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9M Report 2015

SNOWBIRD AG
REPORT FOR THE FIRST NINE MONTHS ENDED
30 SEPTEMBER 2015



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Letter to the shareholders

Dear shareholders,

I am very pleased to present our report for the first nine months that ended 30 September 2015.

In the first nine months of 2015, we managed to reach three important milestones on our way to become one of the leading down processors worldwide: (a) we set up the new production facility in Puyang, PR China, at full capacity level, (b) we completed the buildings nearby that now host the new modern sewing facility and the administration departments as well as Research & Development and Sales, (c) we opened a new sales office in Eschborn, Germany, to sell our down bedding products in the European market under the brand “Daunenkönig”. We are confident that this new market and new brand have the potential to improve our profitability.

The sales revenue for the first nine months amounted to EUR 166.8 million, an increase of 32.5% compared to the corresponding period as a result of increased marketing efforts and strong demand from our customers.

Gross profit for the first nine months increased by 38.2% to EUR 64.0 million. Also the gross profit margin saw a slight increase from 36.8% to 38.3% as compared to the corresponding period. Profit after tax is EUR 27.7 million and increased by 13.4% as compared to the corresponding period.

Snowbird Group will continue its effort to expand its markets further, both domestically and internationally. Together with the employees, the management will continue to emphasize on innovation, value added product development and continuous improvement in production efficiency. Barring unforeseen circumstances, the management expects that Group performance will continue to remain satisfactory.

I would like to express my appreciation towards the support and contribution from our shareholders, employees and all other stakeholders.

Yours sincerely,

YAN Changzai
Chief Executive Officer (CEO)
Snowbird AG

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STOCK PRICE PERFORMANCE



First trading day of Snowbird shares in the Prime Standard Segment of the Frankfurt Stock Exchange was Monday, 29 September 2014. During the subscription period 1,583,334 shares could be placed mainly with institutional investors. Retail investors count for approximately 20% of the placements. The distribution between investors from Asia and Europe is approximately 50:50. The free float after listing amounts to approximately 22%. After the IPO the nominal capital of Snowbird AG is 31,583,334 EUR divided into 31,583,334 shares.

The share price has been heavily affected by the scandals of other listed Chinese companies on German Stock Exchanges and therefore developed worse than the German Share Price Index DAX.

However, we have already defined a set of investor relations measures to gain confidence in our company and hence in our shares. On 21 July 2015, the day after the first Annual General Meeting as a listed company, we paid a dividend of 0.25 Euro per share to our free float shareholders.

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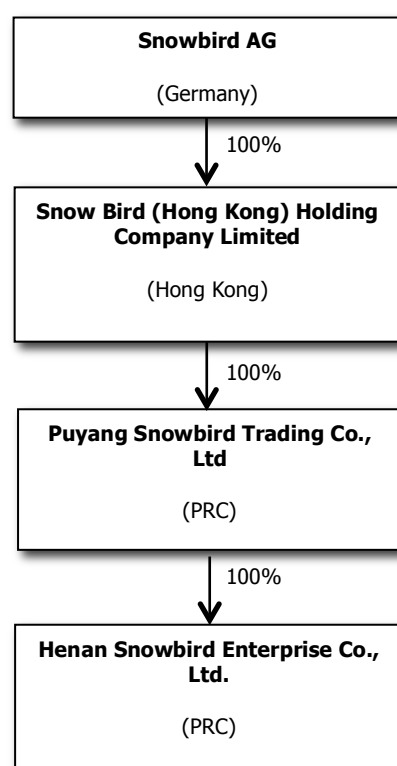
COMBINED MANAGEMENT REPORT OF SNOWBIRD GROUP AND SNOWBIRD AG

1. FUNDAMENTAL INFORMATION ABOUT THE GROUP

1.1 Group organization

Snowbird AG (subsequently also referred to as "Company") is a German stock corporation operating under German law and has its registered office in Cologne, Germany. Together with its direct and indirect subsidiaries it forms the Snowbird Group (subsequently referred to as "Snowbird" or the "Group". Snowbird AG's shares are traded on the Prime Standard, the premium segment of the regulated market ("Regulierter Markt") of the Frankfurt Stock Exchange, since 29 September 2014.

Since the beginning of fiscal year 2015 the Company did not change its legal structure.



1.2 Business activities

Snowbird is mainly engaged in the processing of down and manufacturing of down products with its operating subsidiaries based in the People's Republic of China ("PRC"). Its current business can be divided into four segments: (i) down, (ii) down clothing, (iii) down bedding and (iv) non-down Original Equipment Manufacturers ("OEM") clothing.

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The down segment includes the processing of white and grey goose as well as white and grey duck feathers and down (feathers and down together referred to as “Down”). Snowbird washes, sterilizes and grades the raw feathers and down to ensure a high grade of the washed Down. The processed Down will then mainly be sold to domestic or foreign wholesalers and other down product manufacturers while the other portion will be used by Snowbird for its own down products.

Snowbird processes down with a high ratio of down. Snowbird regularly processes down with a down content of 80% or more which is well above average in the down processing industry. Down which is exported by Snowbird to other countries even contain 90% down. If required, Snowbird can even produce class I, >95% down quality (Source: Test Report of Hohenstein Textile Testing Institute, June 2014). Automated processes can only produce up to 95% down, manual processes need to be involved for 100% down. The higher the down content, the higher the selling price. Some customers ordered down with lower down contents based on their requirements although it is considered as lower quality down.

The down end products produced by Snowbird are down clothing and down bedding products (the “Down Products”). Down clothing mainly includes the production of jackets and coats whereas down bedding mainly includes the production of duvets and pillows. The Down Products are sold under Snowbird’s own brands “Snow Bird” and “Xueniao”. In addition, Snowbird also manufactures down clothing for OEMs under their private labels. Down clothing of Snowbird’s own brand is sold to domestic and foreign trading companies whereas down bedding is currently sold through the sales and distribution network of the trading companies..

Both, down clothing and down bedding products are currently aimed at middle income end-consumers.

During the low season for its Down Products, Snowbird also manufactures non-down OEM clothing products, such as workers’ uniforms and jackets, in order to keep capacities at a high level. The non-down products are made by Snowbird based on designs and samples provided by its customers.

Snowbird mainly produces for the PRC market but also exports to customers in Taiwan, Russia, Hong Kong, Germany and Austria.

1.3 Major developments

Completion of second sewing plant in January 2015

The second sewing plant has commenced operations in January 2015. It is expected that the annual production capacity will be increased from previously 1.89 million pieces to 4.41 million pieces in 2015. The commencement of the second sewing plant is strategically important to ensure that we have sufficient production capacity to meet future customers’ demand and thus support the expansion plan of the company.

New sales office in Germany in May 2015

We have opened a new sales office located in Eschborn near Frankfurt am Main, Germany, as one of our efforts to enter the European market. Besides, we have also initiated the registration process for our new trademark “Daunenkönig” or “Down King” in English. We intend to open a new market in Europe for our down bedding products.

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First Annual General Meeting after IPO in July 2015

Snowbird AG has successfully held its first Annual General Meeting (AGM) after the IPO on 20 July 2015. During the AGM, the management board presented the current achievements of Snowbird to the shareholders. With around 67.98% share capital presented, the meeting passed the motions submitted by the management unanimously for every item on the agenda. One of the key items was the distribution of a dividend of EUR 0.25 per share for the FY2014 which subsequently was paid on 21 July 2015.

1.4 Strengths

Snowbird considers itself a significant player in the Chinese down market and believes it is well positioned to introduce innovative products to its existing client base as well as potential new clients. Overall, Snowbird believes that the following strengths are the main drivers of its future growth:

Strategic location

Snowbird's plants are strategically located at Taiqian County, Puyang City, Henan Province, PRC. Taiqian County has been awarded "Home of Down in China" as a result of its famous feather distribution center and production base of down. In order to promote industrial development for down production, the Taiqian County government has planned the development of an industrial park of down since 2000 and to focus on improving infrastructure. At this juncture, Taiqian County's industrial park of down is one of the most structured industrial parks for down and down related products manufacturing in China. This area possesses more than 30 years of expertise in producing down and down related products with access to skilled workers and cheap raw materials.

Modern technology

Throughout the years, Snowbird has mastered the skills in producing down and down related products. Through establishment of modern production facilities, Snowbird is capable of producing expensive down such as "sticky down" and "goose down mink". In 2013, Snowbird has registered a patent on a "sticky down screening box", which proved its capability in producing high value and quality down. Snowbird can even produce class I, 95% down quality (Source: Test Report of Hohenstein Textile Testing Institute, June 2014).

Governmental support

Down and down finished products are the economic pillar of Taiqian County. Thus, Snowbird has received support from Taiqian County's Government in many ways including uninterrupted power supply and improved infrastructure. Besides, the PRC government is very supportive regarding agricultural related industries, including the down industry, and has been very encouraging in exporting down and down finished products. Snowbird has enjoyed various benefits such as exemption in raw material value-added tax and export tax rebates.

Strong brand

Snowbird was awarded with many brand related awards. Snowbird is very proud of its achievement in obtaining "China well-known brand" from Trademark Office of the Chinese State Administration for Industry and Commerce. The highly reputable brand of "Xueniao"

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(“Snow Bird”) witnessed Snowbird’s products popularity and the confidence among the consumers. This has boosted the success rates of Snowbird’s products.

