Ontex IV S.A.

Report to Noteholders

11 February 2013

This report (the "Report") may include projections and other "forward-looking" statements within the meaning of applicable securities laws. Any such projections or statements reflect the current views of Ontex IV S.A. ("Ontex IV") and/or ONV Topco NV ("Topco") about further events and/or financial performance. No assurances can be given that such events or performance will occur as projected, and actual results may differ materially from these projections.

This Report shall not constitute an offer to sell or the solicitation of an offer to buy securities. Any securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933 and may not be offered and sold in the United States absent registration or an applicable exemption from the registration requirements of the U.S. Securities Act.

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CONTENTS

Page

FORWARD-LOOKING STATEMENTS 1
INDUSTRY AND MARKET DATA 2
PRESENTATION OF FINANCIAL AND OTHER INFORMATION 2
CERTAIN DEFINED TERMS USED IN THIS REPORT 5
SUMMARY 7
RECENT DEVELOPMENTS 13
THE ACQUISITION 15
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS 18
INDUSTRY OVERVIEW 28
RISK FACTORS 32
APPENDIX 1 .... A-1

FORWARD-LOOKING STATEMENTS

This Report contains "forward-looking statements" within the meaning of the securities laws of certain jurisdictions, including statements under the captions "*Summary*," "*Risk Factors*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," and "*Industry Overview*" and in other sections. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words "believes," "estimates," "anticipates," "expects," "intends," "may," "will," "plans," "continue," "ongoing," "potential," "predict," "project," "target," "seek" or "should" or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy and the industry in which we operate.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. You should not place undue reliance on these forward-looking statements.

Any forward-looking statements are made only as of the date of this Report and we do not intend, and do not assume any obligation, to update forward-looking statements set forth in this Report.

Many factors may cause our results of operations, financial condition, liquidity and the development of the industries in which we compete to differ materially from those expressed or implied by the forward-looking statements contained in this Report.

These factors include:

- the effect of increases in raw material costs or the unavailability of raw materials on our business, financial condition and results of operations;
- our ability to pass through rises in raw material costs to our customers;
- the effect of disruptions to or a loss of one of our production facilities;
- fluctuations in exchange rates;
- our ability to maintain our on-time service delivery record;
- our ability to generate the funds needed to service our debt;
- the effect of product recall or liability claims and/or any adverse publicity;
- our ability to compete successfully with our competitors;
- our ability to protect our intellectual property rights;
- the concentration of our customer and supplier base;
- our ability to successfully integrate the Target and any future acquisitions;
- recent and ongoing unrest in the Middle East and North Africa;
- changes in the payment and reimbursement policies of governments and other parties;
- reliance on our senior management team and our ability to recruit, train, motivate and retain employees;
- employment disputes and increased labor costs;
- disruption due to failure of our information systems;
- the effects of health, safety and environmental regulations; and
- other factors discussed under "*Risk Factors*."

These risks and others described under "*Risk Factors*" are not exhaustive. Other sections of this Report describe additional factors that could adversely affect our results of operations, financial condition, liquidity and

the development of the sectors in which we operate. New risks can emerge from time to time, and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results.

INDUSTRY AND MARKET DATA

This Report includes market share and industry data, which were obtained by us from industry publications and surveys, industry reports prepared by consultants, internal surveys and customer feedback. The market, economic and industry data have primarily been derived and extrapolated from reports provided by Euromonitor International ("Euromonitor") and the Nielsen Company. These third-party sources generally state that the information they contain has been obtained from sources believed to be reliable. These third-party sources also state, however, that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on significant assumptions. As we do not have access to the facts and assumptions underlying such market data, or statistical information and economic indicators contained in these third-party sources, we are unable to verify such information and cannot guarantee its accuracy or completeness.

In addition, certain information in this Report is not based on published data obtained from independent third parties or extrapolations therefrom, but is information and statements reflecting our best estimates based upon information obtained from trade and business organizations and associations, consultants and other contacts within the industries in which we compete, as well as information published by our competitors and our internal estimates, experiences and our own interpretation of material conditions. Such information is based on the following: in respect of our market position, information obtained from trade and business organizations and associations and other contacts within the industries in which we compete; in respect of industry trends, our senior management team's business experience and experience in the industry and the local markets in which we operate; and in respect of the performance of our operations, our internal analysis of our own audited and unaudited information.

