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QUARTERLY REPORT TO THE BONDHOLDERS
OF €180,000,000 7⅞% SENIOR SECURED NOTES DUE 2018
For the periods ended September 30, 2016 and 2015

1) FORWARD-LOOKING STATEMENTS

This interim report contains forward-looking statements. These forward-looking statements include, but are not limited to, all statements other than statements of historical fact contained in this interim report, including, without limitation, those regarding our intentions, beliefs or current expectations concerning, among other things, our future financial conditions and performance, results of operations and liquidity, our strategy, plans, objectives, prospects, growth, goals and targets, future developments in the markets in which we participate or are seeking to participate, behavior of and trends with our customers and end-users of our products, and the anticipated regulatory environment in which we operate. These forward-looking statements can be identified in some cases by the use of certain terms, including without limitation, "aim," "anticipate," "assume," "believe," "could," "estimate," "expect," "forecast," "guidance," "intend," "may," "plan," "project," "risk," "should," "will," and their negatives, other similar expressions or other variations or comparable terminology that are predictions of, or otherwise indicate, future events or trends identifying forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors that are in some cases beyond our control. Forward-looking statements are not guarantees of future performance. These risks, uncertainties and factors may cause our actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements (and from past results, performances or achievements). Factors that may cause these differences include but are not limited to the risks described under the risk factors set forth in the Luxemburg Listing Particulars, dated February 13, 2013 relating to the Notes ("the Risk Factors") and "Business Review." These factors include, but are not limited to:

- *our reliance on key global customers;*
- *the terms of our arrangements with customers;*
- *our ability to meet demand of our customers and to maintain our on-time service delivery record;*
- *our ability to pass on price increases of materials or other inputs to our customers, or to source materials;*
- *our ability to continue to grow;*
- *the negative impact on our Insecticide Products business from adverse weather conditions;*
- *the high levels of capital expenditure required by our business;*
- *our ability to react to unfavorable consumer trends and adverse economic conditions;*
- *our ability to keep up the pace of product innovation required by our customers;*
- *changes in the policies and requirements of our FMCG customers;*
- *the effects of our customers in-sourcing the manufacture of our products and our ability to compete successfully with our competitors;*
- *our dependence on certain suppliers;*
- *the rigorous regulations in the area of chemical and electrical safety, environmental protection and employee health and safety that we are subject to;*
- *the effects of changes in the legal systems, regulatory controls, customs and practices in the countries in which we operate;*
- *our ability to address any interruption in the operations of our manufacturing plants;*
- *our dependence on distributors to deliver certain of our products;*
- *the effects of any product defects on our reputation, demand for our products or our costs of operations;*
- *our ability to maintain our reputation or our customers' ability to maintain their image and reputation;*
- *our ability to retain our senior management team;*
- *the effects of any employment dispute or increase in labor costs;*
- *the failure to protect our intellectual property or the negative impact of any claims asserting the infringement of intellectual property rights;*
- *our dependence on our information technology system;*
- *our substantial leverage and debt service obligations;*
- *the effect of operating and financial restrictions in our debt instruments; and*
- *the other risks described under "Risk Factors."*

Due to such uncertainties and risks, you should not place undue reliance on these forward-looking statements because they reflect our judgment at the date of this interim report. Forward-looking statements are not intended to give any assurances as to future results. We will not normally publicly release any revisions we may make to these forward-looking statements that may result from events or circumstances arising after the date of this interim report or otherwise.

2) MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of our financial condition and results of operations in the periods set forth below. This discussion should be read together with, and is qualified in its entirety by reference to, our Interim unaudited condensed consolidated financial statements for the nine months ended September, 30 2016 and the related condensed notes thereto. Except for the historical information contained herein, the discussion in this section contains forward-looking statements that reflect our plans, estimates and beliefs and involve risks and uncertainties. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this report, particularly under "Risk Factors" and "Forward-Looking Statements."

2.1. Overview

We are the leading global supplier of Air Care and Insecticide devices by revenue. We primarily sell our products to blue chip fast-moving consumer goods ("FMCG") companies. Historically, we have grown our business and increased profits through our wide range of products, long-standing customer relationships, strong product innovation and development capabilities and our global industrial footprint.
For the three months ended September 30, 2016, we had net sales of €67.8 million, a decrease of €17.6 million, or 20.6%, from €85.4 million for the three months ended September 30, 2015. EBITDA before non-recurring transactions for the three months ended September 30, 2016 was €11.3 million, a decrease of €1.7 million or 13.1% from €13.0 million for the three months ended September 30, 2015.

For the nine months ended September 30, 2016, we had net sales of €231.3 million, a decrease of €6.3 million, or 2.7%, from €237.6 million for the nine months ended September 30, 2015. EBITDA before non-recurring transactions for the nine months ended September 30, 2016 was €36.1 million, an increase of €1.5 million or 4.3% from €34.6 million for the nine months ended September 30, 2015.

