

## 1. Selected financial data

<i>'000 EUR</i>	<b>Q3 2016</b>	<b>Q32017</b>
revenues	24,981	15,923
gross profit	5,119	3,193
operating profit	484	(2,015)
EBITDA	1,127	-
profit before tax	607	(2,011)
net profit	496	(2,011)
cash flow from operating activities	(1,268)	2,210
cash flow from investing activities	(2,075)	(5,704)
cash flow from financing activities	-	-
net increase in cash and cash equivalents	(3,343)	(4,324)

<i>'000 EUR</i>	<b>31 Dec 2016</b>	<b>30 Sep 2017</b>
non-current assets	35,553	22,551
current assets	43,421	50,417
total assets	78,974	72,968
short-term liabilities	3,795	3,317
total equity	75,179	72,968
paid-in capital	13,000	13,000

### 1.1 Profit & loss account

#### 1.1.1 Revenues

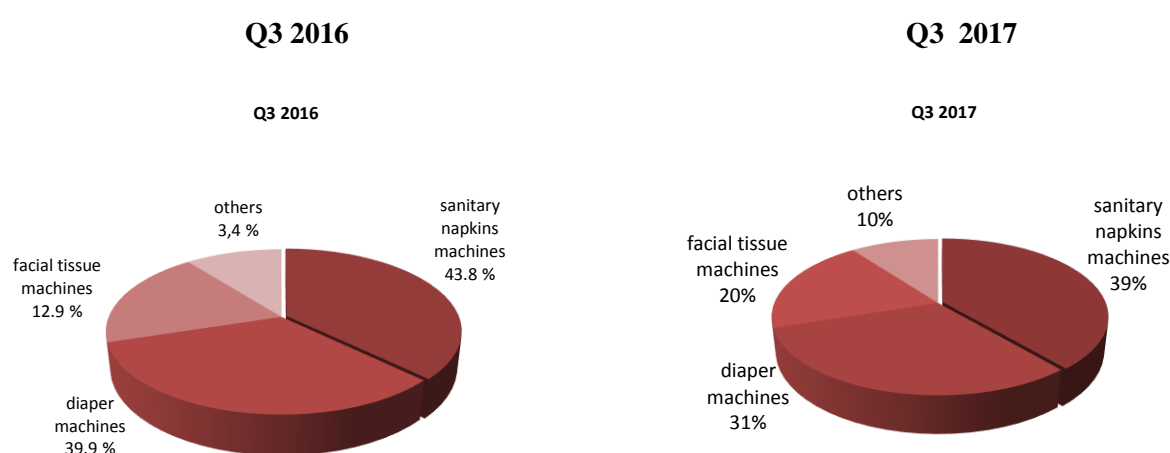
Revenues are generated from sales of sanitary napkin machines, diaper machines, facial tissue machines and other paper machines.

#### Revenues breakdown by segments

The following table presents the Group's revenues broken down into product categories for 3Q2016 and 3Q2017.

	Q3 2016		Q3 2017		Change in
	Unit	'000 EUR	Unit	'000 EUR	revenues
					%
Sanitary napkins machines	24	9,298	19	6,174	-34%
Diaper machines	17	8,220	12	4,966	-40%
Facial tissue machines	230	4,816	145	3,159	-34%
Other paper machines	104	2,648	58	1,624	-39%
<b>Total</b>	<b>375</b>	<b>24,981</b>	<b>234</b>	<b>15,923</b>	<b>-36%</b>

Sales breakdown by segments for Q3 2016 and Q3 2017 is presented on charts below.



### 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.

The following table presents the Group's revenues and number of units sold broken down geographically for the period of the Q3 2016 and Q3 2017.

	Q3 2016	Q3 2017	Change
	'000 EUR	'000 EUR	%
Revenue:			
Direct sales			
- Mainland China	11,647	6,273	-46%
- Outside Mainland China	3,706	3,906	5%
Sales to trading companies	9,628	5,744	-40%
<b>Total</b>	<b>24,981</b>	<b>15,923</b>	<b>-36%</b>

The following table presents the Group's number of units sold broken down geographically for the period of the Q3 2016 and Q3 2017.

	Q3 2016	Q3 2017
Direct sales		
- Mainland China	183	99
- Outside Mainland China	45	47
Sales to trading companies	147	88
<b>Total</b>	<b>375</b>	<b>234</b>

Sales geographic breakdown for the period of Q3 2016 and Q3 2017 is presented on charts below.



### 1.1.2 Cost of Goods Sold

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

	Q3 2016	Q3 2017	Change
	'000 EUR	'000 EUR	%
Changes in inventories of finished goods and work in progress	(4,017)	(1,030)	-74%
Materials consumed in production	20,031	6,269	-69%
- Glue machines and motors	6,305	2,000	-68%
- Steel	5,532	1,618	-71%
- Electric controllers	3,190	1,046	-67%
- Knife roller\cylinder	779	245	-69%
- Other components	3,521	1,125	-68%
- Auxiliary materials	704	235	-67%
Labor	1,636	574	-65%
Depreciation and amortization	904	264	-71%

Outsourced manufacturing cost	701	220	-69%
Taxes and surcharges *	295	82	-72%
Water and electricity	243	78	-68%
Others	58	25	-57%
Foreign currency translation difference	11	(102)	-1025%
<b>Total</b>	<b>19,862</b>	<b>12,650</b>	<b>-36%</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.