We cannot assure you that any of the assumptions that we have made in compiling this data are accurate or correctly reflect our position in the industry and none of our internal surveys or information have been verified by any independent sources. We do not make any representation or warranty as to the accuracy or completeness of this information. We have not independently verified this information and cannot guarantee its accuracy.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Data

This Report presents the following financial information:

- the unaudited condensed consolidated interim financial statements of the Ontex IV and its subsidiaries as of September 30, 2012 and for the nine months ended September 30, 2012 and 2011, which have been prepared in accordance with International Finance Reporting Standards as adopted by the European Union ("IFRS");
- unaudited historical financial data of the Target for the eight months ended August 31, 2012 and 2011 and for the years ended December 31, 2011 and 2010, which have been prepared for the purpose of the Acquisition and are based on preliminary information provided by management for the Target and Seller.

Unless otherwise indicated, the financial information presented in this Report is the historical consolidated financial information of Ontex IV.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. These standards also require management to exercise its judgment in the process of applying accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the consolidated interim financial statements of Ontex IV and its subsidiaries included elsewhere in this Report.

The consolidated financial statements included herein are presented in millions of Euros, unless otherwise noted.

Target Financial Information

The financial information regarding the Target that is included in this Report has been prepared for the purpose of the Acquisition and is based on preliminary information provided by management for the Target and the Seller (the "Target Financial Information"). The Target Financial Information has not been audited. The Seller has represented to management that the Target Financial Information has been prepared in accordance with Italian GAAP. The Target Financial Information is intended to reflect the effect of the contribution of the *Serenity* BU Incontinence business ("*Serenity*") as a going concern to Artsana Sud S.p.A., which occurred on November 1, 2012, as if it had happened on January 1, 2010. Please see "*The Acquisition*." The Target Financial Information has been derived from a combination of: (i) the unaudited financial statements and trial balances of Artsana Sud S.p.A.; (ii) a carve-out of Artsana S.p.A.'s (the "Seller") financial statements related to *Serenity*; and (iii) assumptions regarding expenses that *Serenity* will incur doing business as a standalone entity and that were previously provided by the Seller including, but not limited to, accounting and reporting, information technology, human resources and logistics. The Target Financial Information is for informational purposes only and is not intended to represent or to be indicative of the consolidated results of operations or financial position that the Target would have reported had the carve-out and contribution of *Serenity* to Artsana Sud S.p.A. been completed as of January 1, 2010, and should not be taken as indicative of *Serenity's* future results of operations or financial position. The actual results may differ significantly from those reflected in the Target Financial Information for a number of reasons including, but not limited to, differences between the assumptions used to prepare the Target Financial Information and actual amounts. The Target Financial Information has not been derived from historical financial information prepared in accordance with IFRS and should not be considered as a substitute for historical financial statements.

Other Financial Measures

This Report contains non-IFRS measures and ratios, including free cash flow conversion, EBITDA and Adjusted EBITDA, that are not required by, or presented in accordance with IFRS. We present non-IFRS measures because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. The non-IFRS measures may not be comparable to similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS. Non-IFRS measures such as free cash flow conversion, EBITDA and Adjusted EBITDA are not measurements of our performance or liquidity under IFRS or any other generally accepted accounting principles. In particular, you should not consider EBITDA as an alternative to: (a) operating profit or profit for the period (as determined in accordance with IFRS) as a measure of our operating performance; (b) cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs; or (c) any other measures of performance under generally accepted accounting principles. EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for an analysis of our results as reported under IFRS. Some of these limitations are:

- it does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- it does not reflect changes in, or cash requirements for, our working capital needs; and
- it does not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments on our debts.

Other Data

Certain numerical figures set forth in this Report, including financial data, certain operating data and percentages describing market shares, have been subject to rounding adjustments, and as a result, the totals of the data in this Report may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" are calculated using the numerical data in the consolidated financial statements of Ontex IV or the tabular presentation of other data (subject to rounding) contained in this Report, as applicable, and not using the numerical data in the narrative description thereof.

TRADEMARKS AND TRADE NAMES

We own or have rights to certain trademarks or trade names that we use in conjunction with the operation of our businesses. Each trademark, trade name or service mark of any other company appearing in this Report is the property of its respective holder.

CURRENCY PRESENTATION

In this Report, unless otherwise indicated, all references to "U.S. Dollars" or "$" are to the lawful currency of the United States of America and all references to "Euros" and "€" are to the single currency of the Member States of the European Union participating in the European Monetary Union.

CERTAIN DEFINED TERMS USED IN THIS REPORT

The following terms used in this Report have the following meanings assigned to them below.

