33	
Total employee benefits expense		
(including directors’ emoluments)	1,177	

The employees of the Group’s PRC subsidiaries are members of state-managed retirement benefit schemes operated by the local government. The subsidiaries are required to contribute a specified percentage of its payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions.

18. KEY MANAGEMENT EMOLUMENTS

The emoluments paid or payable to the directors of the Company were as follows:

	Three months ended 31 March	
	2014	2015
	kEUR	kEUR
Directors' emoluments		
- Salaries		
Xie Qiulin	17	21
Xie Kaida	5	7
Dai Hongyan	11	13
Xue Bas	-	-
	33	41

	Three months ended 31 March	
	2014	2015
	kEUR	kEUR
Supervisory board' emoluments		
- Salaries		
Li Ya	*	2
Shen Ming	*	2
Liem Tsong LucienTjon	*	*
Jaroslaw Dariusz Dabrowski	4	4
Wu Rongfu	7	9
	11	18

	Three months ended 31 March	
	2014	2015
	kEUR	kEUR
- Social Welfare		
Xie Qiulin	*	*
Xie Kaida	*	*
Dai Hongyan	*	*
Wu Rongfu	*	*
	1	1

* Amount less than EUR 1,000.

19. EARNINGS PER SHARE

	Three months ended 31 March

	2014	2015
	EUR	EUR
Basic earnings per share		
From continuing operations	0.25	0.28
Total basic earnings per share	0.25	0.28

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	Three months ended 31 March	
	2014	2015
	kEUR	kEUR
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	3,213	

	Three months ended 31 March	
	2014	2015
	kEUR	kEUR
Weighted average number of ordinary shares for the purpose of basic earnings per share	13,000,000	13,000,000

No diluted earnings per share have been presented because no dilutive potential ordinary shares existed during the Periods.

20. PROPERTY, PLANT AND EQUIPMENT

	Plant & buildings	Machinery &equipment	Electronic equipment	Office equipment	Motor vehicles	Prepayments for Machineries	Construction in process	Total
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR		kEUR
COST							-	
At 31 December 2013	7,280	6,202	266	559	363	3,342	-	18,012
Additions	735	3,610	-	-		177	1,429	5,951
Disposals	-	-	-	-		(3,351)	-	(3,351)
Translation adjustment	(41)	(59)	13	(2)	(2)	8	(11)	(108)
At 31 March 2014	7,974	9,753	266	557	361	176	1,418	20,504
At 31 December 2014	10,658	11,068	310	632	410	1,498	-	24,577
Additions	-	1,467	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Translation adjustment	1,265	1,355	37	75	49	178	-	4,424
At 31 March 2015	11,923	347	707	459	459	1,676	-	29,002
DEPRECIATION								
At 31 December 2013	(2,176)	(1,954)	(217)	(459)	(194)	-	-	(5,000)
Provided for the period	(268)	(168)	(10)	(13)	(9)	-	-	(468)
Eliminated on disposals of assets	-	-	-	-	-	-	-	-
Translation adjustment	14	11	1	2	1	-	-	29
At 31 March 2014	(2,430)	(2,111)	(226)	(470)	(202)	-	-	(5,439)
At 31 December 2014	(3,139)	(3,178)	(274)	(574)	(258)	-	-	-

Provided for the period	(125)	(308)	(5)	(14)	(11)	-	-	-
Eliminated on disposals of assets						-	-	-
Translation adjustment	(376)	(386)	(33)	(69)	(31)	-	-	-
At 31 March 2015	(3,640)	(3,871)	(311)	(657)	(300)	-	-	-
CARRYING AMOUNT								
At 31 March 2014	5,544	7,642	39	87	159	176	1,418	15,065
At 31 December 2014	7,519	7,891	37	58	152	1,498	-	17,155
At 31 March 2015	8,282	10,018	36	51	159	1,676	-	20,223

20. PROPERTY, PLANT AND EQUIPMENT-continued

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis with 5% residual value at the following rates per annum:

Buildings	5%
Machinery & equipment	10%
Electronic & other facilities	20%
Motor vehicles	10%

All the plant & buildings on mentioned above were owned by Quanzhou Peixin.