Dedicated and experienced management

Snowbird AG is led by the Company’s chairman, Mr. YAN Changzai, who has more than 20 years of experience in the down industry. Mr. YAN Changzai’s drive and passion have been instrumental in Snowbird’s success to-date. He has conceptualized Snowbird Group’s strategies in the past and successfully steered Snowbird AG. Mr. YAN Changzai is closely supported by a team of executive directors and executive officers with extensive experience in their respective fields.

Snowbird Henan is headed by the Company’s chairman Mr. YAN Changzai, who is supported by Mr. QIU Duoxiang having more than 30 years of experience in the down industry as well as by Snowbird Henan’s deputy general managers Mr. YAN Zhaorui and Mr. CHEN Yijun.

These personnel support Mr. YAN Changzai in driving Snowbird’s growth.

Innovative research department

Snowbird is very innovative and believes to be one of the leaders in down research. Its research department has in-house facilities with 12 employees. Research is concentrated on manufacturing and processing. Snowbird has 16 utility model patents, out of which 10 utility model patents are actually used in the down processing and sewing process. The Company believes that Snowbird is a market leader in the most expensive type of “sticky down”. Future research is to look into a number of products including coloured down for transparent clothing.

1.5 Group control and central control parameters

Snowbird Group has a clearly defined leadership and corporate structure. Key issues are decided by the Management Board of the holding and administration entity (Snowbird AG). The key decision makers operate out of the Group’s operational headquarters in Henan Province, PRC from where the Group’s operating business is controlled.

Snowbird uses various performance indicators to monitor if the development of the Group is in line with corporate strategy. As a growth-oriented company, it regards profitable revenue growth, corresponding cost of sales and gross profit (margin) as particularly important. All activities to raise revenue are measured against their potential to achieve a long-term increase in earnings before (EBT) and after taxes (net income).

1.6 Non-financial performance indicators

Quality assurance

The Management Board is of the opinion that efficient quality management is a key factor for Snowbird’s growth and success. Consequently, Snowbird places great importance on quality management and is concerned to maintain its reputation as a manufacturer of high-quality products. Snowbird has implemented stringent quality control measures at different stages in the production process. These seek to ensure that the quality of Snowbird’s products meet the expectations of its customers as well as legal requirements.

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Employees

Employees are a company's most valuable resource. Their work and commitment are the basis for the success of any enterprise. The central goal of human resources at Snowbird Group is to attract the best people, systematically develop them according to their skills and aptitudes and thus ensure that they remain with the Company for the long term.

A breakdown of the number of employees of our Group by business functions is as follows:

	As at 30 September 2015	As at 30 September 2014	As at 31 December 2014
Senior Management	5	5	5
Administration	46	41	42
Finance	14	10	13
Purchases	10	11	11
Sales	26	19	19
Quality Assurance	23	24	24
Research and Development	23	23	23
Logistics	17	22	22
Production	1,496	1889	2,013
Total	1,660	2044	2,172

With the modern and computerized sewing machines in the second sewing plant, we reduced the number of sewing workers and allowed selected sewing workers to work longer hours on voluntary basis so that they can earn higher overtime pay and productivity pay.

Environment protection

Snowbird's processing and production process results in the generation of waste water which is treated and reused or discharged. As inadequately treated waste water could affect the environment, Snowbird places great importance in the proper treatment of waste water generated from its operations. At the second down processing plant, which started operations in 2013, Snowbird has invested EUR 1.58 million in the waste water treatment and then invested another EUR 0.52 million in modern waste water treatment facilities. The recycled water can be reused for the down processing, thus is environmental friendly and can reduce water expenses.

As a testimony to Snowbird's environmental management system, Snowbird has been

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again accredited with ISO14001:2004 by Beijing Zhongdahuayuan Certification Centre in August 2013 after 2010.

1.7 Strategies

Snowbird plans to become the Chinese market leader for down production. Given that China produces around 80% of worldwide down (Source: Market Research Report, Down Industry in China April 2015), becoming the market leader in China would also suggest becoming the world market leader. Thus, Snowbird is pursuing the following strategic objectives:

Sharp increase in capacity

The second down processing plant, which was completed in the second half of 2013 increased Snowbird's capacity more than four times and offers leading technologies for processing down with dedicated software. The site also has extensive warehouse space for inventories of either unprocessed or processed down. This should further facilitate a sharp increase in business. The plant has a new wastewater treatment facility, which recycles all water used in cleaning. Improved techniques should allow a significant improvement in general efficiencies in the second down processing plant. Productivity of the second down processing plant may be 30% higher than the first down processing plant.

The second sewing plant, which was completed in January 2015, increases Snowbird's production capacity more than two times and is equipped with computerized sewing machines, which improve the efficiency and quality of our clothing products.

Down Wholesale

Snowbird plans to continue supplying cleaned and graded down directly to local manufacturers and indirectly to international traders via agents. Snowbird also plans to expand its direct wholesale exports to other foreign markets than Taiwan and Russia.

More domestic down clothing sales

Snowbird also aims to enhance its brand for down clothing. These are well known in China but little known abroad. Currently Snowbird sells into 14 provinces and direct-controlled cities in China. The Company intends to expand its products to more areas especially to have more extensive coverage of the colder areas where warm winter products see greater demand. This can be achieved by adding more customers to sell our products.

More clothing exports under own brand

Snowbird AG's own designed down clothing is currently sold to customers in Hong Kong and Russia. Midterm, the Company intends to expand its business and plans to export own brand products to other foreign markets such as Europe and the US in the next three to five years.

International sales of bedding products under own brand

Snowbird AG plans as a first step for a market entry in Europe to develop direct sales of down bedding products to Europe. Therefore the Company will increase its marketing activities and hence its marketing expenses in order to create brand awareness among

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consumers in Europe. For this reason a sales office was opened in Eschborn near Frankfurt am Main in May 2015.

Increase in OEM sales

Snowbird's international customers use their own design and brand. There is significant potential to expand these private label sales now, given the increased capacity through the second sewing plant completed in 2015.

Expansion of the distribution network

Snowbird does not operate any retail shops. However, some local distributors sell exclusively Snowbird products and occasionally also some other companies' goods. Snowbird AG does not provide any in-store advertising or external signs. All of these costs are directly payable by the effectively tied retail shops.

Snowbird plans to expand the number of effectively tied retail shops by promoting the brand and offering sales rebates on greater volumes. No owned flagship stores are planned.

E-Commerce

Snowbird is working with Henan Electronic Commerce Association (HECA) to explore online business. Snowbird has established an e-commerce department and HECA also sent their specialist to our company to assist in building Snowbird's e-commerce team. Snowbird intends to cover both B2B, B2C and overseas on major websites such as Tmall.com, Taobao.com, cxt.1688.com, JD.com and vip.com.

2. REPORT ON ECONOMIC POSITION

Snowbird AG operates its business in the PRC down industry market segment. Snowbird AG believes that the performance of the overall PRC down market is primarily driven by the growth of the PRC economy, in particular, the increase in disposable income of the PRC population, the urbanization trend as well as a shift in consumption patterns of increasingly affluent urban consumers in the PRC. This development is supported by China's 12th Five-Year Plan, released in March 2011, which stipulates to restructure the Chinese economy by encouraging domestic consumption, by developing the service sector, and shifting to higher value added manufacturing, whilst improving on energy efficiency and environmental protection.

2.1 Macroeconomic Situation

Economic growth of the PRC

The rise of China as a global economic heavy weight has been unprecedented in the world's recent history. Even the latest global financial and economic crisis has made much less of an impact on China's economic growth than to other countries worldwide, in part thanks to the country's effective economic stimulus measures. China has passed Germany

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as the largest global exporter in 2009 and passed Japan, in becoming the world's second largest economy behind the United States of America in 2010.

The table below shows the development of the real gross domestic product (“**GDP**”) in the PRC, actual and projected, including its growth rates for the years 2008 to 2014:

	2008	2009	2010	2011	2012	2013	2014
GDP in trillion RMB (current prices)	31.4	34.1	40.2	47.3	51.9	56.9	63.7
Real GDP in trillion RMB (constant prices)	11.7	12.8	14.1	15.4	16.7	17.9	19.3
Annual Real GDP growth rate (based on constant prices)	9.6%	9.2%	10.4%	9.3%	7.8%	7.8%	7.4%

(Source: IMF World Economic Outlook Database, April 2015.)

Urbanization in the PRC

The table below shows the development of the total population and the urban population in the PRC for the years 2008-2014, including the urbanization rate:

	2008	2009	2010	2011	2012	2013	2014
Population (in million)	1,328.0	1,334.7	1,339.7	1,347.4	1,354.0	1,360.7	1,367.8
Urban Population (in million)	606.7	621.9	665.6	690.8	711.8	731.1	749.2
Urbanization Rate	45.7%	46.6%	49.7%	51.3%	52.6%	53.7%	54.8%

(Source: PRC National Bureau of Statistics, Feb 2015.)

The urbanization trend continued in China, through the migration of the rural population to urban areas and the transformation of villages into cities. According to the National Bureau of Statistics, the urban population in the PRC increased from 606.7 million in 2008, which accounted for approximately 45.7% of the total population, to 749.2 million in 2014, which accounted for approximately 54.8% of the total population. In 2011, for the first time, the urban population exceeded the rural population.