Our product categories comprise the following:

- *Air Care products*, principally consist of electric plug-in devices, gel and liquid air fresheners, powered aerosol air freshener devices and car air freshener devices ("Air Care Products"). We are the largest global supplier of Air Care devices by revenue. For the three months ended September 30, 2016, our Air Care Products category generated €48.1 million or 70.9% of our net sales, a decrease of €8.5 million or 15.0% from €56.6 million for the three months ended September 30, 2015. For the nine months ended September 30, 2016, our Air Care Products category generated €135.7 million or 58.7% of our net sales, a decrease of €13.5 million or 9.0% from €149.2 million for the nine months ended September 30, 2015.
- *Insecticide products*, principally consist of electric plug-in devices and portable insecticide devices ("Insecticide Products"). We are the largest global supplier of insecticide devices by revenue. For the three months ended September 30, 2016, our Insecticide Products category generated €14.6 million or 21.5% of our net sales, a decrease of €7.3 million or 33.3% from €21.9 million for the three months ended September 30, 2015. For the nine months ended September 30, 2016, our Insecticide Products category generated €65.5 million or 28.3% of our net sales, a decrease of €5.9 million or 8.3% from €71.4 million for the nine months ended September 30, 2015.
- *Home, Health and Personal Care Products*, principally consist of various personal care devices, laundry softeners, fabric care products, toilet cleaners and non-medicated vapor dispensing devices ("Home, Health and Personal Care Products"). For the three months ended September 30, 2016 our Home, Health and Personal Care Products category generated €5.1 million or 7.5% of our net sales, a decrease of €1.8 million or 26.1% from € 6.9 million for the three months ended September 30, 2015. For the nine months ended September 30, 2016 our Home, Health and Personal Care Products

category generated €30.1 million or 13.0% of our net sales, an increase of €13.1 million or 77.1% from € 17.0 million for the nine months ended September 30, 2015.

We believe our strong focus on product innovation and development and our historical collaboration with our customers to design and develop new or enhanced products, combined with our long-standing relationships with such customers, have resulted in our key customers approaching us when they are considering new product lines, geographic expansion and entering into new sub-categories. Nearly all of our products are labelled with our customers' brands.

We are the only supplier of Air Care Products and Insecticide Products to have a global footprint with manufacturing plants on four continents. We are an international company, with approximately 89.2% of our net sales for the nine months ended September 30, 2016 generated in markets outside of Italy. We operate manufacturing plants in six countries (Mexico, China, Italy, Bulgaria, Brazil and India), have design and development centers in five countries (Italy, Spain, Mexico, China and Bulgaria), and have innovation centers in Spain and Singapore. Our global footprint is predominantly based in low cost countries, where approximately 91.2% of our personnel is located, strategically close to points of consumption. This enables us to meet the scale and response time demands of our FMCG customers, while safe-guarding our profitability levels. In addition, our sales coverage and international distribution network allows us to operate successfully in diverse markets around the world in a cost-effective manner. During the first nine months of 2016, we generated net sales of €231.3 million, €106.0 million, €80.5 million, €25.9 million, €6.8 million and €12.1 million in Europe, North America, Asia Pacific, Africa and the Middle East and South America, respectively.

2.2. Results of Operations

2.2.1 Results of Operations for the three month periods ended September 30, 2016 and 2015

The following table sets forth the principal items of our Interim unaudited condensed consolidated income statement for the three month periods ended September 30, 2016 and 2015:

In milions of Euro	Three months ended September 30,				2016 vs 2015	
	2016	*%Net Sales*	2015	*%Net Sales*	Change	% Change
Net Sales	67.8	100.0%	85.4	100.0%	(17.6)	-20.6%
Cost of Sales	51.0	75.2%	66.0	77.3%	(15.0)	-22.7%
GROSS PROFIT	**16.8**	**24.8%**	**19.4**	**22.7%**	**(2.6)**	**-13.4%**
General and Administrative Expenses	(4.1)	-6.0%	(4.3)	-5.0%	0.2	-4.7%
Sales and Marketing Expenses	(1.3)	-1.9%	(1.4)	-1.6%	0.1	-7.1%
Research and Development	(1.3)	-1.9%	(0.9)	-1.1%	(0.4)	44.4%
Operation costs	(0.3)	-0.4%	(0.4)	-0.5%	0.1	-25.0%
Miscellaneous (Costs)/Income	(0.1)	0.0%	(0.1)	-0.1%	0.0	0.0%
Overheads	**(7.1)**	**-10.5%**	**(7.1)**	**-8.3%**	**0.0**	**0.0%**
Other Income/(Expenses)	1.6	2.4%	0.7	0.8%	0.9	128.6%
EBITDA BEFORE NON-RECURRING TRANSACTIONS [(1)]	**11.3**	**16.7%**	**13.0**	**15.2%**	**(1.7)**	**-13.1%**
Depreciation, Amortization and Write-Downs	(4.6)	-6.8%	(3.9)	-4.6%	(0.7)	17.9%
EARNINGS BEFORE INTEREST & TAXES & NON RECURRING TRANSACTIONS [(1)]	**6.7**	**9.9%**	**9.1**	**10.7%**	**(2.4)**	**-26.4%**
Costs from Non-Recurring Transactions	(1.8)	-2.7%	(0.4)	-0.5%	(1.4)	350.0%
EARNINGS BEFORE INTEREST & TAXES	**4.9**	**7.2%**	**8.7**	**10.2%**	**(3.8)**	**-43.7%**
Financial Income/(Expenses)	(5.0)	-7.4%	(7.0)	-8.2%	2.0	-28.6%
PROFIT BEFORE TAXES	**(0.1)**	**-0.1%**	**1.7**	**2.0%**	**(1.8)**	**-105.9%**
Income Taxes	(1.1)	-1.6%	(1.9)	-2.2%	0.8	-42.1%
PROFIT (LOSS) for the PERIOD	**(1.2)**	**-1.8%**	**(0.2)**	**-0.2%**	**(1.0)**	**500.0%**
Attributable to:						
Owners of the Company	(1.2)	0.7%	(0.2)	-0.2%	0.7	-350.0%
Non - controlling interests	0.0	0.0%	0.0	0.0%	0.0	0.0%