Buildings on leasehold land comprise:

	Location	Description	Gross area (m^2)
*	Xinyang Community, Shuangyang Street, Luojiang District, Quanzhou City, Fujian Province, the PRC	Dormitory	3,759
*	Xinyang Community, Shuangyang Street, Luojiang District, Quanzhou City, Fujian Province, the PRC	Factory workshop	16,876
*	Xinyang Community, Shuangyang Street, Luojiang District, Quanzhou City, Fujian Province, the PRC	Office building	4,554
	Xinyang Community, Shuangyang Street, Luojiang District, Quanzhou City, Fujian Province, the PRC	Factory workshop	1,120
	Xinyang Community, Shuangyang Street, Luojiang District, Quanzhou City, Fujian Province, the PRC	Factory workshop	4,045

* Items pledged to secure bank borrowings

The Group pledged buildings having a carrying amount of kEUR 4,220 as at 31 March 2014 to secure general banking facilities granted to the Group (31 December 2013: Nil).

The gross carrying amount of the fully depreciated property, plant and equipment that is still in use is kEUR 49 as at 31 March 2014 (31 December 2013: kEUR 21).

21. PREPAID LEASE PAYMENTS

	Land use right	Prepayments	Total
		kEUR	kEUR
Cost			
At 31 December 2013	1,100	4,752	5,852
Additions	-	5,359	5,359
translation adjustment	(5)	(65)	(70)
At 31 March 2014	1,095	10,046	11,141

At 31 December 2014	1,242	16,665	17,907
Additions			
translation adjustment	147	1,978	2,125
At 31 March 2015	1,389	18,643	20,032

21. PREPAID LEASE PAYMENTS-continued

AMORTIZATION			
At 31 December 2013	(147)	-	(147)
charge for the year	(6)	-	(6)
translation adjustment	2	-	2
At 31 March 2014	(151)	-	(151)
At 31 December 2014	(190)	-	(190)
charge for the year	(10)	-	(10)
translation adjustment	(23)	-	(23)
At 31 March 2015	(223)	-	(223)
CARRYING AMOUNTS			
At 31 March 2014	944	10,046	10,990
At 31 December 2014	1,052	16,665	17,717
At 31 March 2015	1,166	18,643	19,809

Analyzed for reporting purposes as:

	As at 31 December 2014	As at 31 March 2015
	kEUR	kEUR
Non-current asset	17,692	19,781
Current asset	25	28
	17,717	19,809

The amounts represent the prepayment of rentals for land use right (industrial use) situated in the PRC. The leasehold lands have the term of 50 years.

All the leasehold lands mentioned above were owned by Quanzhou Peixin.

The Group has pledged leasehold land having a carrying amount of approximately kEUR 943 at 31 March 2014 to secure general banking facilities granted to the Group (31 December 2013: Nil).

The leasehold land comprises:

Location	Expiry date of tenure	Land area (m^2)

*	Fuqiao Houkeng Village, Licheng District, Quanzhou City, Fujian Province, the PRC	2054-12-31	1,500
*	Xinyang Community, Shuangyang Street, Luojiang District, Quanzhou City, Fujian Province, the PRC	2057-06-28	30,287
*	Xinyang Community, Shuangyang Street, Luojiang District, Quanzhou City, Fujian Province, the PRC	2057-06-28	22,882
*	Xinyang Community, Shuangyang Street, Luojiang District, Quanzhou City, Fujian Province, the PRC	2053-07-25	786

* Items pledged to secure bank borrowings

22. INVESTMENT PROPERTIES

	Amount
	kEUR
Cost	
At 31 December 2013	985
Disposals	(735)
translation adjustment	1
At 31 March 2014	251
At 31 December 2014	285
Disposals	-
translation adjustment	34
At 31 March 2015	319
AMORTISATION	
At 31 December 2013	(381)
charge for the period	(1)
eliminated on disposals of assets	143
translation adjustment	-
At 31 March 2014	(238)
At 31 December 2014	(271)
charge for the period	(16)
eliminated on disposals of assets	-
translation adjustment	32
At 31 March 2015	(319)
CARRYING AMOUNTS	
At 31 March 2014	13

At 31 December 2014	14
At 31 March 2015	-

All the investment properties buildings mentioned above were owned by Quanzhou Peixin.

The amounts represent the buildings owned by the Group and leased out to third parties under operating leases as below:

	Location	Description	Gross area (m^2)
*	Fuqiao Houkeng Village, Licheng District, Quanzhou City, Fujian Province, the PRC	Leased out	3,202

* Items pledged to secure bank borrowings

The Group has pledged investment property having a carrying amount of approximately kEUR 13 at 31 March 2014 to secure general banking facilities granted to the Group (31 December 2013: Nil).

23. OTHER DEFERRED ASSETS

Other deferred assets mainly comprises of costs of plant greening project and office building renovation.