Disposable income of urban and rural households in the PRC

The table below shows the development of the per capita annual disposable income of urban and rural households in the PRC for the years 2008-2014, including its annual growth rates:

	2008	2009	2010	2011	2012	2013	2014
Per Capita Disposable Income of Urban Citizens in RMB	15,781	17,175	19,109	21,810	24,565	26,955	28,844
Real Growth Rate of the Per Capita Disposable Income of Urban Citizens	8.4%	9.8%	7.8%	8.4%	9.6%	7.0%	6.8%
Per Capita Disposable Income of Rural Citizens in RMB	4,761	5,153	5,919	6,977	7,917	8,896	10,489
Real Growth Rate of the Per Capita Disposable Income of Rural Citizens	8.0%	8.5%	10.9%	11.4%	10.7%	9.3%	9.2%

(Source: PRC National Bureau of Statistics, Jan 2015.)

China's sustainable growth was accompanied by rising disposable income levels, in particular of urban residents. According to the National Bureau of Statistics, the per capita annual disposable income of Chinese urban residents increased from RMB 15,781 (approx. EUR 1,900) to RMB 28,844 (approx. EUR 3,500), during the period from 2008 to 2014. The per capita annual disposable income of Chinese rural residents increased from RMB 4,761 (approx. EUR 580) in 2008 to RMB 10,489 (approx. EUR 1,280) in 2014, leading to increased living standards. Continuing growth in disposable income is likely to lead to increased middle-income consumer spending, especially in urban areas.

Retail sales of consumer goods in the PRC

The table below shows the development of retail sales of consumer goods in the PRC, including its growth rates for the years 2008 to 2014:

	2008	2009	2010	2011	2012	2013	2014
Retail Sales of Consumer Goods in trillion RMB	11.5	13.3	15.7	18.4	21.0	23.7	26.2
Growth Rate of Retail Sales of Consumer Goods	22.7%	15.5%	18.3%	17.1%	14.3%	13.1%	10.9%

(Source: PRC National Bureau of Statistics, Jan 2015.)

The rise of the urban population and the increase of the per capita disposable income led to a rapid growth of retail sales of consumer goods between 2008 and 2014. According to the National Bureau of Statistics, retail sales of consumer goods in the PRC grew from RMB 11.5 trillion (approx. EUR 1.4 trillion) in 2008 to RMB 26.2 trillion (approx. EUR 3.2 trillion) in 2014. In comparison to 2013, the retail sales of consumer goods rose by 10.9%, according to the National Bureau of Statistics. The growth of retail sales of consumer goods matches with the growth of the per capita disposable income, representing strengthened consumer purchase power.



Industrial chain

During its 140-year history, China's down industry has developed from scratch, grown stronger and combined domestic and foreign trades. It maintained several leading positions in the world: the output of raw down ranks first, since China is a large nation cultivating geese and ducks with an output of 155,200t down and feathers annually, taking up 80% of the world in total; the export volume of raw down ranks first, maintaining at 30,000-40,000t annually, taking up more than 75% of the world total. Currently, there are more than 4,300 down production enterprises, forming the largest down industrial cluster in the world.

Looking at the industrial chain, China's down industry mainly involves in down washing, down processing, production of down products, and sales of down and down products.

Down washing: usually, feathers purchased contain impurities in different forms, therefore they should undergo processes of prewashing, ash removing, deep washing, dehydration, drying and cooling, to produce raw material down with the down content of about 50%. In this section, there are many but small enterprises, mostly domestic workshops.

Down processing industry: the down processing industry is labor-intensive and has developed relatively mature. In this industry, there are many enterprises committing fierce competitions. In this case, many down processing enterprises turn to fine processing and are active in developing down products with high added value, like "goose down mink" and "fur sheet material ". Besides, many larger enterprises start developing businesses in the industrial chain downstream to gain competitive edges, to produce down clothing and down bedding.

Production of down products: down products mainly include down clothing and down bedding (including duvet, down pillow and sleeping bags). To be more precisely, the down clothing industry has a higher concentration degree and more fierce competition among enterprises; it develops to the brand operation. By contrast, the down bedding industry has a shorter history, hence its popularization rate is lower and its products are mainly exported.

Sales of down and down finished products: the down finished products industry adopts wholesale and retail sales patterns. Main wholesale channels include: wholesale market, online wholesale (B2B websites), associates and agents; main retail channels include: speciality stores, departmental stores, supermarkets, online retail (B2C websites). The industrial down from the down processing industry is wholesaled to down product enterprises. Down finished products are sold by means of wholesale and retail. Popular products are mainly wholesaled, while medium-and-high-end products retailed.

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2.2 Results of operations of the Group

	3Q2015 EUR'000	3Q2014 EUR'000	Changes %	9M2015 EUR'000	9M2014 EUR'000	Changes %
REVENUE	69,864	47,846	46.0%	166,768	125,884	32.5%
COST OF SALES	(42,689)	(27,617)	54.6%	(102,814)	(79,606)	29.2%
GROSS PROFIT	27,175	20,229	34.3%	63,954	46,278	38.2%
OTHER INCOME	868	143	505.3%	1,652	570	190.3%
SELLING AND DISTRIBUTION EXPENSES	(8,786)	(5,338)	64.6%	(11,730)	(6,968)	68.3%
GENERAL AND ADMINISTRATIVE EXPENSES	(8,687)	(2,533)	243.0%	(13,641)	(5,705)	139.1%
FINANCE COSTS	(294)	(193)	52.2%	(613)	(587)	4.5%
PROFIT BEFORE TAXATION	10,276	12,308	-16.5%	39,622	33,588	18.0%
INCOME TAX EXPENSE	(4,292)	(3,823)	12.3%	(11,916)	(9,152)	30.2%
PROFIT AFTER TAXATION	5,984	8,485	-29.5%	27,706	24,436	13.4%
OTHER COMPREHENSIVE INCOME	(8,729)	7,951	*n.m.	4,220	6,980	-39.5%
TOTAL COMPREHENSIVE INCOME	(2,745)	16,436	*n.m.	31,926	31,416	1.6%

* n.m. = not meaningful

Revenues

Snowbird's core products can be classified into 4 categories namely down, down clothing, down bedding and non-down OEM clothing.

Sales analysis by product

	3Q2015 EUR'000	3Q2014 EUR'000	Changes %	9M2015 EUR'000	9M2014 EUR'000	Changes %
Down	16,424	25,259	-35.0%	59,882	77,978	-23.2%
Down clothing	46,775	17,427	168.4%	89,872	33,546	167.9%
Down bedding	6,665	5,080	31.2%	8,913	8,074	28.9%
OEM clothing	-	80	-100.0%	8,101	6,286	10.4%
	69,864	47,846	46.0%	166,768	125,884	32.5%

9M2015 as compared to 9M2014

Revenue increased by 32.5% in 9M2015 as compared to 9M2014. Sales of down, our second largest revenue driver, were decreased by 23.2% due to the poorer demand and lower down prices. The average selling price of down decreased by 15.9% in 9M2015 compared to 9M2014. Down clothing had recorded an exceptionally strong growth rate of 167.9% as a result of increased marketing efforts and strong demand from overseas

customers. OEM clothing, which traditionally takes place in the first half of the year, increased by 10.4% as our domestic customers continued to increase their orders. Sales of down bedding in 9M2015 increased by 28.9% compared to 9M2014 as a result of increased marketing effort and strong demand from domestic customers.

Sales analysis by geographical area

	3Q2015 EUR'000	3Q2014 EUR'000	Changes %	9M2015 EUR'000	9M2014 EUR'000	Changes %
Domestic	50,258	38,348	31.1%	124,463	90,199	38.0%
Export	19,606	9,498	106.4%	42,305	35,685	18.6%
	69,864	47,846	46.0%	166,768	125,884	32.5%

	3Q2015 EUR'000	3Q2014 EUR'000	Changes %	9M2015 EUR'000	9M2014 EUR'000	Changes %
Domestic						
Down	16,424	16,996	-3.4%	59,544	45,714	30.3%
Down clothing	28,505	16,192	76.0%	49,241	30,125	63.5%
Down bedding	5,329	5,080	4.9%	6,765	6,286	7.6%
OEM clothing	-	80	-100.0%	8,913	8,074	10.4%
	50,258	38,348	31.1%	124,463	90,199	38.0%
Export						
Down	-	8,264	-100.0%	338	32,264	-99.0%
Down clothing	18,270	1,234	1380.6%	40,631	3,421	1087.7%
Down bedding	1,336	-	n.m.	1,336	-	n.m.
OEM clothing	-	-	-	-	-	-
	19,606	9,498	106.4%	42,305	35,684	18.6%
	69,864	47,846	46.0%	166,768	125,884	32.5%

Domestic sales

9M2015 as compared to 9M2014

Domestic sales recorded an excellent growth of 31.1% mainly due to the strong growth in the sales of down clothing and down.

The increase in domestic sales of down clothing continued to record robust growth of 63.5% in 9M2015 as compared to 9M2014 as a result of larger order volume from our existing customers in anticipation of the colder temperature in the upcoming winter.

The increase in domestic sales of down is attributable to strong sales in Anhui, Jiangsu, Hebei and Sichuan province mainly recorded during the first half of the year. These four provinces collectively accounted for 84.9% and 79.9% of total domestic sales of down in

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9M2015 and 9M2014 respectively. We have gained a new customer in Jiangsu province during the period under review.

Export sales

	3Q2015 EUR'000	3Q2014 EUR'000	Changes %	9M2015 EUR'000	9M2014 EUR'000	Changes %
Taiwan	-	8,167	-100.0%	-	27,966	-100.0%
Russia	-	1,134	-100.0%	331	2,594	-87.3%
Hong Kong	19,606	155	12556.2%	41,636	5,082	719.3%
Austria	-	-	-	336	-	n.m.
Germany	-	42	n.m.	-	42	-100.0%
India	-	-	-	2	-	n.m.
	19,606	9,498	106.4%	42,305	35,684	18.6%

9M2015 as compared to 9M2014

Exports recorded an increase of 18.6% as the export business to Hong Kong has increased by 719.3%. This results out of repeated orders placed by two new customers gained in the fourth quarter of 2014 who continue to purchase down clothing and two new customers gained during the period under review.