(1) EBITDA before non-recurring transactions is defined by our management as net income before income taxes, financial income and expenses, restructuring costs, costs and income from non-recurring transactions and depreciation, amortization and write-downs. EBITDA before non-recurring transactions is used by management to monitor our performance. EBITDA before non-recurring transactions is not recognized as a measure of financial performance or liquidity under IFRS. Investors should not place any undue reliance on this non-GAAP measure and financial indicator and should not consider this measure as: (a) an alternative to operating income or net income as determined in accordance with generally accepted accounting principles, or as a measure of operating performance; (b) an alternative to cash flows from operating, investing or financing activities, as determined in accordance with generally accepted accounting principles, or as a measure of our ability to meet cash needs; or (c) an alternative to any other measure of performance under generally accepted accounting principles. EBITDA before non-recurring transactions is not indicative of our historical operating results, nor is it meant to be predictive of future results. EBITDA before non-recurring transactions is used by our management to monitor the underlying performance of the business and the operations. Since all companies do not calculate EBITDA before non-recurring transactions in an identical manner, our presentation may not be consistent with similar measures used by other companies. Therefore, investors should not place undue reliance on this data.

2.2.2 Results of Operations for the nine month periods ended September 30, 2016 and 2015

The following table sets forth the principal items of our Interim unaudited condensed consolidated income statement for the nine month periods ended September 30, 2016 and 2015:

In milions of Euro	Nine Months ended September 30, 2016	%Net Sales	2015	%Net Sales	2016 vs 2015 Change	% Change
Net Sales	231.3	100.0%	237.6	100.0%	(6.3)	-2.7%
Cost of Sales	176.5	76.3%	185.1	77.9%	(8.6)	-4.6%
GROSS PROFIT	**54.8**	**23.7%**	**52.5**	**22.1%**	**2.3**	**4.4%**
General and Administrative Expenses	(13.2)	-5.7%	(13.5)	-5.7%	0.3	-2.2%
Sales and Marketing Expenses	(4.3)	-1.9%	(4.0)	-1.7%	(0.3)	7.5%
Research and Development	(3.1)	-1.3%	(2.3)	-1.0%	(0.8)	34.8%
Operation costs	(0.6)	-0.3%	(0.7)	-0.3%	0.1	-14.3%
Miscellaneous (Costs)/Income	(0.1)	0.0%	(0.1)	0.0%	0.0	0.0%
Overheads	**(21.3)**	**-9.2%**	**(20.6)**	**-8.7%**	**(0.7)**	**3.4%**
Other Income/(Expenses)	2.6	1.1%	2.7	1.1%	(0.1)	-3.7%
EBITDA BEFORE NON-RECURRING TRANSACTIONS (1)	**36.1**	**15.6%**	**34.6**	**14.6%**	**1.5**	**4.3%**
Depreciation, Amortization and Write-Downs	(13.3)	-5.8%	(11.3)	-4.8%	(2.0)	17.7%
EARNINGS BEFORE INTEREST & TAXES & NON RECURRING TRANSACTIONS (1)	**22.8**	**9.9%**	**23.3**	**9.8%**	**(0.5)**	**-2.1%**
Costs from Non-Recurring Transactions	(2.0)	-0.9%	(1.1)	-0.5%	(0.9)	81.8%
EARNINGS BEFORE INTEREST & TAXES	**20.8**	**9.0%**	**22.2**	**9.3%**	**(1.4)**	**-6.3%**
Financial Income/(Expenses)	(14.1)	-6.1%	(17.5)	-7.4%	3.4	-19.4%
PROFIT BEFORE TAXES	**6.7**	**2.9%**	**4.7**	**2.0%**	**2.0**	**42.6%**
Income Taxes	(3.9)	-1.7%	(5.4)	-2.3%	1.5	-27.8%
PROFIT (LOSS) for the PERIOD	**2.8**	**1.2%**	**(0.7)**	**-0.3%**	**3.5**	**-500.0%**
Attributable to:						
Owners of the Company	2.8	1.2%	(0.7)	-0.3%	3.5	-500.0%
Non - controlling interests	0.0	0.0%	(0.0)	0.0%	0.0	0.0%

(1) EBITDA before non-recurring transactions is defined by our management as net income before income taxes, financial income and expenses, restructuring costs, costs and income from non-recurring transactions and depreciation, amortization and write-downs. EBITDA before non-recurring transactions is used by management to monitor our performance. EBITDA before non-recurring transactions is not recognized as a measure of financial performance or liquidity under IFRS. Investors should not place any undue reliance on this non-GAAP measure and financial indicator and should not consider this measure as: (a) an alternative to operating income or net income as determined in accordance with generally accepted accounting principles, or as a measure of operating performance; (b) an alternative to cash flows from operating, investing or financing activities, as determined in accordance with generally accepted accounting principles, or as a measure of our ability to meet cash needs; or (c) an alternative to any other measure of performance under generally accepted accounting principles. EBITDA before non-recurring transactions is not indicative of our historical operating results, nor is it meant to be predictive of future results. EBITDA before non-recurring transactions is used by our management to monitor the underlying performance of the business and the operations. Since all companies do not calculate EBITDA before non-recurring transactions in an identical manner, our presentation may not be consistent with similar measures used by other companies. Therefore, investors should not place undue reliance on this data.