	Amount
	kEUR
Cost	
At 31 December 2013	1,224
translation adjustment	(6)
At 31 March 2014	1,218
At 31 December 2014	2,218
addition	131
translation adjustment	267
At 31 March 2015	2,616
AMORTISATION	
At 31 December 2013	(614)
charge for the period	(48)
translation adjustment	4
At 31 March 2014	(658)

At 31 December 2014	(1,432)
charge for the period	(215)
translation adjustment	(176)
At 31 March 2015	(1,823)
CARRYING AMOUNTS	
At 31 March 2013	560
At 31 December 2014	786
At 31 March 2015	793

24. INVENTORIES

	As at 31 December 2014	As at 31 March 2015
	kEUR	kEUR
Raw materials and consumables	3,413	3,787
Work in progress	5,416	8,323
Finished goods	348	716
	9,177	12,826

25. FINANCIAL ASSETS AND LIABILITIES

Financial assets

	As at 31 December 2014	As at 31 March 2015
	kEUR	kEUR
Trade and other receivables (Note 26)	13,540	15,857
Bank balances and cash (Note 27)	13,150	16,486
	26,690	32,343

25. FINANCIAL ASSETS AND LIABILITIES-continued

Financial liabilities measured at amortized cost

	As at 31 December 2014	As at 31 March 2015
	kEUR	kEUR

Current		
Trade and other payables (Note 28)	2,645	
Advance from customers (Note 29)	5,758	
Related parties payables (Note 30)	230	
Bank borrowings (Note 31)	3,965	
	12,598	

The carrying amounts of the financial assets and liabilities approximate to their fair values.

26. TRADE AND OTHER RECEIVABLES

	As at 31 December	As at 31 March
	2014	2015
	kEUR	kEUR
Trade receivables	13,155	15,389
Other receivables	194	270
Subtotal financial assets	14,933	15,658
Prepayments	191	199
	13,540	15,857

Trade and other receivables are denominated in the following currencies:

	As at 31 December	As at 31 March
	2014	2015
	kEUR	kEUR
Renminbi ("RMB")	12,218	13,923
United States Dollars ("USD")	1,323	1,934
Euros ("EUR")	-	-
	13,540	15,857

The fair value of trade and other receivables have not been disclosed as, due to their short duration, management considers the carrying amounts recognized in the consolidated statements of financial position to be reasonable approximation of their fair values.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defined credit limits by customer. Limits attributed to customers are reviewed once a year. The aging analysis of trade and receivables is as follows:

	As at 31 December	As at 31 March
	2014	2015
	kEUR	kEUR
Current	13,120	15,357

The Group allows an average credit period of 60 days to its trade customers. The aging analysis of trade receivables which are past due but not impaired is as follows:

26. TRADE AND OTHER RECEIVABLES-continued

	As at 31 December 2014	As at 31 March 2015
	kEUR	kEUR
Past due for less than 3 months	35	32
Past due for over 3 months but less than 9 months	-	-
	35	32
	13,155	15,389

There are no trade receivables that are past due and impaired.

27. BANK BALANCES AND CASH

	As at 31 December 2014	As at 31 March 2015
	kEUR	kEUR
Cash on hand	2	2
Bank balances	13,148	16,484
	13,150	16,486

Bank balances and cash are denominated in the following currencies:

	As at 31 December 2013	As at 31 March 2014
	kEUR	kEUR
Renminbi (“RMB”)	13,098	
United States Dollars (“USD”)	9	5
Hong Kong Dollars (“HKD”)	4	4
Euros (“EUR”)	39	33
Zlotys (“PLN”)	*	*
	13,150	16,486

* Amount less than EUR 1,000.

Bank balances and cash comprise cash held by the Group and short-term deposits with an original maturity of three months or less. Bank balances as at 31 March 2015 carry interest at market rates which ranged from 0.35% to 0.5% (2014: 0.35%-0.50%) per annum.

28. TRADE AND OTHER PAYABLES

	As at 31 December 2014	As at 31 March 2015
	kEUR	kEUR
Trade payables	2,492	3,256
Other payables	11	1,096
Salary payables	929	998
Subtotal financial liabilities	3,432	5,350
Tax payables other than income tax	656	625
	4,088	5,975

Trade and other payables are only denominated by Renminbi ("RMB").

The fair value of trade and other payables have not been disclosed as, due to their short duration, management considers the carrying amounts recognized in the consolidated statements of financial position to be reasonable approximation of their fair values.

Trade payables comprise amounts outstanding for trade purchase. The average credit period is 30 days from the time when the services are rendered by or goods received from suppliers. The aging analysis of trade payables is as follows:

	As at 31 December 2014	As at 31 March 2015
	kEUR	kEUR
Current	2,492	3,256

29. ADVANCE FROM CUSTOMERS

Advance from customers comprise down payment received for trade sales.