Sales to Taiwan remain zero due to a lack of demand as a result of the weakened down prices that have discouraged customers to purchase large quantities in order to take advantage of weaker down prices at a later period. As a result, no export to Taiwan had been made during the period under review. However, these customers have started to place orders and Snowbird expects to resume the sales to them in the fourth quarter of this year.

Sales to Russia remain low mainly based on the weakened Russian Ruble.

Sales to Austria are attributable to sales based on a new customer during the first half of the year.

Sales to India are attributable to a sample order to a new customer. We are confident that this customer will approach us for repeated and larger orders.

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Cost of sales

	3Q2015 EUR'000	3Q2014 EUR'000	Changes %	9M2015 EUR'000	9M2014 EUR'000	Changes %
Raw materials	35,012	23,890	46.6%	84,398	69,651	21.2%
Direct labour	6,098	2,398	154.4%	14,274	6,347	124.9%
Manufacturing overhead	1,088	807	34.9%	3,098	2,094	48.0%
Export levy	-	177	-100.0%	115	679	-83.3%
Sales supplement taxes	491	345	42.1%	929	835	11.3%
	42,689	27,617	54.6%	102,814	79,606	29.2%

9M2015 as compared to 9M2014

Cost of sales increased by 29.2% which is in line with the increase in revenue of 32.5%. Raw materials remain the dominating cost component and accounted for 82.1% and 87.5% of total cost of sales for 9M2015 and 9M2014 respectively. As a result of the highly automated down washing and separating processes for our down products, direct labour and manufacturing overhead will remain low. Direct labour increased by 124.9% in 9M2015 compared to 9M2014 due to the increased export sales of down clothing being a labour intensive manufacturing process as compared to the automatic down washing and upgrading processes.

Gross profit and gross profit margin

Gross Profit

	3Q2015 EUR'000	3Q2014 EUR'000	Changes %	9M2015 EUR'000	9M2014 EUR'000	Changes %
Down	4,666	8,438	-44.7%	20,965	23,664	-11.4%
Down clothing	18,619	8,761	112.5%	35,444	16,381	116.4%
Down bedding	3,890	3,007	29.4%	4,742	3,679	28.9%
OEM clothing	-	23	-100.0%	2,803	2,554	9.8%
	27,175	20,229	34.3%	63,954	46,278	38.2%

Gross Profit Margin:

	3Q2015 %	3Q2014 %	Changes %	9M2015 %	9M2014 %	Changes %
Down	28.4%	33.1%	-5.0%	35.0%	30.3%	4.7%
Down clothing	39.8%	50.3%	-10.5%	39.4%	48.8%	-9.4%
Down bedding	58.4%	59.2%	-0.8%	58.5%	58.5%	0.0%
OEM clothing	0.0%	28.5%	n.m.	31.5%	31.6%	-0.1%
Total gross profit margin	38.9%	42.3%	-3.4%	38.3%	36.8%	1.6%

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9M2015 as compared to 9M2014

Gross profit contribution increased across all products except for down. Down clothing has overtaken down as the largest profit contributor as sales of down clothing accounted for 53.9% of total sales in 9M2015 as compared to only 26.6% in 9M2014.

Overall gross profit margin increased from 36.8% to 38.3% mainly due to the increase in gross profit margin for down. Gross profit margin for down clothing recorded a significant decrease due to the large orders from the overseas customers in Hong Kong whereby we accepted lower profit margin in order to fill up the excess capacity in the new sewing plant. However, due to the higher sales volume, the down clothing segment contributed 55% of the Group's gross profit.

Gross profit margin for down bedding and OEM clothing remains stable.

Other income

Other income consists basically of government grants and subsidies, interest income and sales of residuals.

Selling and distribution expenses

	3Q2015 EUR'000	3Q2014 EUR'000	Changes %	9M2015 EUR'000	9M2014 EUR'000	Changes %
Sales rebates	8,392	4,982	68.5%	9,888	5,571	77.5%
Sales exhibition	-	5	-100.0%	701	510	37.3%
Salaries and bonuses	223	151	47.5%	656	442	48.3%
Others	171	200	-14.0%	485	445	9.2%
	8,786	5,338	64.6%	11,730	6,968	68.3%

9M2015 as compared to 9M2014

Selling and distribution expenses increased by 68.3% mainly due to the increase in sales rebates. The increase of 77.5% in sales rebates, which is a loyalty program to boost domestic sales, is attributable to the increase in domestic sales of down clothing and down bedding in 9M2015 as compared to 9M2014. Sales exhibition expenses increased by 37.3% in 9M2015 as compared to 9M2014 due to the intensive efforts of inviting a larger existing and potential customer pool to attend the annual fashion show taken place in June 2015. The increase in salaries and bonuses by 48.3% is mainly based on the annual increment and potential bonuses to the sales personnel as an incentive for encouraging them to deliver better sales performance.

Administrative and other expenses

	3Q2015 EUR'000	3Q2014 EUR'000	Changes %	9M2015 EUR'000	9M014 EUR'000	Changes %
Salaries and related costs	1,446	802	80.2%	4,359	2,747	58.5%
Depreciation	95	40	137.2%	227	148	53.3%
Research and Development	41	220	-81.7%	355	465	-23.7%
Amortisation of intangible assets	-	-	-	-	1	-
Amortisation of land use rights	28	23	21.9%	83	49	67.1%
Exchange losses	-	-	-	49	34	42.8%
Bond issuance expenses	6,244	-	-	6,244	-	n.m.
Others	833	1,448	42.5%	2,324	2,261	2.8%
	8,687	2,533	243.0%	13,641	5,705	139.1%

9M2015 as compared to 9M2014

General and administrative expenses increased by 139.1% mainly due to the increase in salaries and related costs as a result of the annual increment and bonuses, which is in line with the increase in the business volumes. Depreciation increased by 53.3% as a result of the depreciation on the additions in office equipment and furniture and fittings in the newly completed office building. Amortisation of land use rights increased by 109.8% as a result of the commencement of land usage where the newly completed office building and sewing plant is located. Bond issuance expenses, mainly comprise of commission, initial fee and legal fee, incurred as a result of the issuance of RMB400 million (EUR 55.9 million) bonds in September 2015.

Finance costs

	3Q2015 EUR'000	3Q2014 EUR'000	9M2015 EUR'000	9M2014 EUR'000
Finance cost	294	193	613	587
Average bank borrowings	12,171	11,115	9,377	11,161
Average interest rate	9.7%	6.95%	8.7%	7.01%

Earnings**9M2015 as compared to 9M2014**

The profit before tax was EUR 39.6 million in 9M2015, compared with EUR 33.6 million in 9M2014. Tax expenses rose from EUR 9.2 million in 9M2014 to EUR 11.9 million in 9M2015. The profit after taxation was EUR 27.7 million in 9M2015, compared with EUR 24.4 million in 9M2014.

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Since the currency translation resulted in a positive effect in 9M2015, the other comprehensive income amounted to EUR 4.2 million in 9M2015.

Exchange rates

The items in the financial statements are measured in the currency of the primary economic environment in which the entity operates (the functional currency).

The Group conducts its business predominately in the PRC and hence its functional currency is in Renminbi ("RMB").

The financial statements of the Group are presented in EUR, being the presentation currency with respect to the ultimate German domiciled legal parent and holding company and therefore the financial statements of Henan Snowbird, our sole operating subsidiary in China, and were translated from RMB to EUR at the following rate:

	Period end rates	Average rates
30 September 2015	EUR1.00=RMB 7.1555	EUR1.00=RMB 6.8875
31 December 2014	EUR1.00=RMB 7.4708	EUR1.00=RMB 8.1685
30 September 2014	EUR1.00=RMB 7.8078	EUR1.00=RMB 8.3373

During current quarter, the Euro has been strengthened against Renminbi from 6.7780 at 30 June 2015 to 7.1555 at 30 September 2015. As a result, the company recorded a negative comprehensive income of EUR 8.729 million for 3Q2015. However, as Euro remained weakened against Renminbi from 7.4708 as at 31 December 2014 to 7.1555 at 30 September 2015, the Group continued to record positive comprehensive income of EUR 4.420 million for the nine months ended 30 September 2015.