Term	Meaning
"A brands"	national or international brands that benefit from significant investment and marketing support from their owners and typically enjoy significant brand equity. A brands in our categories (*e.g.*, P&G's *Pampers*) are typically recognized by consumers across multiple countries and geographies.
"Adult Incontinence Products"	adult incontinence products manufactured by the Group.
"Adjusted EBITDA"	EBITDA adjusted to remove items that are considered by management to be non-recurring because of their nature.
"B brands"	national or international brands that have no or limited investment and marketing support from their owners. B brands are designed to offer consumers high quality, affordable alternatives to premium priced brands in markets where private label products are not established.
"Babycare Products"	babycare products manufactured by the Group.
"CAGR"	compound annual growth rate.
"Company," "Ontex," "Group," "we," "us" or "our"	collectively, ONV Topco NV and its subsidiaries, including Ontex IV, except where the context requires otherwise.
"DSO"	days sales outstanding.
"Eastern Europe"	all of the following countries: Albania, Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Georgia, Hungary, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia and Ukraine.
"EBITDA"	earnings before net finance cost, taxes, depreciation and amortization have been deducted.
"EU"	the European Union.
"Euro" or "€"	the currency of the Member States of the European Union participating in the European Monetary Union.
"Euromonitor"	Euromonitor International.
"Europe"	all of the following countries: Austria, Belgium, Bulgaria, the Czech Republic, Denmark, France, Germany, Hungary, Italy, the Netherlands, Norway, Poland, Portugal, Romania, Russia, Slovakia, Spain, Sweden, Switzerland and United Kingdom.
"European Economic Area"	the European Union, Iceland, Norway and Liechtenstein.
"Factor"	BNP Paribas Fortis Factor N.V.
"Femcare Products"	feminine care products manufactured by the Group.
"Healthcare Division"	the healthcare division of the Group.
"Hygienic Disposables Market"	the market for Hygienic Disposable Products.
"Hygienic Disposable Products"	single-use products manufactured by the Group, for use by adults and babies to prevent the leakage of bodily fluids (but excluding tissues, cotton wool/buds/pads and wipes, except for baby wipes).

“IAS 19”	International Accounting Standard No. 19, “Employee Benefits.”
“IFRS”	International Financial Reporting Standards, as adopted by the European Union.
“Luxembourg”	the Grand Duchy of Luxembourg.
“Member State”	each member state of the European Union.
“Pound Sterling” or “£”	the lawful currency of United Kingdom of Great Britain and Northern Ireland.
“private-label penetration”	the percentage of the total market sales of a product represented by private-label sales.
“R&D”	research and development.
“Retail Division”	the retail division of the Group.
“SKUs”	stock-keeping units.
“Target”	Artsana Sud S.p.A., a *società per azioni* incorporated under the laws of Italy.
“Turkey Regional Division”	the Turkey Regional Division of the Group, as described in more detail in.
“Turkish Lira” or “TL”	the lawful currency of the Republic of Turkey.
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland.
“United States” or “U.S.”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.
“U.S. Dollar” or “$”	the lawful currency of the United States of America.
“Western Europe”	all of the following countries: Andorra, Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Gibraltar, Greece, Iceland, Ireland, Italy, Liechtenstein, Luxembourg, Malta, Monaco, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and United Kingdom.

SUMMARY

Overview

We are Europe's leading manufacturer of private-label Hygienic Disposable Products. We primarily sell our products to retailers helping them to enhance their own brands and maximize their profits. In selected markets where the private-label market is underdeveloped, we operate a B brand strategy by offering a lower-priced alternative product to premium-priced A brands products. Hygienic Disposable Products are essential, day-to-day consumables. Demand for these products is typically resilient throughout economic cycles. For the twelve months ended September 30, 2012, our revenue was €1,307.7 million and our Adjusted EBITDA was €146.4 million. For the year ended December 31, 2011, our revenue was €1,217.6 million and our Adjusted EBITDA was €133.9 million. Our core product categories include:

- Babycare products, principally baby diapers and, to a lesser extent, baby pants and wet wipes ("Babycare Products"). Babycare Products comprised 55.7% of our revenue for the twelve months ended September 30, 2012 and 59.5% of our revenue for the year ended December 31, 2011.
- Adult incontinence products, such as adult pants, adult diapers, incontinence towels and bed protection ("Adult Incontinence Products"). Adult Incontinence Products comprised 28.5% of our revenue for the twelve months ended September 30, 2012 and 23.5% of our revenue for the year ended December 31, 2011. Both of these figures reflect the consolidation of Lille Healthcare, which we acquired on October 3, 2011.
- Feminine care products, such as sanitary towels, panty liners and tampons ("Femcare Products"). Femcare Products comprised 14.4% of our revenue for the twelve months ended September 30, 2012 and 15.5% of our revenue for the year ended December 31, 2011.