Net sales

Net Sales for three month periods ended September 30, 2016 and 2015

Our net sales decreased by €17.6 million, or 20.6%, from €85.4 million for the three months ended September 30, 2015 to €67.8 million for the three months ended September 30, 2016.

The following table sets forth our net sales by product category for the three month periods ended September 30, 2016 and 2015:

In milions of Euros	Three Months ended September 30, 2016	2015	% change
Net Sales by Product Category			
Air Care	48.1	56.6	(15.0%)
Insecticide	14.6	21.9	(33.3%)
Home, Health and Personal Care(1)	5.1	6.9	(26.1%)
Total net sales	**67.8**	**85.4**	**(20.6%)**

(1) *Predominantly represents sales of our Home, Health and Personal Care Products, although also contains sales of product components for all categories.*

Net sales from Air Care Products for the three months ended September 30, 2016 were €48.1 million, a decrease of €8.5 million, or 15.0%, from €56.6 million for the three months ended September 30, 2015. We primarily attribute this decrease to reduced demand for some Air Care products in North America and Asia Pacific from our Global FMCG customers. This effect has been partially offset by the launching of a new aerosol dispenser product in Europe.

Net sales from Insecticide Products for the three months ended September 30, 2016 were €14.6 million, a decrease of €7.3 million, or 33.3%, from €21.9 million for the three months ended September 30, 2015. The decrease in Insecticide product sales is mainly due to poor weather conditions in the quarter that reduced the demand in Europe and South America compared to last year. This effect involved Global and Regionals FMCG customers.

Net sales of Home, Health and Personal Care Products for the three months ended September 30, 2016 were €5.1 million, a decrease of €1.8 million, or 26.1%, from €6.9 million for the three months ended September 30, 2015. Sales in this category were lower than 2015 reflecting the fact that a number of new products in the Personal Care category generated lower sales than last year in the North American market. This effect has been partially offset by the successful launch of new Laundry Care products vs last year.

The following table sets forth net sales by geographic area for the three months ended September 30, 2016 and 2015:

In milions of Euros	Three Months ended September 30, 2016	2015	% change
Net Sales by Geographic area			
Europe	27.9	30.7	(9.1%)
North America	25.4	36.6	(30.6%)
South America	4.9	5.1	(3.9%)
Africa-Middle East	2.0	1.7	17.6%
Asia Pacific	7.6	11.3	(32.7%)
Total net sales	**67.8**	**85.4**	**(20.6%)**

Net Sales in Europe for the three months ended September 30, 2016 were €27.9 million, a decrease of €2.8 million, or 9.1%, from €30.7 million from the three months ended September 30, 2015. We primarily attribute this impact to the decreased demand for Pest Control products in Europe from Global FMCG due to the unfavorable weather conditions for this category. This decrease of sales has been offset by (i) strong volumes of traditional Air care products (ii) launch of Laundry Care products for a Global FMCG (iii) increased volumes of Personal Care products.

Net sales in North America for the three months ended September 30, 2016 were €25.4 million, a decrease of €11.2 million, or 30.6%, from €36.6 million for the three months ended September 30, 2015. Sales were impacted by (i) lower demand for Air Care products from our Global FMCG customers (ii) reduced volumes of Personal Care products for this market compared to last year.

Net sales in South America for the three months ended September 30, 2016 were €4.9 million, a decrease of €0.2 million, or 3.9%, from €5.1 million for the three months ended September 30, 2015. This decrease is largely driven by reduced volumes of Pest Control products. This negative effect was partially offset by sales of Laundry Care products in this area.

Net sales in Africa and the Middle East for the three months ended September 30, 2016 were €2.0 million, an increase of €0.3 million, or 17.6%, from €1.7 million for the three months ended September 30, 2015. This increase is driven by higher sales of Air Care products in this area for one of our Global FMCG customers.

Net Sales in Asia Pacific for the three months ended September 30, 2016 were €7.6 million, a decrease of €3.7 million, or 32.7%, from €11.3 million for the three months ended September 30, 2015. We primarily attribute this reduction in sales to the lower demand for Air Care products from Global Customers.

Net Sales for nine month periods ended September 30, 2016 and 2015

Our net sales decreased by €6.3 million, or 2.7%, from €237.6 million for the nine months ended September 30, 2015 to €231.3 million for the nine months ended September 30, 2016.

The following table sets forth our net sales by product category for the nine month periods ended September 30, 2016 and 2015:

In milions of Euros	Nine Months ended September 30, 2016	2015	% change
Net Sales by Product Category			
Air Care	135.7	149.2	(9.0%)
Insecticide	65.5	71.4	(8.3%)
Home, Health and Personal Care(2)	30.1	17.0	77.1%
Total net sales	**231.3**	**237.6**	**(2.7%)**

(2) *Predominantly represents sales of our Home, Health and Personal Care Products, although also contains sales of product components for all categories.*

Net sales from Air Care Products for the nine months ended September 30, 2016 were €135.7 million, a decrease of €13.5 million, or 9.0%, from €149.2 million for the nine months ended September 30, 2015. We attribute this decrease to lower demand for Air Care products in North America and Asia for Global FMCG customers. This effect has been partially offset by strong order levels for Air Care products in Europe following the launch of a new Air Care product.