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2.3 Net asset and financial position of the Group

	30 SEP 2015	31 DEC 2014
NOTE	EUR'000	EUR'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	25,738	20,629
Intangible assets	10	10
Lease prepayment – land use rights	4,788	4,660
	<u>30,536</u>	<u>25,299</u>
CURRENT ASSETS		
Inventories	35,266	18,952
Receivables and prepayments	123,977	74,577
Cash and cash equivalents	64,018	56,719
	<u>223,261</u>	<u>150,248</u>
TOTAL ASSETS	<u>253,797</u>	<u>175,547</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	31,583	31,583
PRC Statutory reserve	6,679	6,679
Capital reserve	6,631	6,631
Foreign currency translation reserve	19,092	14,872
Merger reserve	(20,092)	(20,092)
Retained earnings	114,397	87,078
TOTAL EQUITY	<u>158,290</u>	<u>126,751</u>
NON-CURRENT LIABILITIES		
Loans and borrowings	55,859	-
	<u>55,859</u>	<u>-</u>
CURRENT LIABILITIES		
Payables and accruals	30,445	34,167
Loans and borrowings	5,031	10,039
Income tax payable	4,172	4,590
	<u>39,648</u>	<u>48,796</u>
TOTAL LIABILITIES	<u>95,507</u>	<u>48,796</u>
TOTAL EQUITY AND LIABILITIES	<u>253,797</u>	<u>175,547</u>

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Property, plant and machinery

	Building EUR'000	Building under construction EUR'000	Plant and machinery EUR'000	Motor vehicle EUR'000	Office equipment EUR'000	Total EUR'000
Net book value at 1 January 2014	7,538	2,258	6,958	204	24	16,982
Additions	-	2,025	911	19	40	2,995
Transferred	-	-	(2)	-	2	-
Depreciation	(417)	-	(878)	(63)	(8)	(1,366)
Exchange differences	914	285	797	20	2	2,018
Net book value at 31 December 2014	8,035	4,568	7,786	180	60	20,629
Additions	0	3,832	1,058	10	597	5,497
Depreciation	(370)	(0)	(878)	(50)	(51)	(1,349)
Exchange differences	367	202	377	8	7	961
Net book value at 30 September 2015	8,032	8,602	8,343	148	613	25,738

The additions in building under construction are for the second sewing plant and new office building, which were completed in the first quarter of 2015 but are still subject to final inspections. The additions in plant and machinery are mainly due to the computerized sewing machines delivered for the new sewing plant in the current period.

Intangible assets

Intangible assets contain trademark registration and computer software. There is no addition during the period.

	EUR'000
Net book value at 1 January 2015	10
Additions	-
Amortisation	(1)
Exchange differences	1
Net book value at 30 September 2015	10

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Land use rights

	EUR'000
Net book value at 1 January 2015	4,660
Additions	-
Amortisation	(82)
Exchange differences	210
Net book value at 30 September 2015	4,788

There is no addition during the current quarter.

Inventories

	30.09.2015	31.12.2014
	EUR'000	EUR'000
Raw materials	10,262	4,967
Work-in-progress	609	371
Finished goods	24,395	13,614
	<u>35,266</u>	<u>18,952</u>

Inventories turnover days	72 ¹⁾	47 ²⁾
---------------------------	------------------	------------------

1) Derived by dividing inventories by cost of sales multiply by 273 days

2) Derived by dividing inventories by cost of sales multiply by 365 days

The increase in inventories mainly relates to down raw materials and down finished goods that accounted for 44.4% and 78.9% of the total raw materials and total finished goods respectively at 30 September 2015. The management is taking advantage of the current low price environment to stock up down inventories and to meet the demand during the peak season in the second half of the year.

Receivables and prepayments

	30.09.2015	31.12.2014
	EUR'000	EUR'000
Trade receivables	116,750	67,305
Other receivables	826	10
Prepayments	6,401	6,258
Deposits	0	1,004
	<u>123,977</u>	<u>74,577</u>

Average trade receivable turnover days	151 ¹⁾	110 ²⁾
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1) Derived by dividing average trade receivables by revenue multiply by 273 days

2) Derived by dividing average trade receivables by revenue multiply by 365 days

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Average trade receivable turnover days stood at the high side of 151 days as compared to 110 days at the end of FY2014 due to slower collections from the customers in order to attract more sales. The management currently puts more effort on debt collections so as to reduce the receivables and improve cash flows.

Deposits at the end of FY2014 were paid to acquire sewing machines for usage in the second sewing plant upon its completion.

Prepayments mainly relate to advanced payments to the suppliers, which amounted to EUR 6.4 million at 30 September 2015 (31 December 2014: EUR 6.3 million) to secure the source of our raw materials.

Cash and cash equivalent

The increase is due to the current year profit.

Equity

	30.09.2015 EUR'000	31.12.2014 EUR'000
Share capital	31,583	31,583
PRC Statutory reserve	6,679	6,679
Capital reserve	6,631	6,631
Foreign currency translation reserve	19,092	14,872
Merger reserve	(20,092)	(20,092)
Retained earnings	114,397	87,078
TOTAL EQUITY	158,290	126,751

The increase in exchange reserve is due to the weakened EUR against RMB from 7.4708 at 31 December 2014 to 7.1555 at 30 September 2015.

Merger reserve was created as a result of the reverse acquisition of the subsidiaries prior to the IPO of the Company.

The increase in retained earnings is due to the current period profit.

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Loans and borrowings

	30.09.2015	31.12.2014
	EUR'000	EUR'000
Current portion:		
- Not later than one year	5,031	10,039
Non-current portion:		
- Later than one year and not later than two years	-	-
- Later than two years but not later than five years	55,859	-
- Later than five years	-	-
	-	-
	<u>60,890</u>	<u>10,039</u>

The decrease is due to the repayment of loan during the period. The increase in non-current borrowings resulted from the issuance of a bond with a maturity of 3 years.

Payables and accruals

	30.09.2015	31.12.2014
	EUR'000	EUR'000
Trade payables	10,616	8,318
Sales rebate payables	9,518	12,940
Salary payable	6,481	7,447
VAT payable	1,266	2,947
Withholding tax payable	188	263
Other payables and accruals	2,376	2,252
	<u>30,445</u>	<u>34,167</u>

Average trade payables turnover days	31 ¹⁾	25 ²⁾
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1) Derived by dividing average trade payables by cost of materials multiply by 273 days

2) Derived by dividing average trade payables by cost of materials multiply by 365 days

Increase in trade payables is due to the increased purchases of down as the management is taking advantage of the low down prices environment to stock up down inventories and also to purchase more materials to meet the production during the peak season in the second half of the year.

Decrease in sales rebate payable is due mainly to the payment is only made after the completion of the full financial year. Therefore, sales rebate payables during the current period only relate to the sales during the first 9 months.

Decrease in VAT payable is due to higher input tax that was offset against output tax as a result of higher purchase amount.

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Decrease in salary payable is largely due to the payment of FY2014 annual bonus during the first quarter of 2015. Annual bonus as at 30 September 2015 only for a 9 months period as compared to 12 months as at 31 December 2014.

The withholding tax payable is due to the distribution of dividend from a PRC subsidiary to a Hong Kong subsidiary subject to 10% withholding tax.

Income tax payable

The decrease is due to lesser profit before tax in the third quarter of 2015 as compared to the last quarter of 2014.

Cash flows of the Group

	9M2015 EUR'000	9M2014 EUR'000
NET CASH (FOR)/FROM OPERATING ACTIVITIES	(40,716)	14,959
NET CASH FOR INVESTING ACTIVITIES	(5,497)	(4,179)
NET CASH FOR FINANCING ACTIVITIES	50,464	6,646
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	4,251	17,426
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	56,719	16,755
Effects of currency translation differences	3,048	5,585
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	64,018	39,766

Negative cash flow for operating activities in the current period is mainly due the (a) increased receivables and prepayments due to slower payments from the customers in order to attract more sales. The management currently puts in more effort in debt collections so as to reduce the receivables and improve cash flows, (b) increased inventories as a result of increased purchases of down as the management is taking advantage of the low down prices environment to stock up down inventories and also to purchase more materials to meet the production during the peak season in the second half of the year.

The negative cash flow for investing activities is mainly due to the addition in fixed assets amounted to EUR5.8 million and EUR2.8 million for 9M2015 and 9M2014 respectively.

The positive cash flow for financing activities for 9M2015 is due to the issuance of RMB400 million (EUR55.9 million) bonds in September 2015.

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30 SEPTEMBER 2015



3. RISKS AND OPPORTUNITIES

3.1 Risk management system

The management is aware of the importance of a risk management system as part of good corporate governance. Management relies on day-to-day observations, constant feedback from its customers and suppliers as well as interest-related parties to identify and detect risk indicators for the environment in which the Groups operates. These risks are assessed particularly with regard to their likelihood of happening and the magnitude of their impact on the Group. This information will be considered in the Group's execution of strategies and policies.

3.2 Internal control system

Snowbird Group has an internal control system in place. This system is designed to ensure timely, uniform and accurate accounting for all business processes and transactions.

The accounting and financial reporting process for Snowbird AG is managed by the Finance and Accounting Department of Snowbird Henan with the assistance of an external German service provider supporting the IFRS-based financial reporting. The consolidated financial statements are prepared in co-operation with a German external service provider on the basis of the data supplied by the Group's subsidiaries. The consolidation, certain reconciliation operations from local Chinese GAAP to Group policies and monitoring of the related time schedules and procedures are performed by the Finance and Accounting Department of Snowbird Henan and the German external service provider.

Defined approval procedures must be observed at all stages in the accounting process to ensure segregation of duties.

Apart from defined control mechanisms such as system-based and manual reconciliation processes, the fundamental principles of the internal control system include the separation of functions and compliance with directives and operating procedures.

3.3 Risk factors

Snowbird AG had reported extensively the risks arising from business activities and other resources in the combined management report 2014.

SNOWBIRD AG

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30 SEPTEMBER 2015



3.4 Risks and opportunities

Snowbird AG is a holding company without any operating business of its own. The Group's assets are largely located in China. Accordingly, Snowbird Group is facing risks related to the political, social and legal environment in China. Those risks include inherent uncertainties and inconsistencies in the country's legal system including national taxation laws, a potential destabilization of the political and/or economic system and China's regulations pertaining to loans and capital investments by offshore parent companies delaying or preventing Snowbird from using proceeds for investments in the China.