During the twelve months ended September 30, 2012, we sold approximately 5.9 billion baby diaper pieces, 3.3 billion panty liners pieces and 571 million adult light incontinence pads. During the year ended December 31, 2011, we sold approximately 5.9 billion baby diaper pieces, 3.3 billion panty liners pieces and 470 million adult light incontinence pads.

We had an aggregate private-label market share by volume across our core product range of approximately 45% at September 30, 2012 and 47% at December 31, 2011, in Europe. Our market share in the private-label segment for our core product categories is more than three times that of our nearest private-label competitor, and we are a leading European manufacturer in our core product categories across both private-label and branded products.

Western Europe contributed 68.4% of our revenue for the twelve months ended September 30, 2012, Eastern Europe contributed 13.5% and the rest of the world, including Turkey, contributed 18.1%. Western Europe contributed 71.3% of our revenue for the year ended December 31, 2011, Eastern Europe contributed 13.0% and the rest of the world, including Turkey, contributed 15.7%.

In Western Europe, our customers include retailers, wholesalers, distributors and institutions, and we have supplied each of the 10 largest retailers by sales, either directly or through a distributor, for at least the last 10 years. We believe the duration and continued strength of these customer relationships is the result of the quality and breadth of our product offering, our manufacturing capability and the strength of our commercial organization.

For the twelve months ended September 30, 2012, 68.0% of our revenue was generated from private-label products, while 32.0% of our revenue came from branded products. For the year ended December 31, 2011, 74.2% of our revenue was generated from private-label products, while 25.8% of our revenue came from branded products.

Retailers use our private-label products to enhance their own brand assortments and maximize their profits. Consequently, we believe that our high quality products, customer service and continued product development are important success factors in our industry. In third-party surveys our products generally receive quality ratings that are similar to those of equivalent A brand products. We believe that we have an industry leading order fulfillment and delivery record which we reported at more than 98% of orders delivered on time. We have been the first private-label manufacturer to launch new product features such as the popular Elastic Ears feature in baby diapers and have regularly introduced new products or features overall since 2004.

We have a broad manufacturing footprint. We operate 14 production facilities located in Europe, Turkey, Algeria, China, Russia and Australia. We are headquartered in Zele, Belgium and have marketing and sales

teams located in more than 25 countries around the world. Our teams made sales in more than 100 countries during each of 2011 and the first nine months of 2012. Our sales coverage and international distribution network allows us to operate successfully in diverse markets around the world and in a cost-effective manner. We employed 4,785 full-time equivalent employees as of September 30, 2012.

We were founded in 1979 and obtained an initial public equity listing on Euronext Brussels in 1998. In 2003, we were acquired by funds advised by Candover and subsequently de-listed. In November 2010, we were acquired from Candover by funds managed by Goldman, Sachs & Co. and TPG Capital.

Our Strengths

Our scale supports a successful position in the European Hygienic Disposables Market.

Our market share by volume in the private-label segment for our core product categories (Babycare, Femcare and Adult Incontinence) is over three times that of our nearest private-label competitor, and we are a leading European manufacturer in each of our core product categories across both private-label and branded products.

The scale of our manufacturing footprint worldwide has allowed us to sustain and increase our market position by allowing us to optimize our production. We are able to produce a broad variety of products and to respond promptly to changes in customer requirements. We use a central procurement team to purchase raw materials, which enables us to benefit from volume discounts. We believe our scale allows us to support investment in R&D, including a team of 33 professionals that we believe is larger in absolute terms than our private-label competitors. We believe that our broad distribution reach allows us to act as a single-source provider for larger retailers and those retailers with a multinational presence.

Stable and resilient end markets.

Our products are non-discretionary, essential consumables that are generally not subject to the effects of economic cycles. During the recent economic downturn, sales in the Western European babycare, feminine care and adult incontinence market segments grew at a CAGR of 0.9%, 0.2% and 7.7%, respectively, by volume from 2009 to 2011.

Well positioned to capitalize on growth.

