

## 1. Selected financial data

<i>'000 EUR</i>	<b>3Q 2015</b>	<b>3Q 2016</b>
revenues	51,436	24,981
gross profit	16,467	5,119
operating profit	10,776	496
EBITDA	12,382	1,127
profit before tax	11,118	607
net profit	9 567	496

<i>'000 EUR</i>	<b>31 Dec 2015</b>	<b>30 Sep 2016</b>
non-current assets	37,628	35,553
current assets	46,617	41,385
total assets	84,245	76,938
long-term liabilities	-	-
short-term liabilities	7,119	3,795
total equity	77,126	73,143
paid-in capital	13,000	13,000

<i>'000 EUR</i>	<b>31 Dec 2015</b>	<b>30 Sep 2016</b>
cash flow from operating activities	8,482	(1,268)
cash flow from investing activities	(1,671)	(2,075)
cash flow from financing activities	-	-
net increase in cash and cash equivalents	6,433	(3,343)

### 1.1 Profit & loss account

#### 1.1.1 Revenues

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

Revenues decreased by EUR 26,455 thousand or -51% from EUR 51,436 thousand for the period ended on 30 September 2015 to EUR 24,981 thousand for the period ended on 30 Sep 2016.

Revenues breakdown by segments

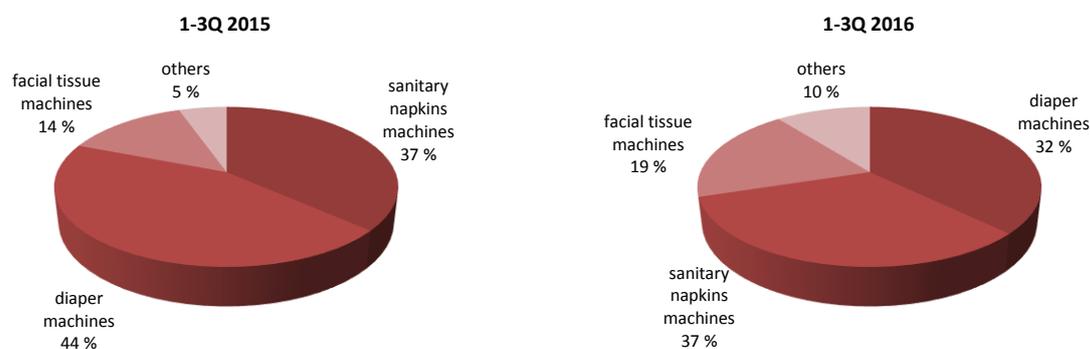
	3Q 2015		3Q 2016		Change in revenues
	Unit	'000 EUR	Unit	'000 EUR	%
Sanitary napkins machines	46	18,815	24	9,298	-51%
Diaper machines	48	22,814	17	8,220	-64%
Facial tissue machines	403	7,045	230	4,816	-32%
Other paper machines	67	2,762	104	2,648	-4%
<b>Total</b>	<b>564</b>	<b>51,436</b>	<b>289</b>	<b>24,981</b>	<b>-51%</b>

Sales breakdown by segments for 3Q2015 and 3Q2016 is presented on charts below.

**3Q 2015**

**3Q 2016**

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 3Q2016 the Group's revenues generated in China Mainland fell by EUR 3,575 thousand or 71.46%, from EUR 5,003 thousand for the three months ended on 31 March 2015 to EUR 1,428 thousand for the three months ended on 31 March 2016.

The following table presents the Group's revenues and number of units sold broken down geographically for the period of the 3Q 2015 and 3Q2016.

	3Q 2015 '000 EUR	3Q 2016 '000 EUR	Change %
Direct sales			
-Mainland China	21,206	11,647	-45%
-Outside Mainland China	5,523	3,706	-33%
Sales to trading companies	24,707	9,628	-61%
<b>Total</b>	<b>51,436</b>	<b>24,981</b>	<b>-51%</b>

The following table presents the Group's number of units sold broken down geographically for the period of the 3Q2015 and 3Q 2016.

	3Q 2015	3Q 2016
Direct sales		
-Mainland China	183	493
-Outside Mainland China	45	69
Sales to trading companies	147	259
<b>Total</b>	<b>375</b>	<b>821</b>

### 1.1.2 *Cost of Goods Sold*

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

	3Q 2015	3Q 2016	Change
	'000 EUR	'000 EUR	%
Changes in inventories of finished goods and work in progress	(6,804)	(4,017)	-41.0%
Materials consumed in production	33,743	20,031	-40.6%
- Glue machines and motors	10,858	6,305	-41.9%
- Steel	8,528	5,532	-35.1%
- Electric controllers	5,621	3,190	-43.2%
- Knife roller\cylinder	1,353	779	-42.4%
- Other components	6,158	3,521	-42.8%
- Auxiliary materials	1,225	704	-42.5%
Labor	2,974	1,636	-45.0%
Depreciation and amortization	1,607	904	-43.7%
Outsourced manufacturing cost	1,308	701	-46.4%
Taxes and surcharges *	542	295	-45.6%
Water and electricity	475	243	-48.8%
Others	123	58	-52.8%
Foreign currency translation difference	960	11	-98.9%
<b>Total</b>	<b>34,928</b>	<b>19,862</b>	<b>-43%</b>

\*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).