Net sales from Insecticide Products for the nine months ended September 30, 2016 were €65.5 million, a decrease of €5.9 million, or 8.3%, from €71.4 million for the nine months ended September 30, 2015. Sales were mainly impacted by decreased orders from Global FMCG in South America and Europe reflecting a less favorable season than the high volumes of last year.

Net sales of Home, Health and Personal Care Products for the nine months ended September 30, 2016 were €30.1 million, an increase of €13.1 million, or 77.1%, from €17.0 million for the nine months ended September 30, 2015. We primarily attribute this increase to the launch of new Personal Care and Laundry products with Global FMCG customers.

The following table sets forth net sales by geographic area for the nine months ended September 30, 2016 and 2015:

In milions of Euros	Nine Months ended September 30, 2016	2015	% change
Net Sales by Geographic area			
Europe	106.0	90.9	16.6%
North America	80.5	96.6	(16.7%)
South America	12.1	13.2	(8.3%)
Africa-Middle East	6.8	6.2	9.7%
Asia Pacific	25.9	30.7	(15.6%)
Total net sales	**231.3**	**237.6**	**(2.7%)**

Net Sales in Europe for the nine months ended September 30, 2016 were €106.0 million, an increase of €15.1 million, or 16.6%, from €90.9 million for the nine months ended September 30, 2015. We attribute this increase (i) to the successful launch of a new Air Care product through a Global FMCG customer in Europe (ii) to the launch of Personal Care products in this area by our Global FMCG customers. The sales increase was partially offset by the reduced demand for Pest Control products.

Net sales in North America for the nine months ended September 30, 2016 were €80.5 million, a decrease of €16.1 million, or 16.7%, from €96.6 million for the nine months ended September 30, 2015. This decrease is largely due to lower sales of Air Care and Pest Control products to our Global FMCG customers.

Net sales in South America for the nine months ended September 30, 2016 were €12.1 million, a decrease of €1.1 million, or 8.3%, from €13.2 million for the nine months ended September 30, 2015. This decrease is largely due to lower sales of Pest Control products in Brasil compared to last year, partially offset by the launch of new Laundry Care products.

Net sales in Africa and the Middle East for the nine months ended September 30, 2016 were €6.8 million, an increase of €0.6 million, or 9.7%, from €6.2 million for the nine months ended September 30, 2015. This increase is largely due to higher sales of Air Care products in this area for one of our Global FMCG customers.

Net Sales in Asia Pacific for the nine months ended September 30, 2016 were €25.9 million, a decrease of €4.8 million, 15.6%, from €30.7 million for the nine months ended September 30, 2015. We primarily attribute this decrease to reduced orders for Air Care products from our Global FMCG customers. This effect has been partially offset by the introduction of new Personal and Laundry Care products in this area.

Gross Profit

Gross profit was €16.8 million for the three months ended September 30, 2016 a decrease of €2.6 million, or 13.4%, from €19.4 million for 2015. Gross profit represented 24.8% of net sales for the three months ended September 30, 2016 compared to 22.7% for the three months ended September 30, 2015.

Gross profit was €54.8 million for the nine months ended September 30, 2016 an increase of €2.3 million, or 4.4%, from €52.5 million for 2015. Gross profit represented 23.7% of net sales for the nine months ended September 30, 2016 compared to 22.1% for the nine months ended September 30, 2015.

The overall increase in gross profit percentage reflected a favorable sales mix and continued improvement in operational efficiency.

Overheads

General and Administrative Expenses

General and administrative expenses for the three months ended September 30, 2016 were €4.1 million or 6% of our net sales, a slight decrease compared with the same period of last year.

General and administrative expenses for the nine months ended September 30, 2016 were €13.2 million or 5.7% of our net sales, a slight decrease compared with the same period of last year.

Sales and Marketing Expenses

Sales and marketing expenses for the three months ended September 30, 2016 decreased by €0.1 million, or 7.1% from 2015.

Sales and marketing expenses for the nine months ended September 30, 2016 increased by €0.3 million, or 7.5% from 2015. Increased costs for the nine months ended September were mainly related to a strengthening of the organizational structure.

Research and Development Expenses

Research and development expenses for the three months ended September 30, 2016 were €1.3 million, an increase of €0.4 million, or 44.4% from €0.9 million for 2015.

Research and development expenses for the nine months ended September 30, 2016 were €3.1 million, an increase of €0.8 million, or 34.8% from €2.3 million for 2015.

Development costs that have met the criteria to be capitalized in accordance with IAS 38, have been capitalized as intangible assets. The overall increased spend compared to 2015 reflects the large number of projects the Group is working on.

Other (Income)/Expenses

Other income and expenses for the three months ended September 30, 2016 was a net income of €1.6 million, an increase of €0.9 million, from a net income of €0.7 million for 2015. Other income and expenses mainly comprised: (i) other miscellaneous income of €1.1 million coming mainly from higher re-charges to customers compared to €0.8 million for the same period in 2015, (ii) net foreign exchange income of €0.5 compared to a net foreign exchange loss of €0.1 million for 2015. These gains and losses represent foreign exchange transactions from operating activities.