	Q3 2016	Q3 2017	Change
Segment gross profit	'000 EUR	'000 EUR	%
Sanitary napkins machines	2,042	1,316	-36%
Diaper machines	1,854	1,091	-41%
Facial tissue machines	980	640	-35%
Other paper machines	377	225	-40%
<b>Total</b>	<b>4,036</b>	<b>3,273</b>	<b>-19%</b>

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

	Q3 2016	Q3 2017	Change
Segment gross margin	%	%	p.p.
Sanitary napkins machines	21.96	21.31	-3.0%
Diaper machines	22.56	21.98	-2.6%
Facial tissue machines	20.34	20.27	-0.3%
Other paper machines	14.23	13.88	-2.5%
<b>Total gross margin</b>	<b>20.49</b>	<b>20.55</b>	<b>0.3%</b>

#### 1.1.4 *Other income/expenses*

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

	<b>Q3 2016</b>	<b>Q3 2017</b>	<b>Change</b>
	<b>'000 EUR</b>	<b>'000 EUR</b>	<b>%</b>
Government grant	-	28	
Rental income	27	28	4%
Sales of spare parts	18	54	200%
<b>Total</b>	<b>45</b>	<b>110</b>	<b>145%</b>

#### 1.1.5 *Distribution and Selling Expenses*

The table below presents the distribution and selling expenses.

	<b>Q3 2016</b>	<b>Q3 2017</b>	<b>Change</b>
	<b>'000 EUR</b>	<b>'000 EUR</b>	<b>%</b>
Staff costs	489	541	11%
Marketing and advertising costs	397	497	25%
Post-sales services costs	313	367	17%
Traveling costs	38	60	59%
Depreciation	2	3	50%
Agency costs	32	48	51%
Others	128	170	33%
<b>Total</b>	<b>1,399</b>	<b>1,688</b>	<b>21%</b>

#### 1.1.6 *Administrative expenses*

	<b>Q3 2016</b>	<b>Q3 2017</b>	<b>Change</b>
	<b>'000 EUR</b>	<b>'000 EUR</b>	<b>%</b>
Staff costs	420	415	-1%
Depreciation and amortization charges	238	226	-5%
Entertainment and office expenses	116	120	3%
Miscellaneous taxes	105	107	2%
Others	223	230	3%
<b>Total</b>	<b>1,102</b>	<b>1,098</b>	<b>1%</b>

### 1.1.7 *Research and Development Expenses*

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

	<b>Q3 2016</b>	<b>Q3 2017</b>	<b>Change</b>
	<b>'000 EUR</b>	<b>'000 EUR</b>	<b>%</b>
Materials	1,043	1,396	34%
Staff costs	487	527	8%
External advisors	275	360	31%
Depreciation charges	125	192	54%
<b>Total</b>	<b>1,930</b>	<b>2,475</b>	<b>28%</b>

### 1.1.8 *Balance sheet*

#### *1.1.8.1 Non-current assets*

##### Property, plant and equipment

Property plant and equipment increased by EUR 3,582 thousand or by 20.8% from EUR 20,839 thousand as at 31 December 2016 to EUR 10,058 thousand in Q3 2017.

#### *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 2016 and 30 Sep 2017.

	<b>31 December 2016</b>	<b>30 Sep 2017</b>	<b>Change</b>
	<b>'000 EUR</b>	<b>'000 EUR</b>	<b>%</b>
Raw materials and consumables	2,031	4,170	105%
Work in progress	5,450	6,150	13%
Finished goods	3,489	1,431	-59%
<b>Total</b>	<b>10,970</b>	<b>11,752</b>	<b>7%</b>

##### Trade and other receivables

Trade and other receivables decreased by EUR 2,097 thousand, from EUR 13,218 thousand as of 31 December 2016 to EUR 11,121 thousand as of 30 Sep 2017.

##### Bank balances and cash

Bank balances and cash decreased by EUR 9,525 thousand or by 48.7% from EUR 19,583 thousand as at 31 December 2016 to EUR 10,058 thousand in Q3 2017.

### 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 1,905 thousand or 47.7% from EUR 3,990 thousand as at 31 December 2016 to EUR 2,085 thousand in Q3 2017.

#### Indebtedness

The Company doesn't have any long term or short term debt as of 31 December 2016 and 30 Sep 2017.

#### Advance from customers

Advance from customers decreased by EUR 96 thousand or 5.7%, from EUR 1,701 thousand as at 31 December 2016 to EUR 1,605 thousand in Q3 2017.

### 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 increased by EUR 4,158 thousand or 5.4%, from EUR 77,126 thousand as at 31 December 2016 to EUR 72,968 thousand in Q3 2017, mainly as the result of the result of profit and the gain from foreign currency translation.

## 1.1.9 *Cash flow*

	<b>Q3 2016</b>	<b>Q3 2017</b>
	<b>'000 EUR</b>	<b>'000 EUR</b>
net cash from operating activities	(1,479)	2,210
net cash from investing activities	(1,215)	(5,704)
net cash from financing activities	-	-
<b>net movement in cash and cash equivalents</b>	<b>(2,694)</b>	<b>(3,494)</b>
- exchange difference	(649)	(830)
<b>cash at the beginning of the period</b>	<b>19,583</b>	<b>14,382</b>
<b>cash at the end of the period</b>	<b>16,240</b>	<b>10,058</b>

In Q3 2017 the Group generated EUR 2,210 thousand from operating activities thanks to the active payment policy performed during the past three quarters.

Company invested EUR 5,704 thousand throughout Q3 2017 mainly in the construction of new dormitory building, the decoration project for office building, and so on.