Advance from customers are denominated in the following currencies:

	As at 31 December 2014	As at 31 March 2015
	kEUR	kEUR
Renminbi (“RMB”)	2,283	3,822
United States Dollars (“USD”)	-	-
	2,283	3,822

The aging analysis of advance from customers is as follows:

	As at 31 December 2014	As at 31 March 2015
	kEUR	kEUR
Less than 3 months	1,089	2,525
Over 3 months but less than 1 year	882	1,068
Over 1 year but less than 1 and a half years	312	229
	2,283	3,822

30. RELATED PARTIES PAYABLES

(1) Nature of relationship with related parties:

Name	Relationship with the Group
Xie Qiulin	Director of the Group

(2) Significant balances between the Group and the above related parties:

	As at 31 December 2013	As at 31 March 2014
	kEUR	kEUR
Xiu Qiulin	231	230
	231	230

The amount due to Xie Qiulin was unsecured, non-interest bearing and payable on demand.

31. BANK BORROWINGS

	As at 31 December 2014	As at 31 March 2015
	kEUR	kEUR
Secured bank borrowings	-	-
Carrying amount repayable within 1 year	-	-

32. SHARE / PAID-IN CAPITAL

The share / paid-in capital shown in the consolidated statements of financial position is as follows:

	As at 31 December 2014	As at 31 March 2015

	kEUR	kEUR
Share/paid-in capital	13,000	13,000

The details of the Company's share capital are as follows:

	Numbers of shares	Share capital EUR
Authorized and issued and fully paid		
Ordinary shares of USD1.00		
each on the date of incorporation,		
at 31 March 2015	13,000,000	13,000,000

33. RESERVES

Share premium

Share premium is non-distributable other than in liquidation and may be utilized for business expansion or converted into ordinary shares by the issuance of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by the shareholders.

Statutory surplus reserve

As stipulated by the relevant laws and regulations applicable to China’s foreign investment enterprises, the Company’s PRC subsidiaries are required to maintain a statutory surplus reserve which is non-distributable. Appropriations to such reserve are made out of net profit after tax of the statutory financial statements of the PRC subsidiaries at the amounts determined by their respective boards of directors annually up to 50% of paid-in capital, but must not be less than 10% of the net profit after tax.

The statutory surplus reserve can be used for making up losses of the group entities in China Mainland, if any. The statutory surplus reserve may also be used to increase capital or to meet unexpected or future losses. The statutory surplus reserve is non-distributable other than upon liquidation.

The statutory surplus reserve of the Group amounts to kEUR 2,637 at 31 March 2014 (31 December 2013: kEUR 2,637). The statutory surplus reserve of the Group is related to Fujian Peixin and Quanzhou Peixin.

Retained profits

The retained profits comprise the cumulative net gains and losses recognized in the Company's income statement.

Foreign currency translation reserve (other comprehensive income)

Foreign currency translation reserve represents the foreign currency translation difference arising from the translation of the financial statements of companies within the Group from their functional currency to the Group's presentation currency.

34. RELATED PARTY TRANSACTIONS

Compensation to director of the Company

	Three months ended 31 March	
	2014	2015
	kEUR	kEUR
Xie Qiulin		
-Short-term employee benefits	77	21
-Social welfare	1	*
	78	21
Xie Kaida		
-Short-term employee benefits	24	7
-Social welfare	1	*
	25	7
Dai Hongyan		
-Short-term employee benefits	48	13
-Social welfare	1	*
	49	13
Li Ya		
-Short-term employee benefits	8	2
-Social welfare	-	-
	8	2
Shen Ming		
-Short-term employee benefits	8	2
-Social welfare	-	-
	8	2
Liem Tsong Lucien Tjon		
-Short-term employee benefits	4	*
-Social welfare	-	-
	4	*
Jaroslaw Dariusz Dabrowski		
-Short-term employee benefits	16	4
-Social welfare	-	-
	16	4
Wu Rongfu		
-Short-term employee benefits	34	9
-Social welfare	1	*
	35	9

*Amount less than EUR 1,000.

35. RELATED PARTY TRANSACTIONS-continued

Personal undertaking loans guaranteed by director of the Company

	Three months ended 31 March	
	2014	2015
	kEUR	kEUR
Xie Qiulin		

36. CONTINGENCIES

As at 31 March 2015, the Group had no contingencies that needed to be disclosed.

37. COMMITMENTS

As at 31 March 2015, the Group had no contingencies that needed to be disclosed.

38. EVENT AFTER THE REPORTING PERIOD

There are no further significant non-adjusting events or any significant adjusting events to report between the reporting date and the date of preparation of these financial statements.