Other income and expenses for the nine months ended September 30, 2016 was a net income of €2.6 million, a decrease of €0.1 million, from a net income of €2.7 million for 2015. Other income and expenses mainly comprised: (i) other miscellaneous income of €2.1 million coming mainly from lower re-charges to customers to €2.5 million for the same period in 2015, (ii) net foreign exchange income of €0.5 compared to a net foreign exchange income of €0.2 million for 2015. These gains and losses represent foreign exchange transactions from operating activities.

EBITDA Before Non-Recurring Transactions

EBITDA before non-recurring transactions for the three months ended September 30, 2016 was €11,3 million, a decrease of €1.7 million from €13.0 million for 2015. EBITDA before non-recurring transactions as a percentage of sales reached 16.7% for the three months ended September 30, 2016.

EBITDA before non-recurring transactions increased by €1.5 million to €36.1 million, for the nine months ended September 30, 2016. EBITDA before non-recurring transactions as a percentage of sales increased to 15.6% for the nine months ended September 30, 2016.

Depreciation, Amortization and Write-Downs

Total depreciation, amortization and write-downs of fixed assets for the three months ended September 30, 2016 were €4.6 million, an increase of €0.7 million, or 17.9%, from €3.9 million for 2015.

Total depreciation, amortization and write-downs of fixed assets for the nine months ended September 30, 2016 were €13.3 million, an increase of €2,0 million, or 17.7%, from €11.3 million for 2015. The overall increase in depreciation is driven by the relatively high level of capital expenditure in 2015 as the Group invested in many new product launches that year.

Costs from Non-Recurring Transactions

Non-recurring costs incurred for the three months ended September 30, 2016 were €1.8 million mainly related to: (i) an additional provision of €1.7 million made in 2016 representing a revision to managements' prudent estimate of costs potentially to be incurred for repairing or replacing products; (ii) exceptional costs of €0.1 million incurred in Italy to comply with Biocides regulation. Non-recurring costs incurred for the three months ended September 30, 2015 were €0.4 million and mainly related to costs incurred to comply with classification labelling and packaging (CLP) regulation and restructuring costs.

Non-recurring costs incurred for the nine months ended September 30, 2016 were €2.0 million mainly related to: (i) an additional provision of €1.7 million made in 2016 representing a revision to managements' prudent estimate of costs potentially to be incurred for repairing or replacing products; (ii) exceptional costs of €0.3 million incurred in Italy to comply with Biocides regulation. Non-recurring costs incurred for the nine months ended September 30, 2015 were €1.1 million mainly relating to costs incurred to comply with classification labelling and packaging (CLP) regulation and restructuring costs.

Financial (Income)/Expenses

Net financial expenses for the three months ended September 30, 2016 were €5.0 million, a decrease of €2.0 million, from €7.0 million in 2015.

For the three months ended September 30, 2016 financial expenses mainly included €4,4 million of accrued interest and transaction costs on the Senior secured notes, in line with 2015, together with foreign exchange losses of €0.6 million compared to foreign exchange losses of €2.5 million in 2015. The foreign exchange effect mainly arose from the translation of balances held in non-reporting currency in Group Balance Sheets.

Net financial expenses for the nine months ended September 30, 2016 were €14.1 million, a decrease of €3.4 million, from €17.5 million 2015.

For the nine months ended September 30, 2016 financial expenses mainly included €13.5 million of accrued interest and transaction costs on the Senior secured notes in line with 2015, together with foreign exchange losses of €0.6 million compared to foreign exchange losses of €4.1 in 2015. This decrease is mainly driven by reduced foreign exchange losses arising from the translation of balances held in non-reporting currency in Group Balance Sheets at period end.

Income Taxes

Income tax for the three months ended September 30, 2016 was an expense of €1.1 million, a decrease of €0,8 million from €1,9 million in 2015.

Income tax for the nine months ended September 30, 2016 was an expense of €3.9 million, a decrease of €1.5 million from an expense of €5.4 million for the nine months ended September 30, 2015.

The decrease in income taxes represented a different distribution of profit across the Group and overall taxable profit compared to 2015 at country level.

Profit/(loss) of the period pertaining to the owners of the company

Net income attributable to the owners of the company for the three months ended September 30, 2016 was a loss of €1.2 million, an increase of €1.1 million compared to a loss of €0.2 million for 2015, as a result of the factors discussed above.

Net income attributable to the owners of the company for the nine months ended September 30, 2016 was a profit of €2.8 million, an increase of €3.5 million compared to a loss of €0.7 million for 2015, as a result of the factors discussed above.