Under Chinese foreign exchange rules and regulations, payments of current account items, including profit distributions and operating related expenditures, may be made in foreign currencies without prior approval but are subject to procedural requirements. Strict foreign exchange controls continue to apply to capital account transactions. These transactions must be approved by and/or registered with the State Administration of Foreign Exchange ("SAFE") or its local counterparts, and repayment of loan principal, distribution of return on direct capital investment and investments in negotiable instruments are also subject to restrictions.

Should any of the Chinese subsidiaries of Snowbird be, or become, restricted and/or legally prohibited from and/or unable to pay dividends or other distributions outside of China, this could have material adverse effects on the Group's subsidiaries/holding company outside China.

Snowbird Management recognise these risks and will continue to monitor the development of the political and legal environment in China. Any adverse or potential changes will be dealt accordingly and if necessary, external assistance will be sought to mitigate the risk mentioned.

3.5 Opportunities of Snowbird Group

Snowbird AG has the opportunity to receive dividend or interest income from its subsidiaries. Hence the opportunities of Snowbird Group depend on the positive development of the Chinese subsidiaries, which are described in this section and section 5 (Outlook) of this report.

3.6 Assessment of Overall Risk Situation

The main potential risks to the future development of the Group are posed in particular by risks arising from the macroeconomic and legal conditions in the PRC as well as from the on-going demand of the adaption of the internal organisation and financing structure related to the intended growth of Snowbird Group.

Overall risk and overall opportunities are assessed based on information from the risk and the opportunity management systems, which are not yet formalized and not able to measure risks and opportunities that could arise for the Company. The Management Board of Snowbird AG believes that the current organizational structures and processes make early identification and assessment of risks possible, but is aware that the establishment of formal risk management and early risk detection system to evaluate the risks and opportunities independently and thus permit suitable compensation measures to be used is necessary.

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4. DECLARATION OF CONFORMITY ON CORPORATE MANAGEMENT PURSUANT TO SEC.289A HGB

The declaration on corporate management pursuant to sec 289a of the German Commercial Code (HGB) comprises the declaration of conformity pursuant to sec. 161 of the German Stock Corporation Act (AktG), relevant information on corporate management practices and descriptions of how the Management Board and Supervisory Board work and of the composition and method of working of their committees.

This is contained in the corporate governance report included in the annual report for 2014. The corporate governance report is also available on the Internet at www.snowbird-ag.de.

5. EVENTS AFTER THE REPORTING PERIOD

There are no significant events occurred subsequent to the reporting period that could have a significant impact on earnings, assets and financial position of Snowbird AG.

SNOWBIRD AG

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6. OUTLOOK

6.1 Market development and sector trends

Snowbird is targeting domestic and international markets. The favorable recent trends affecting Snowbird's business and the down industry in which it operates include:

Rising industry

The down and down products industry in China has been on a strong rising trend. Market size for down, down garments and down bedding had been growing tremendously at 9.3%, 14.2% and 25.9% respectively in 2014 as compared to 2013. (Source: National Bureau of Statistics, Respect Marketing Research Inc., 2014).

Growth in international demand for Down

China is a large nation cultivating geese and ducks with an output of 175,000t down and feathers in 2014, taking up 80% of the world total market. (Source: "Down Industry in China", by Respect Marketing Research Inc. in 2015). Export of down and feathers in terms of volume had been growing at 7.1% from 38,100t in 2013 to 41,400t in 2014. (Source: General Administration of Customs, 2014).

Growth in domestic demand for down garment

The rise in living standards, especially of small towns and rural residents, and the relatively lower price and warmth-retention property of down garments have great market appeal, which will expand the total demand and market size of China down garments. In addition, China has a population of 1.3 billion, a majority of whom live in areas where down garments are needed in winter. The Chinese down garment market is far from saturation and has a great development potential (Source: Market Research Report, Beijing Respect Marketing Research Inc., 2015).

Rise in popularity of down bedding in China

According to the China Feather & Down Industrial Association, in developed countries almost every person has one duvet; the popularization rate of duvet in Japan, US and Europe is 104%, 86.7% and 89.3% respectively while in China it is less than 1%. Rising popularity of down bedding may create a huge opportunity for Snowbird's down bedding products.

6.2 Earnings, net assets and financial position of the Group

Barring unforeseen circumstances, with reference to the expected market development and the sector trends, the Management Board expects for 2015 to achieve at least the same level of revenues and gross profit as in 2014.

Barring unforeseen circumstances, the Management Board expects that net assets and the financial position will grow in 2015.

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6.3 Future development of Snowbird AG

Since Snowbird AG is the holding company of the Snowbird Group and the main business operations are performed in the PRC, the future development of Snowbird AG depends not simply on macroeconomic developments, but also on the development of the operational entities in the PRC.

6.4 Overall statement of future business development

Since Snowbird's products are mainly targeting the domestic market, the economic development of the PRC is of central importance for its business. Although annual growth in China's GDP recently slipped to 7%, the accompanying increase in income, ongoing urbanisation, higher productivity and the growth of added value are continuing. The company assumes that consumer spending will be the main growth driver in the future. Chinese consumers are becoming increasingly quality-conscious and fashion trends as well as brand awareness are becoming more significant for purchasing decisions. Snowbird therefore sees good prospects for raising its share in the market for down clothing and fashion and down bedding products in the coming years.

Hamburg, 18 November 2015

Snowbird AG

The Management Board

YAN Changzai (CEO)

QIU Duoxiang (COO)

LAM Kok Weng (CFO)



SNOWBIRD AG

CONSOLIDATED FINANCIAL STATEMENTS
for the Financial Period

1 January 2015

to

30 September 2015

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Condensed Statement of Financial Position

Condensed Statement of Comprehensive Income

Condensed Statement of Changes in Equity

Condensed Statement of Cash Flows

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SNOWBIRD AG**CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITIONS AS AT 30 SEPTEMBER 2015 AND 2014**

	30 SEP 2015	31 DEC 2014
NOTE	EUR'000	EUR'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	25,738	20,629
Intangible assets	10	10
Lease prepayment – land use rights	4,788	4,660
	<u>30,536</u>	<u>25,299</u>
CURRENT ASSETS		
Inventories	35,266	18,952
Receivables and prepayments	123,977	74,577
Cash and cash equivalents	64,018	56,719
	<u>223,261</u>	<u>150,248</u>
TOTAL ASSETS	<u>253,797</u>	<u>175,547</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	31,583	31,583
PRC Statutory reserve	6,679	6,679
Capital reserve	6,631	6,631
Foreign currency translation reserve	19,092	14,872
Merger reserve	(20,092)	(20,092)
Retained earnings	114,397	87,078
	<u>158,290</u>	<u>126,751</u>
NON-CURRENT LIABILITIES		
Loans and borrowings	55,859	-
	<u>55,859</u>	<u>-</u>
CURRENT LIABILITIES		
Payables and accruals	29,412	34,167
Loans and borrowings	5,031	10,039
Related parties payable	1,033	-
Income tax payable	4,172	4,590
	<u>39,648</u>	<u>48,796</u>
TOTAL LIABILITIES	<u>95,507</u>	<u>48,796</u>
TOTAL EQUITY AND LIABILITIES	<u>253,797</u>	<u>175,547</u>

The annexed notes form an integral part of these financial statements.

SNOWBIRD AG
CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME FOR THE PERIODS ENDED
30 SEPTEMBER 2015 AND 2014



	30 SEP 2015 EUR'000	30 SEP 2014 EUR'000
REVENUE	166,768	125,884
COST OF SALES	(102,814)	(79,606)
GROSS PROFIT	63,954	46,278
OTHER INCOME	1,652	570
SELLING AND DISTRIBUTION EXPENSES	(11,730)	(6,968)
ADMINISTRATIVE AND OTHER EXPENSES	(13,641)	(5,705)
FINANCE COSTS	(613)	(587)
PROFIT BEFORE TAXATION	39,622	33,588
INCOME TAX EXPENSE	(11,916)	(9,152)
PROFIT AFTER TAXATION	27,706	24,436
OTHER COMPREHENSIVE INCOME - Foreign currency translation differences	4,220	6,980
TOTAL COMPREHENSIVE INCOME	31,926	31,416
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: OWNERS OF THE COMPANY	31,926	31,416
EARNINGS PER SHARE	EUR 0.877	EUR 0.774

The annexed notes form an integral part of these financial statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIODS ENDED
30 SEPTEMBER 2015 AND 2014

	SHARE CAPITAL EUR'000	PRC STATUTORY RESERVE EUR'000	CAPITAL RESERVE EUR'000	FOREIGN CURRENCY TRANSLATION RESERVE EUR'000	MERGER RESERVE EUR'000	RETAINED EARNINGS EUR'000	TOTAL EQUITY EUR'000
Balance at 1.1.2014	50	6,386	-	2,347	11,119	47,649	67,551
Profit for the financial period	-	-	-	-	-	24,436	24,436
Foreign currency translation difference	-	-	-	6,980	-	-	6,980
Total comprehensive income for the financial period	-	-	-	6,980	-	24,436	31,416
Acquisition of subsidiary	-	-	-	-	(31,296)	-	(31,296)
Issue of new shares	31,533	-	7,917	-	-	-	39,450
Balance at 30.09.2014	31,583	6,386	7,917	9,327	(20,177)	72,085	107,121
Profit for the financial period	-	-	-	-	-	15,286	15,286
Foreign currency translation difference	-	-	-	5,545	-	-	5,545
Total comprehensive income for the financial period	-	-	-	5,545	-	15,286	20,831
Acquisition of subsidiary	-	-	-	-	85	-	85
Issue of new shares – IPO expenses	-	-	(1,286)	-	-	-	(1,286)
Transfer to statutory reserve	-	293	-	-	-	(293)	-
Balance at 31.12.2014	31,583	6,679	6,631	14,872	(20,092)	87,078	126,751

The annexed notes form an integral part of these financial statements.

**CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIODS ENDED
30 SEPTEMBER 2015 AND 2014**

	SHARE CAPITAL EUR'000	PRC STATUTORY RESERVE EUR'000	CAPITAL RESERVE EUR'000	FOREIGN CURRENCY TRANSLATION RESERVE EUR'000	MERGER RESERVE EUR'000	RETAINED EARNINGS EUR'000	TOTAL EQUITY EUR'000
Balance at 01.01.2015	31,583	6,679	6,631	14,872	(20,092)	87,078	126,751
Profit for the financial period	-	-	-	-	-	27,706	27,706
Foreign currency translation difference	-	-	-	4,220	-	-	4,220
Total comprehensive income for the financial period	-	-	-	4,220	-	-	31,926
Dividend declared and paid	-	-	-	-	-	(387)	(387)
Balance at 30.09.2015	<u>31,583</u>	<u>6,679</u>	<u>6,631</u>	<u>19,092</u>	<u>(20,092)</u>	<u>114,397</u>	<u>158,290</u>

The annexed notes form an integral part of these financial statements.

SNOWBIRD AG**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS****FOR THE FINANCIAL PERIODS ENDED 30 SEPTEMBER 2015 AND 2014**

	30 SEP 2015	30 SEP 2014
	EUR'000	EUR'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	39,622	33,588
Adjustments for:		
Depreciation of property, plant and equipment	1,349	981
Amortisation of land use rights	82	49
Amortisation of intangible assets	1	1
Interest expense	430	586
Interest income	(96)	(52)
Operating profit before working capital changes	41,388	35,153
Increase in inventories	(16,314)	(16,607)
Decrease in receivables and prepayments	(49,400)	(4,487)
(Decrease)/Increase in payables and accruals	(3,722)	8,650
CASH FROM OPERATIONS	(28,048)	22,709
Interest received	96	52
Interest paid	(430)	(586)
Income tax paid	(12,334)	(7,216)
NET CASH (FOR)/FROM OPERATING ACTIVITIES	(40,716)	14,959
CASH FLOWS FOR INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(5,497)	(2,834)
Acquisition of subsidiary companies	-	(1,345)
NET CASH FOR INVESTING ACTIVITIES	(5,497)	(4,179)
BALANCE CARRIED FORWARD	(46,213)	10,780

The annexed notes form an integral part of these financial statements

SNOWBIRD AG**CONSOLIDATED STATEMENT OF CASH FLOWS****FOR THE FINANCIAL PERIODS ENDED 30 SEPTEMBER 2015 AND 2014**

	30 SEP 2015 EUR'000	30 SEP 2014 EUR'000
BALANCE BROUGHT FORWARD	(46,213)	10,780
CASH FLOWS FOR FINANCING ACTIVITIES		
Net proceed / (repayment) of borrowings	50,851	(2,854)
Issuance of new shares	-	9,500
Dividend paid	(387)	-
NET CASH FOR FINANCING ACTIVITIES	50,464	6,646
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	4,251	17,426
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	56,719	16,755
Effects of currency translation differences	3,048	5,585
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	64,018	39,766

SNOWBIRD AG

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2015



1. GENERAL INFORMATION

1.1 The Company

The legal name of the Company is Snowbird AG. The Company acts under the commercial name "Snowbird AG". Snowbird AG is the parent company.

The registered office (Satzungssitz) of the Company is in Cologne, Germany and the Company is registered with the commercial register of the local court (Amtsgericht) of Cologne under the registration number HRB 76323. The business address is c/o HRG Hansische Revisions-Gesellschaft mbH, Wirtschaftsprüfungsgesellschaft, Ferdinandstraße 25, 20095 Hamburg, Germany.

The Company is a German stock corporation (Aktiengesellschaft). The legislation under which the Company operates is German Law. Country of incorporation is Germany.

The shares of Snowbird AG have been admitted to trading on the regulated market (Prime Standard) of the Frankfurt Stock Exchange on 29 September 2014. The first trading price is EUR 6.40 per share.

Snowbird AG is principally engaged in the manufacturing of down, down clothing, down bedding and non-down OEM clothing. There have been no significant changes in the nature of these activities since end of the financial year ended 31 December 2014.

The consolidated financial statements were approved by the Management Board on 18 November 2015.

The consolidated financial statements are expressed in Euro ("EUR"). Amounts are stated in thousands of Euro (kEUR) except where stated otherwise.

The business and operations of the Company and its subsidiaries are mainly conducted in Renminbi (RMB). Therefore, Group functional currency is RMB.

Dividends to be paid by the operating PRC subsidiaries are subject to the approval of the relevant Chinese government authorities. In addition, dividends are payable only if Chinese statutory reserve (PRC statutory reserve) satisfy the relevant legal requirements.

Transfer of cash out of China requires approval from the State Administration of Foreign Exchange ("SAFE").

**1.2 Group structure**

The Company is the ultimate holding company of the Group.

Snowbird HK

Snowbird HK is a limited liability company incorporated under the laws of Hong Kong. Snowbird HK is an intermediate holding company and is the sole direct shareholder of Snowbird Puyang.

Snowbird Puyang

Snowbird Puyang is incorporated as a limited liability company under the laws of the PRC. Snowbird WFOE is a further intermediate company with very few operative activities and the sole direct shareholder of Snowbird Henan.

Snowbird Henan

Snowbird Henan is incorporated as a limited liability company under the laws of the PRC. The operational business of the Group is almost exclusively carried out by Snowbird Henan with its business addresses located at Taiqian Industrial Park, Puyang City, Henan Province, PRC.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in the condensed financial report are the same as applied as at and for the year ended 31 December 2014.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary companies. The Company has power over the business and operations of the subsidiary companies, has the rights to variable returns from its involvement with the subsidiaries and has the ability to use its power to affect its returns.

Should facts and circumstances indicate that there are changes to one or more of the elements above, the Company reassess whether or not it controls the subsidiaries. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in the subsidiary are sufficient to give it power and any additional facts and circumstances to indicate that the company has or does not have the ability to direct the relevant activities at the time that decisions need to be made, including a voting patterns of the previous shareholders' meeting.

Consolidation of a subsidiary company begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the company gains control until the date the company ceases to control the subsidiary.

Profit and loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income

of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if the results in the non-controlling interests have a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the company's owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carry amounts of the controlling and non controlling interests are adjusted to reflect changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration is paid or received is recognized directly in equity and attributed to owners of the parent.

Snowbird Group was formed in July 2014 when Snowbird AG eventually acquired 100% of the shares in Snow Bird (Hong Kong) Holding Company Limited ("Snowbird HK") by a contribution in kind. Because of the shareholding structure before and after the transaction, the transaction is considered to be a transaction under common control within the meaning of IFRS 3.B1, for which IFRS 3 is not applicable and reverse acquisition in term of IFRS 3.B19 is also not applicable, because the presence of a business in the Snowbird Group prior to the transaction would have been a precondition.

Due to the complexity of the issue as well as missing an explicit framework of regulation within IFRS, the contribution of shares of the Snowbird HK into the Snowbird Group have been recognised, considering the economic substance of the transaction analogous to a reverse acquisition.

3. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments. The Chief operative decision maker is the Chief Executive Officer of the Company.

The management information of the Group bases its decisions on the internal reporting on down, down clothing, down bedding and non-down OEM clothing, which are the Company's four business segments.

Segment information is presented in respect of the Group's business segment. The primary format, business segment, is based on the Group's management and internal reporting structure. In presenting information on the basis of the business segment, segment revenue and segment assets are based on the nature of the products provided by the Group.

Segment information is presented in a manner consistent with the internal reporting provided to the management of the Group.

The accounting policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements.

4. ANALYSIS OF SELECTED ITEMS OF THE STATEMENT OF FINANCIAL POSITION

The movement in all items in the statement of financial position between the financial year as at 31 December 2014 and the interim statement of financial position as at 30 September 2015 have been described in the interim group management report. In addition to these explanations, we provide the following information regarding the movement in the property, plant and equipment.

	Building EUR'000	Building under construction EUR'00	Plant and machinery EUR'000	Motor vehicle EUR'000	Office equipment EUR'000	Total EUR'000
Cost						
At 1 January 2014	8,981	2,258	9,261	355	107	20,962
Additions	-	2,025	911	19	40	2,995
Transferred	-	-	(2)	-	2	0
Exchange differences	1,134	285	1,170	45	13	2,647
At 31 December 2014	10,115	4,568	11,340	419	162	26,604
Additions	0	3,832	1,058	10	597	5,497
Exchange differences	446	201	500	19	7	1,173
At 30 Sept 2015	10,561	8,601	12,898	448	766	33,274
Accumulated Depreciation						
At 1 January 2014	1,443	-	2,303	151	83	3,980
Depreciation	417	-	878	63	8	1,366
Exchange differences	220	-	373	25	11	629
At 31 December 2014	2,080	-	3,554	239	102	5,975
Depreciation	370	-	878	50	51	1,349
Exchange differences	78	-	122	9	3	212
At 30 Sept 2015	2,528	-	4,554	298	156	7,536
Net Book Value						
At 31 December 2014	8,035	4,568	7,786	180	60	20,629
At 30 September 2015	8,033	8,601	8,344	150	610	25,738

All property, plant and equipment held by the Group are located in the PRC. They are recorded at cost less accumulated depreciation.