In Western Europe, where the overall market for Hygienic Disposable Products is forecast to be relatively flat, we believe that the penetration of private-label products will grow, driven by increasing consumer acceptance of private-label products. For the twelve months ended June 30, 2012, in Western Europe, private-label penetration for food products was approximately 39.4%, compared to 32.6% for baby diapers; 40.5% for panty liners; and 34.5% for Adult Incontinence Products. We believe trends in the food category and in other non-discretionary consumables categories illustrate the potential market opportunity for private-label Hygienic Disposable Products. Additionally, we believe that the recent decision by Kimberly-Clark, one of Europe's largest manufacturers of branded Hygienic Disposable Products, to exit the diaper business in Western and Central Europe will create further opportunities for private-label penetration growth in these regions. For the twelve months ended June 30, 2012, Kimberly-Clark had a market share of approximately 12.7% by volume within the Western European diaper market (including private-label and branded products). Furthermore, we believe that we are well positioned to capitalize on the international growth strategies of certain of our key customers as they continue to focus on growing their market share and promoting their private-label offerings.

In developing markets such as the Middle East and North Africa and Asia, the Hygienic Disposables Market is growing due to general population growth as well as increased market penetration of Hygienic Disposable Products. The total population of the Middle East and Africa grew by 4.6% from 2009 to 2011, and the total growth of the Hygienic Disposables Market in that region grew by 10.4% in value and 14.2% in volume during the same time period. In the Asia Pacific region, population has grown by 2.1% from 2009 to 2011, and the Hygienic Disposables Market in that region grew by 13.7% in value and 14.7% in volume during the same time period. As incomes rise, consumers increasingly turn to Hygienic Disposable Products such as disposable diapers to replace traditional solutions such as cloth diapers. As the private-label segment is underdeveloped in many of these markets, we reach these consumers by promoting our B brand products. This strategy has been modeled on our experience in Turkey where we offer the *Canbebe* brand as a high quality alternative to premium priced A brands. Our branded products are carried by traditional stores and modern retailers who generally do not have a private-label offering in these markets. We promote the sale of our branded products through distributors, wholesalers and other intermediaries and also may advertise directly to

consumers in these markets. We believe we are well positioned to capitalize on our distribution channels to continue to expand our presence in our existing developing markets and will look to opportunistically enter new markets.

Broad diversification of products, customers, distribution channels and geographies.

We sell more than 5,000 SKUs across three different product categories: Babycare Products, principally baby diapers and, to a lesser extent, baby pants and wet wipes; Femcare Products, primarily sanitary towels, panty liners and tampons; and Adult Incontinence Products, such as adult pants, adult diapers, incontinence towels and bed protection.

During the nine months ended September 30, 2012, we had more than 420 customers, and no single customer accounted for more than 10.0% of our total revenue. Our top ten customers are leading international retailers that comprised 39.9% of our revenue in the same period. We maintain direct relationships with our leading retail customers and in developing markets we maintain our customer relationships primarily through distributors, wholesalers and other intermediaries.

With a broad geographic footprint, we sell our products across more than 100 countries. Our five largest markets are: France, Germany, the United Kingdom, Turkey and Poland, which together represented 59.7% of revenue for the nine months ended September 30, 2012.

Strong customer relationships and customer proposition.

We have supplied each of the 10 largest retailers by sales in Western Europe, either directly or through a distributor, for at least the last 10 years. Our average customer on-time delivery across our divisions increased from 78.0% in January 2006 to more than 98.0% in September 2012, which we believe is among the highest in the industry. Improvements in delivery time have been achieved by significant investment in creating and maintaining an efficient production and supply chain infrastructure. We believe that our high level of on-time product delivery is an important feature of our business offering.

Most of our customers require that we customize our products to their specifications. This customization can range from using particular raw materials in order to provide certain features or qualities to incorporating the customer’s own brand on the product. Our production machines are designed to permit efficient changeovers. The flexibility of our production facilities allows us to deliver tailored products to our customers and respond to shifts in product demand while minimizing our cost of production. Our flexible production capabilities combined with our manufacturing capacity and quality control processes allow us to position ourselves as a reliable supplier who can provide consistent quality and on-time delivery across different production facilities. We believe that these factors are important to our large retail customers who seek to ensure a consistent quality of supply and a timely delivery schedule throughout their retail network.

As a result of our broad product range and production volumes, track record of product development and reputation for reliability, we believe that many of our leading retail customers consider us to be a strategic supplier and important partner in their drive to enhance their private-label offering and maximize profits. Our key customers may approach us when considering new product lines, geographic expansion and promotional campaigns, which provides us access to important new sales opportunities and increases our market position across our product categories and geographies.

In certain developing and new markets, we have been able to capitalize on the expansion of our key customers into these markets. Our expansion in these markets is sales-driven and our strategy is to invest in production facilities only when we have achieved a sufficient sales volume that provides us with good visibility on the incremental sales that we will be able to generate. Our decision to open production facilities in Australia and Russia during 2011, as well as sales offices in Pakistan and the Ukraine in 2011 and in Morocco and Kazakhstan in 2012, illustrates this strategy. We will continue to explore similar opportunities.