2.3. Liquidity and Capital Resources

Cash Flows

The following table sets forth a summary of our cash flows for the nine month periods ended September 30, 2016 and 2015:

In milions of Euro	Nine months ended September 30, 2016	Nine months ended September 30, 2015	Variation
Cash generated from operating activities before changes in working capital and income tax paid	36.4	34.0	2.4
Change in working capital	(2.1)	5.8	(7.9)
Income tax paid	(2.1)	(3.7)	1.6
Net cash generated from operating activities	**32.2**	**36.1**	**(3.9)**
Net cash used in investing activities	**(13.7)**	**(19.5)**	**5.9**
Total operating cash flow	**18.5**	**16.6**	**1.9**
Net cash used in financing activities (1)	**(15.5)**	**(19.9)**	**4.4**
Net increase/(decrease) in cash and cash equivalents	**3.0**	**(3.4)**	**6.4**
Cash and cash equivalents at beginning of the year	**45.9**	**44.8**	**1.2**
Exchange Gains/(Losses) on Cash and Cash Equivalents	1.3	(1.2)	2.5
Cash and cash equivalents at end of the period	**47.6**	**42.5**	**5.0**

(1) Net of unrealised gains and losses arising from transactions in foreign currency

Net Cash Generated from Operating Activities

For the nine months ended September 30, 2016, our net cash generated by operating activities was €32.2 million, a decrease of €3.9 million from €36.1 million for the nine months ended September 30, 2015. We primarily attribute this decrease to a strong performance from operations of €36.4 compared to €34.0 for the same period in 2015, offset by a working capital cash consumption of €2.1 million compared to €5.8 million of working capital cash generated in the same period in 2015. The cash absorbed from movements in working capital was primarily related to (i) a decrease in Trade Payables of €26.7 million, offset by (ii) a decrease in Inventory of €1.7 million and (iii) a strong cash collection from customers of €23.2 million.

Income Tax paid was lower than the same period last year by €1.6 million due to different phasing in Income Tax payments compared to last year.

Net Cash Used in Investing Activities

For the nine months ended September 30, 2016 our net cash used in investing activities was €13.7 million, a decrease of €5.9 million from €19.5 million for the nine months ended September 30, 2015, when the Group invested in production lines for new product launches. Capital expenditure in 2016 reflects the continued development and launch of new products, including development costs capitalized according to IAS 38 for €2.5 million. The cash consumption for the same period of 2015 included dividends paid to Minority Shareholders of ZAE Industrial Co. Ltd of €1.9 million.

Net Cash Used in Financing Activities

For the nine months ended September 30, 2016, our net cash consumed from financing activities was a cash outflow of €15.5million, compared to €19.9 million for 2015, a decrease of €4.4 million. The outflow in the nine months ended September 30, 2016 represents mainly the installment payments of €15.0 million related to interest due on the Senior Secured Notes.

Cash and Cash Equivalents

Cash and cash equivalents comprise our cash deposits at banks, along with bank overdrafts, as well as short-term high liquidity investments. For the purpose of the consolidated statement of cash flow, cash and cash equivalents consist of cash and short term deposits net of outstanding bank overdrafts and exclude restricted cash. Cash and cash equivalents are primarily held in Euro and U.S. Dollars.

As of December 31, 2015 the Group had bank balances of €4,988 thousand for which it had an obligation to repay to the counterpart upon settlement of certain factoring agreements. The settlement was done in February, 2016. As of September 30, 2016 the Group had bank balances amounting to approximately €1.9 million which were bank deposits in the PRC and Brazil. The remittance of such balances out of these countries are subject to rules and regulations of foreign exchange control imposed by the respective Governments.

Capital Expenditure

For the nine months ended September 30, 2016 and 2015, the Group made capital expenditure of €13.7 million and €19.5 million respectively, mainly represented by machinery and equipment for new products and production improvement in Zobele plants in China, Mexico and Italy.

The Group capitalized €2.5 million and €2.4 million in development costs incurred during the nine months ended September 30, 2016 and 2015, respectively.

2.4. Contractual Commitments and Off-Balance Sheet Arrangements

Commitments and guarantees

As of September 30, 2016 the Group has financial obligations arising from rental and operating lease agreements for a total amount of €23.5 million, out of which €3.3 million are due within one year.

The following table sets out a breakdown of commitments and guarantees for the nine months ended September 30, 2016 and 2015:

In milions of Euros	**As of September 30, 2016**	**As of December 31, 2015**
Rented buildings		
No later than 1 year	3.1	3.2
Later than 1 year and no later than 5 years	9.0	9.8
Later than 5 years	3.5	3.7
Other rents		
No later than 1 year	0.2	0.3
Later than 1 year and no later than 5 years	0.1	0.2
Later than 5 years	-	-
Fixed Assets	7.5	4.5
Total Committments	**23.5**	**21.8**

As described in Note 10 of the Notes to the Condensed Interim unaudited financial statements for the nine months ended September 30, 2016, the Senior Secured Notes are secured and pledged on certain Group assets and shares.

There are no significant legal or arbitration proceedings that the Group believes could have a significant impact on its financial and economic results.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenue or expenses, operating results, liquidity, capital expenditure or capital resources.

2.5. Subsequent events

There are no significant events after the reporting period that could impact the financial statements.

2.6. Qualitative and Quantitative Disclosures about material Market and Operating Risks

Our operations are exposed to different financial risks, the main ones being market risks, such as foreign exchange risk, interest rate risk and commodity price risk.

Credit Risk

Credit risk is linked to a possibility of loss for the Group following a non-payment of an obligation from third parties.

For the Group this risk is mainly related to the risk of default by one of its customers. The business strategies to manage this risk are:

- Regarding the cash held by bank, the Group chooses to work with primary national and international banks.
- Regarding trade receivables, the Group works mainly with investment grade rated customers.
- To better manage credit and liquidity risk, from 2010 the Group has entered into without-recourse factoring agreements for some of the main investment grade rated customers.