The buildings and certain items of plant and equipment of the Company with a total carrying amount of kEUR 3,480 and kEUR 3,722 as at 30 September 2015 and 31 December 2014 respectively, have been pledged to the bank as security for term loan facilities granted to the Company.

5. ANALYSIS OF SELECTED ITEMS OF THE STATEMENT OF COMPREHENSIVE INCOME

5.1 REVENUE AND OTHER INCOME

The Company's revenue is as follows:

	30.09.2015 EUR'000	30.09.2014 EUR'000
Revenue:		
Sale of goods	166,768	125,884
	<hr/>	<hr/>
Other income:		
Interest income	96	52
Government subsidy	204	249
Exchange gain	1,351	257
Other income	1	12
	<hr/>	<hr/>
	1,652	570
	<hr/>	<hr/>

Government subsidy were those grants awarded by the government after obtaining certain targets or achievements and they are not required to be refunded.

5.2 COST OF SALES

Cost of sales comprise purchasing materials, labour costs for personnel employed in production, depreciation of non-current assets used for production purposes, factory utilities, maintenance charges and other production overheads.

The following table shows a breakdown of costs of sales for the period under review for each category:

	30.09.2015	30.09.2014
	EUR'000	EUR'000
Material costs	84,398	69,651
Wages and related costs	14,274	6,347
Production overheads		
- Salaries and related costs	1,134	643
- Depreciation of property, plant and equipment	1,122	827
- Others	842	623
Export levy	114	679
	<hr/>	<hr/>
Total self-production cost	101,884	78,771
Sales supplement taxes (business tax)	930	835
	<hr/>	<hr/>
Cost of sales	102,814	79,606
	<hr/>	<hr/>

5.3 SELLING AND DISTRIBUTION EXPENSES

	30.09.2015	30.09.2014
	EUR'000	EUR'000
Sales rebates	9,888	5,571
Sales exhibition	701	510
Salaries and related costs	656	442
Others	485	445
	11,730	6,968

5.4 ADMINISTRATIVE AND OTHER EXPENSES

	30.09.2015	30.09.2014
	EUR'000	EUR'000
Salaries and related costs	4,359	2,747
Depreciation of property, plant and equipment	227	148
R&D expenses	355	465
Amortisation of intangible assets	-	1
Amortisation of land use rights	83	49
Exchange loss	49	-
Bond issuance expenses	6,244	-
Others	2,324	2,295
	13,641	5,705

6. SEGMENT INFORMATION**BUSINESS SEGMENT**

The Company's primary format for reporting segment information is business segments, with each segment representing a product category. The Company's business segments are organized into four operating segments:

- (I) Design, manufacture and sale of down clothing
- (II) Production and sale of down
- (III) Design, manufacture and sale of down bedding
- (IV) Non-down OEM clothing

6. SEGMENT INFORMATION (CONT'D)

BUSINESS SEGMENT (CONT'D)

	Down clothing EUR'000	Down EUR'000	Down bedding EUR'000	Non-down OEM clothing EUR'000	Total EUR'000
30.09.2015					
Revenue	89,872	59,882	8,101	8,913	166,768
External revenue					
Results					
Segment results	35,444	20,965	4,742	2,803	63,954
Other income					1,652
Selling and distribution expenses					(11,730)
Administrative expenses					(13,641)
Finance costs					(613)
Income tax expense					(11,916)
Profit after taxation					27,706
30.09.2015					
Assets					
Segment assets	105,620	63,827	10,003	4,827	184,277
Unallocated assets:					
Property, plant and equipments					20
Lease prepayment					4,788
Land use right					
Other receivables					694
Cash and bank balances					64,018
Total assets					253,797

Almost all the long term assets are located at People's Republic of China.

6. SEGMENT INFORMATION (CONT'D)

BUSINESS SEGMENT (CONT'D)

	Down clothing EUR'000	Down EUR'000	Down bedding EUR'000	Non-down OEM clothing EUR'000	Total EUR'000
30.09.2015					
Liabilities					
Segment liabilities	15,278	10,835	1,377	1,515	29,006
Unallocated liabilities:					
Loans and borrowings					60,890
Other payables and accruals					- 1,438
Income tax payable					4,172
					<u>95,506</u>

Other segment itemsAdditions to non-current
assets other than financial
instruments:

- Property, plant and equipment	866	614	78	86	1,645
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	Down clothing EUR'000	Down EUR'000	Down bedding EUR'000	Non-down OEM clothing EUR'000	Total EUR'000
30.09.2014					
Revenue					
External revenue	74,173	96,017	13,023	8,241	191,453
Results					
Segment results	33,546	77,798	6,286	8,074	125,884
Other income					570
Selling and distribution Expenses					(6,968)
Administrative expenses					(5,705)
Finance costs					(587)
Income tax expense					(9,152)
Profit after taxation					<u>24,436</u>

6. SEGMENT INFORMATION (CONT'D)

BUSINESS SEGMENT (CONT'D)

	Down clothing EUR'000	Down EUR'000	Down bedding EUR'000	Non-down OEM clothing EUR'000	Total EUR'000
31.12.2014					
Assets					
Segment assets	63,332	38,135	10,689	2,002	114,158
Unallocated assets:					
Lease prepayment					4,660
Land use right					
Other receivables					10
Cash and bank balances					56,719
Total assets					175,547

All long term assets are located at People's Republic of China.

	Down clothing EUR'000	Down EUR'000	Down bedding EUR'000	Non-down OEM clothing EUR'000	Total EUR'000
31.12.2014					
Liabilities					
Segment liabilities	18,137	10,100	3,678	839	32,754
Unallocated liabilities:					
Loans and borrowings					10,039
Other payables and accruals					1,413
Income tax payable					4,590
					48,796
Other segment items					
Additions to non-current assets other than financial instruments:					
- Property, plant and equipment	1,141	1,527	200	127	2,995

GEOGRAPHICAL SEGMENT

	30.09.2015	30.09.2014
	EUR'000	EUR'000
PRC	124,463	90,199
Taiwan	-	27,967
Hong Kong	41,636	5,082
Germany	-	42
Russia	331	2,594
India	2	-
Austria	336	-
	<u>166,768</u>	<u>125,884</u>

MAJOR CUSTOMERS

Revenue from major customers, with revenue equal to or more than 10% of total revenue, amounted to kEUR 18,830 and kEUR 33,516 for the financial periods ended 30 September 2015 and 2014 respectively, arising from sales of high rated down and down garments.

7. SIGNIFICANT RELATED PARTY TRANSACTIONS

A related party is a person or entity where the Group can exercise influence or significant influence, or which is controlled by the Group. In particular, this comprises non consolidated subsidiaries, joint controlled entities and associated companies and other participants as well as members of both Management Board and Supervisory Board and other personnel considered as key management.

The Group has related party relationships with its directors, key management, entities of which the directors and/or by management have significant financial interest.

<u>Related party</u>	<u>Relationship with the Group</u>
Mr. CHOI Siu Hung	Major shareholder, a director of Snowbird HK and a director of Snowbird Puyang
Mr. YAN Changzai	Chairman of the Management board, Chief Executive Officer and a major shareholder
Mr. QIU Duoxiang	Member of the Management board and Chief Operating Officer
Mr. LAM Kok Weng	Member of the Management board and Chief Financial Officer
Mr. CHEN Yijun	Deputy General Manager of Snowbird Henan
Mr. YAN Zhaorui	Deputy General Manager of Snowbird Henan and son of Mr. YAN Changzai

Key Management Personnel Compensation

	30.09.2015 EUR'000	30.09.2014 EUR'000
Management board's remuneration:		
- salaries and bonuses	152	90
- social security insurance	7	8
	<hr/>	<hr/>
	159	98
	<hr/>	<hr/>
Other key management personnel:		
- salaries and bonuses	46	52
- social security insurance	2	5
	<hr/>	<hr/>
	48	57
	<hr/>	<hr/>
	207	155
	<hr/>	<hr/>

8. CAPITAL COMMITMENT

	30.09.2015 EUR'000	30.09.2014 EUR'000
Approved and contracted for:		
- Purchase of property, plant and equipment	2,142	6,609
	<hr/>	<hr/>



9. EARNINGS PER SHARE

Earnings per share were calculated on the basis of profit after taxation and allocated to the shareholders of the parent company Snowbird AG on 30 June 2015 and 2014. The basic earnings per share and the diluted earnings per share are identical because there are no dilutive equity instruments.

Under analogous application of the principles of reverse acquisition, consequently the special requirements of IFRS 3.B27 have to be applied for the calculation of the earnings per share for the comparative period.

	30.09.2015	30.09.2014
Profit after taxation (kEUR)	27,706	24,436
Number of outstanding ordinary shares	31,583	31,583
Earnings per share (EUR)	0.877	0.774

10. HEADCOUNTS

	30.09.2015	31.12.2014
Office of General Manager	5	5
Sales/Marketing Department	26	19
Finance/Administrative Department	133	135
Production Department	1,496	2,013
Total	<u>1,660</u>	<u>2,172</u>

11. EVENTS AFTER THE BALANCE SHEET DATE

There are no other significant non-adjusting events or any significant events to report after the reporting date.

Hamburg, 18 November 2015

Management Board
Snowbird AG

YAN Changzai

QIU Duoxiang

LAM Kok Weng