Broad manufacturing footprint with facilities located close to our core markets and customers.

Our broad manufacturing footprint and flexible production lines provide us with important opportunities to serve our customers: we can satisfy the needs of large retailers by offering competing customers differentiated products from dedicated facilities, which is an important commercial requirement given the competitive dynamics of the private-label category; we can offer leading retail customers competitive pricing that addresses all of their private-label Hygienic Disposable Product requirements because our manufacturing reach minimizes distribution costs; and we have the flexibility across our manufacturing facilities to produce to customer requirements on short notice.

Our manufacturing footprint also offers a number of advantages that help reduce our costs: it reduces our reliance on any single equipment supplier because we have experience operating multiple production line technologies; it enables us to upgrade the technology of our lines with less business disruption because we can shift our production between facilities; and it provides for greater sharing of manufacturing best practices, which can allow us to realize greater efficiencies and lower our cost base.

Proven and integrated R&D team supporting quality and a track record of successful product development.

Our ability to provide our customers with products that offer comparable features to those marketed by our branded competitors is an important competitive aspect. In third-party surveys, our products generally receive quality ratings that are similar to those of equivalent A brand products.

We continually test and analyze our competitors' products to keep abreast of any developments and advances. We aim to be a fast follower of new branded products by quickly reacting to product innovations and delivering a comparable product that does not infringe third-party patents or rights, as soon as possible after a new branded product successfully enters the market. Our R&D team works in close cooperation with our marketing, legal, central purchasing, engineering and production departments to coordinate our product development strategy and to ensure rapid development and launch of a comparable product.

Since 2004, we have regularly introduced new products or features, including Elastic Ears for baby diapers. Our track record of product developments helps drive sales performance for our retail customers and increases our importance to them as a strategic supplier. Successful new product introductions enable us to attract new customers and increase order volumes. Additionally, new product introductions in our branded portfolio helps drive sales in key developing markets, such as Turkey.

Well-invested asset base with modest investment required for growth.

We have consistently invested in and maintained a high quality asset base, supported by a technical team that seeks to drive production, efficiency and capacity improvements. Over time we have developed strong technical know-how, which has enabled us to develop, make and install our own production lines. This know-how provides us with an advantage by lowering our dependency on third-party machine suppliers.

We seek to optimize capital expenditures in our asset base by moving older production lines from Western Europe to new markets, which extends the useful life of our machines. Our production equipment has a useful life of approximately 30 years and our older equipment can, for example, be efficiently deployed in developing markets where technological requirements generally lag behind Western European standards and labor costs are lower. Additionally, we have processes in place that enable us to operate these older assets at their optimum efficiency in their new location. We typically train our local operators at the site of origination to ensure the transfer of best practices. Relocating product lines enables us to control the incremental investment associated with entering a new market, minimizes economic risk associated with fixed asset investments and improves our return on capital.

Solid financial track record with liquidity to meet working capital needs.

We have delivered annualized revenue growth of 6% from January 1, 2009 through the last twelve months ended September 30, 2012 and annualized gross margin growth of 5% during the same period. Adjusted EBITDA has declined 1% to €146.4 million during this period due to increased investment in sales and marketing, as well as increased raw material prices. Our solid profitability and cash generation profile has enabled us to increase our rate of investment in capital expenditures and acquisitions, while continuing to deliver substantial free cash flow. In August 2012, we increased our Revolving Credit Facility from €50 million to €75 million to provide us with increased liquidity. To date, our Revolving Credit Facility remains undrawn.

Experienced management team with a proven track record supported by highly committed sponsors.

Underpinning our business is our experienced and committed senior management team. The experience of our senior management team is further complemented by Charles Bouaziz, our Chief Executive Officer-designate, who has held a number of senior management positions during his 23 years in the industry, including President of PepsiCo Western Europe and CEO of Monoprix. Our senior management team is supported by an experienced 10-member board that includes our Chairman, Adrian Bellamy, who joined Ontex in February 2011. Mr. Bellamy is currently the non-executive chairman of Reckitt Benckiser plc as well as a director of The Gap and Williams Sonoma. Mr. Bellamy has over 33 years of experience in the retail industry as either a director or chief executive officer and has served on the board of Fortune 500 companies. Pierre Laubies, who

serves as Chairman and Independent Director of our Board, brings additional leadership and expertise to our management team. Mr. Laubies has previously served, among other positions, as the President of Global Petcare at Mars, Incorporated and as the European President of Campbell Soup Company. Our team has a proven track record in the private-label and branded product industries and is supported by strong divisional management teams in each of our operating divisions. Since joining Ontex, our senior management team has implemented a comprehensive plan to integrate our key functions, improve our customer service record and increase our operating efficiencies. This strategy has resulted in increased revenue and significant cost savings.