### 1.1.3 *Gross profit*

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

	<b>3Q 2015</b>	<b>3Q 2016</b>	<b>Change</b>
<b>Segment gross profit</b>	<b>'000 EUR</b>	<b>'000 EUR</b>	<b>%</b>
Sanitary napkins machines	6,147	2,042	-67%
Diaper machines	7,048	1,854	-74%
Facial tissue machines	2,368	980	-59%
Other paper machines	904	403	-55%
<b>Total</b>	<b>16,467</b>	<b>5,119</b>	<b>-69%</b>

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

	<b>3Q 2015</b>	<b>3Q 2016</b>	<b>Change</b>
<b>Segment gross margin</b>	<b>%</b>	<b>%</b>	<b>p.p.</b>
Sanitary napkins machines	32.67	21.96	(32.8)
Diaper machines	30.89	22.56	(27.0)
Facial tissue machines	33.61	20.34	(39.5)
Other paper machines	32.73	15.23	(53.5)
<b>Total gross margin</b>	<b>32.01</b>	<b>20.49</b>	<b>(36.0)</b>

### 1.1.4 *Other income/expenses*

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

	<b>3Q 2015</b>	<b>3Q 2016</b>	<b>Change</b>
	<b>'000 EUR</b>	<b>'000 EUR</b>	<b>%</b>
Government grant	9	-	-
Rental income	11	27	-9%
Sales of spare parts	77	18	-65%
<b>Total</b>	<b>96</b>	<b>45</b>	<b>-46%</b>

### 1.1.5 *Distribution and Selling Expenses*

The table below presents the distribution and selling expenses.

	<b>3Q 2015</b>	<b>3Q 2016</b>	<b>Change</b>
	<b>‘000 EUR</b>	<b>‘000 EUR</b>	<b>%</b>
Staff costs	496	489	-1%
Marketing and advertising costs	1,064	397	-63%
Post-sales services costs	354	313	-12%
Traveling costs	49	38	-22%
Depreciation	2	2	0%
Agency costs	-	32	-
Others	217	128	-41%
<b>Total</b>	<b>2,182</b>	<b>1,399</b>	<b>-36%</b>

### 1.1.6 *Administrative expenses*

	<b>3Q 2015</b>	<b>3Q 2016</b>	<b>Change</b>
	<b>‘000 EUR</b>	<b>‘000 EUR</b>	<b>%</b>
Staff costs	532	420	-21%
Depreciation and amortization charges	92	238	-159%
Entertainment and office expenses	123	116	-6%
Miscellaneous taxes	197	105	-47%
Others	221	223	-1%
<b>Total</b>	<b>1,165</b>	<b>759</b>	<b>-35%</b>

### 1.1.7 *Research and Development Expenses*

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

	<b>3Q 2015</b>	<b>3Q 2016</b>	<b>Change</b>
	<b>‘000 EUR</b>	<b>‘000 EUR</b>	<b>%</b>
Materials	1,221	782	-36%
Staff costs	555	365	-34%
External advisors	516	206	60%
Depreciation charges	148	94	-36%
<b>Total</b>	<b>2,440</b>	<b>1,930</b>	<b>-21%</b>

## 1.1.8 Balance sheet

### 1.1.8.1 Non-current assets

#### Property, plant and equipment

Property plant and equipment decreased by EUR 1,622 thousand or by 8.5% from EUR 19,048 thousand as at 31 December 2015 to EUR 17,426 thousand in 3Q 2016.

### 1.1.8.2 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 2015 and 30 Sep 2016.

	31 December 2015	30 Sep 2016	Change
	'000 EUR	'000 EUR	%
Raw materials and consumables	2,799	2,031	-27,4%
Work in progress	6,044	5,450	-9,8%
Finished goods	2,999	3,489	-16,3%
<b>Total</b>	<b>11,842</b>	<b>10,970</b>	<b>-7,4%</b>

#### Trade and other receivables

Trade and other receivables decreased by EUR 991 thousand, from EUR 15,166 thousand as of 31 December 2015 to EUR 14,175 thousand as of 30 Sep 2016.

#### Bank balances and cash

Bank balances and cash decreased by EUR 3,343 thousand or 17.1%, from EUR 19,583 thousand as of 31 December 2015 to EUR 16,240 thousand as of 30 Sep 2016.

### 1.1.8.3 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 decreased by EUR 2,069 thousand or 51.9% from EUR 3,990 thousand as at 31 December 2015 to EUR 1,921 thousand in 3Q2016. The decrease was mainly due to the increasing price of the raw material especially steel and motors in the past several months in year 2016.

#### Indebtedness

The Company doesn't have any long term or short term debt as of 31 December 2015 and 30 Sep 2016.

### Advance from customers

Advance from customers decreased by EUR 433 thousand or 18.8%, from EUR 2,307 thousand as at 31 December 2015 to EUR 1,874 thousand in 3Q2016.

#### *1.1.8.4 Non-current liability*

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

#### *1.1.8.5 Capital and reserves.*

Capital and reserves decreased by EUR 3,983 thousand or 5.2%, from EUR 77,126 thousand as at 31 December 2015 to EUR 73,143 thousand in 3Q 2016, mainly as the result of the result of profit and the large gain from foreign currency translation.

### 1.1.9 *Cash flow*

	<b>3Q 2016</b>
	<b>'000 EUR</b>
net cash from operating activities	(1,479)
net cash from investing activities	(1,215)
net cash from financing activities	-
<b>net movement in cash and cash equivalents</b>	<b>(2,694)</b>
- exchange difference	(649)
<b>cash at the beginning of the period</b>	<b>19,583</b>
<b>cash at the end of the period</b>	<b>16,240</b>

In 3Q 2016 the Group generated EUR -1,479 thousand from operating activities thanks to profit.

Company invested EUR 1,215 thousand throughout 3Q2016 mainly in the construction of building.