For the Group to consider a customer to be investment grade, it must have a minimum rating of BBB-. The Group regularly monitors the ratings of its customers and in the event of any downgrade credit terms are agreed with the customer.

As of September 30, 2016, approximately 74% of the Group's trade receivables were with investment rated customers.

Liquidity Risk

This risk, also called funding risk, is linked to the possibility of the Group having difficulty in obtaining funds in order to be able to meet financial obligations.

The Group monitors its funding requirements, also considering the business plan projections.

As described in note 10.3.2 to the Interim condensed consolidated financial statements, on January 31, 2013 the Group through its Italian subsidiary, Zobele Holding S.p.A., issued Senior Secured Notes for a total amount of €180 million for the purpose of re-financing the existing bank debt. In addition the Group has a Revolving Credit facility of €30 million, completely undrawn at 30 September 2016. The financing structure is considered to be sufficient for the Group requirements.

The Group also entered into without-recourse factoring agreements for some of the main investment grade rated customers.

Market Risk

Currency Exchange Risk

Our reported results of operations and financial condition are affected by exchange rate fluctuations due to both transactional and translational risk. The main exchange rate to which we are exposed is the U.S. Dollar. Given our increasing focus on non-European markets and the recent volatility of other currencies against the Euro, the effect of exchange rate fluctuations on our reported results of operations is expected to increase over time. Our exposure to currency exchange rate fluctuations is of several types, as summarized below:

Transactional Risk

Transactional risk arises when our subsidiaries execute transactions in a currency other than their functional currency. On a consolidated basis the Group's transactional foreign exchange risk is low, primarily as a result of the natural hedge of our foreign currency income and expenses. Our risk primarily arises from our Mexican and Asian Subsidiaries who execute transactions in U.S. dollars but have local exposure to Mexican Pesos, Hong Kong Dollars and Chinese Remimbis. However, although these entities primarily have their sales in U.S. dollars, they also incur most of their material costs in U.S. dollars. Therefore, we have a natural hedge as sales in U.S. dollars are to a large extent offset by purchases in U.S. dollars. Our other subsidiaries' sales are mostly in euro, with the largest part of costs in euro or euro-pegged currencies. We have a minor portion of revenues in Canadian dollars, British pounds and Australian dollars.

We have trade payables and receivables which are denominated in foreign currencies and any significant change in exchange rates could expose us to exchange rate gains and losses. We do not consider such exposure to be significant and do not currently use hedging instruments to manage such exposure.

Translational Risk

The Group prepares its consolidated financial statements in euro. We are therefore exposed to translational risk on the preparation of the consolidated financial statements when we translate the financial statements of our subsidiaries which have a functional currency other than euro. On a consolidated basis, the Group's translational exchange risk stems from the operations of our Subsidiaries, which exposes us to fluctuations in other currencies, such as Mexican pesos, Bulgarian leva (which is linked to the euro), Brazilian reals and Indian rupees.

A stronger Euro will reduce the reported results of operations of the non-Euro businesses and conversely a weaker Euro will increase the reported results of operations of the non-Euro businesses. These translations could affect the comparability of our results between financial periods or result in changes to the carrying value of our assets, liabilities and shareholders' equity. The currency translation effect of translating the financial statements of our foreign subsidiaries is recorded in a separate reserve in shareholders' equity.

Interest Rate Risk

Our reported results of operations and financial condition may be affected by interest rate fluctuations. We will be exposed to interest rate fluctuations with respect to future borrowings under the Revolving Credit Facility. To the extent the measures we take do not mitigate our exposure to interest rate fluctuations, our results of operations will be affected.

Materials Price Risk

The majority of our materials by expense for the nine months to September 30, 2016 consisted of fragrances, plastics, electronics and packaging materials. While these are the most significant materials used in our business, we also use other materials, including chemicals, glass and metals (particularly copper). Some of our materials costs are subject to price volatility, but we are often protected from such volatility by the contractual terms with certain of our FMCG customers that allow us to pass through the majority of any material cost increases. In addition, a significant proportion of our suppliers are imposed on us by our FMCG customers, who are responsible for any variance in such suppliers' costs. Although material costs are often passed through to our customers, we take additional steps to protect ourselves against the residual risk of fluctuating material costs. We have consistently sought to carry out reviews and benchmarking analyses of suppliers' pricing so as to achieve the best possible terms. We undertake various measures to mitigate our exposure to materials prices, including among others, using a broad base of over 450 suppliers for our materials with little concentration and using double-sourcing wherever we are able, although packaging materials are generally sourced through local suppliers and we are not permitted to double-source where our suppliers are imposed on us by our FMCG customers.

2.7. Critical Accounting Estimates and Judgments

The discussion and analysis of the results of operations and financial condition are based on the condensed unaudited consolidated financial statements as of and for the nine months ended September 30, 2016 and 2015, which have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The preparation of these financial statements requires management to apply accounting methods and policies that are based on difficult or subjective judgments, estimates based on past experience and assumptions determined to be reasonable and realistic based on the existing facts and related circumstances. The application of these estimates and assumptions affects the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of income and expenses during the reporting period. Actual results may differ from these estimates given the uncertainty surrounding the assumptions and conditions upon which the estimates are based.