Our senior management team is backed by our shareholders, who are leading private equity investors with a track record of delivering higher returns through partnering with high-quality management teams. Goldman Sachs Capital Partners VI ("GSCP"), a group of four funds managed and advised by affiliates of Goldman, Sachs & Co., ("Goldman Sachs") and TPG Capital ("TPG"), each have extensive experience in the consumer business sector. GSCP, which is managed and advised by the Principal Investment Area of Goldman Sachs, has invested over $6.5 billion in consumer business and retail transactions including investments in Michael Foods, Dollar General and Polo Ralph Lauren. TPG has invested over $5 billion in consumer and retail business transactions and as of December 31, 2012 had $54.4 billion of assets under management. TPG's recent consumer and retail business deals in Europe include Mey Icki, Strauss Coffee and Republic. Further, GSCP and TPG have a strong track record of having worked successfully together in the past across a number of transactions including: Prosight Specialty Insurance (November 2010); Alltel (November 2007); Biomet (July 2007); Energy Future Holdings (October 2007); and Sungard Data Systems (August 2005).

Our shareholders acquired Ontex on November 18, 2010 for a total consideration of approximately €1.2 billion, of which our shareholders invested €420 million and our senior management team invested €29 million.

Our Strategy

Continue to capture organic growth in the Western European private-label market.

We believe there are attractive growth opportunities in Western Europe due to the potential for increased penetration of private-label Hygienic Disposable Products. In order to maintain and extend our position in our markets, we intend to continue to manufacture high-quality private-label products that are comparable to branded products at a competitive price; to continue to invest in our R&D team and its processes in order to be in a position to respond to customers' demands for products with differentiating features; to continue to identify procurement savings and manufacturing efficiency improvements to maintain our cost-competitive position; and to provide high-quality service and support through on-time delivery of our products. We believe that these steps will enable us to benefit from increased sales resulting from increased demand for private-label products.

Increase our market penetration in our core and new markets.

We believe that we are well positioned to capture new contracts as our existing customers continue to expand into new geographic markets. As a leading private-label manufacturer of Hygienic Disposable Products in Europe we expect to benefit from this trend and to further increase our market share.

Our strategy is therefore focused on retaining our existing profitable contracts and winning new contracts with new and existing customers, particularly large national and international retailers. We intend to achieve this through: promoting our position as a single source provider for leading retailers; utilizing the capacity, quality and flexibility of our manufacturing footprint to satisfy any increased demand from customers efficiently and reliably; using our know-how and technical expertise, including the experience of our R&D team, to continue delivering high-quality products which offer comparable features to that of our branded competitors; continuing to provide excellent customer service, including leading on-time delivery; achieving scale to serve our customers in a cost efficient manner; using our experienced sales force to promote ourselves and our capabilities; and investing in additional sales resources in countries in which we are not currently present or have limited direct exposure.

Continued focus on controlling costs and achieving productivity gains and efficiencies.

We will continue to focus on managing our business in a cost efficient manner through optimizing our procurement and manufacturing operations as well as by continuing to execute management's strategy to integrate our key functions, improve our customer service record and increase operating efficiencies. Since 2007, we have completed the centralization of our procurement function and have since achieved significant direct savings through rationalizing our supplier base and pursuing favorable contracts. We have optimized our

manufacturing base by shifting a portion of our production to lower cost countries, reformulating certain of our products to utilize lower-cost raw materials without compromising quality, and implementing best practices from our senior operational managers around the world.

Expand into new markets, with a focus on developing markets.

Developing markets are characterized by substantially lower levels of Hygienic Disposable Product penetration than markets in Western Europe. For example, in 2011 only 65% of babies in Russia used a disposable baby diaper, compared to an average of 94.6% in Western Europe. The use of Hygienic Disposable Products is expected to grow as personal incomes increase and the population moves away from using traditional solutions, such as cloth diapers, to modern disposable diapers.

Unlike in Western Europe, large retailers in developing markets typically concentrate their sales in major urban areas and independent retailers comprise a substantial portion of the retail landscape in smaller cities and rural areas. Large retailers in these countries do not typically have a private-label product offering and seek affordable B brands that enable them to offer an assortment of products across price points. Smaller distributors, wholesalers and other intermediaries also sell our B brand products.

We will continue to employ our B brand strategy for key developing markets and supporting our growth by exporting products from our existing production facilities. When we decide to invest in new production facilities, we will continue to seek cost effective methods to minimize the associated investment such as through re-utilizing existing machinery from our other production facilities.

Selectively pursue complementary bolt-on acquisitions.

We plan to continue our disciplined approach to evaluating acquisition opportunities in order to improve our product offering in key developing markets and in selected developed markets. We have a history of successfully acquiring and integrating strategic targets of various sizes that have complemented our geographic presence, and we have been able to use our operational expertise to achieve significant synergies. For example, in 2011 we acquired Lille Healthcare, a provider of a complete range of absorbent incontinence products across Europe and Australia, and have successfully integrated the company into our existing portfolio. The Lille Healthcare acquisition provided an opportunity for us to capitalize on structural, technological and logistical synergies, as well as expand our presence in the healthcare market. Management has met or exceeded expectations and financial plans held with respect to the Lille Healthcare acquisition.

We believe that the currently contemplated Acquisition will give us a favorable market position in Italy by providing us with an existing customer portfolio, expertise in the complex public tender process and significant business in our core segments of Healthcare and Incontinence. The Target, as a leading manufacturer and distributor of branded incontinence care products in Italy, will allow us to expand our current product portfolio on the basis of the Target's manufacturing platform. The Acquisition also provides us with an opportunity to capitalize on significant synergies, including procurement savings, back office and IT rationalization, and distribution and production efficiencies. Please see "*The Acquisition*."

Focus on continued strong cash flow generation.

Our financial objective is to position ourselves to deliver strong free cash generation through the financial cycle. Our core operating strategy is to reduce costs and increase efficiencies to drive increased profitability of the business even in an environment with limited price increases. We complement our strategic focus on operating efficiencies with prudent hedging policies to partially offset any adverse impact from increasing raw material costs. We have delivered free cash flow conversion of between 50% and 72% during the last three years. During 2011, free cash flow conversion was 52.8% despite higher investment in capital expenditures and a more challenging raw material cost environment than we had experienced in 2009 and 2010.

We have reinvested significantly in the business since 2011, via both capital expenditures and the acquisition of Lille Healthcare, and we intend to continue to do so through the Acquisition. These investments are focused on enhancing our manufacturing footprint to enable us to enhance long-term operating margins and to strengthen our presence in the institutional healthcare channel, thereby further diversifying our earnings profile. All investments, including plant closures, have been evaluated against strict financial and operational criteria. We are focused on improving free cash flow conversion to historical levels experienced in 2009 and 2010, while maintaining the flexibility to make investments that meet our strict financial criteria and that will strengthen the business long-term.

RECENT DEVELOPMENTS

Trading Update

The market dynamics during the quarter ended December 31, 2012 were quite similar to the trends observed throughout 2012. The competitive environment, especially in Western Europe, continued to be challenging, and our growth was primarily in other regions. As we have seen in previous quarters, retailers are focusing on price of products, rather than quality and innovation, although there are signs that this trend is beginning to change. We have adapted our sales strategy accordingly.

Our revenues for the fourth quarter of 2012 were solid and in line with expectations. Sales remained positive quarter-on-quarter, as a result of strong growth outside of Western Europe. Revenues for the quarter ended December 31, 2012 were between approximately €327 million and €332 million. Our Adjusted EBITDA likewise continued to improve, and for the quarter ended December 31, 2012, our Adjusted EBITDA was between approximately €37 million and €40 million.

With regard to capital expenditures, our management team remains focused on operating efficiencies to ensure long-term sustainable profitability and that our production capacity matches the geographic spread of demand.

On June 25, 2012, we announced the closure of our production facility in Recklinghausen, Germany, which we anticipate will be complete around April 2013. In connection therewith, we have been involved in settlement discussions during December 2012 to provide our former employees with severance payments, job-seeking assistance and production bonuses. We expect the majority of the cash impact for these payments and services to come through during the second quarter of 2013. Please see "—*Updated Third Quarter Results*."

With respect to the competitive landscape, on October 24, 2012, Kimberly-Clark, one of our top three competitors in Europe, announced their exit from the diaper business in Western and Central Europe (with the exception of the Italian market). We are not yet able to predict the opportunities created for us by this move, but we anticipate that they will be positive.

The preliminary financial estimate included above has been prepared by and is the responsibility of the Company's management. PricewaterhouseCoopers, Société coopérative has not audited, reviewed, compiled or performed any procedures with respect to this financial data. Accordingly PricewaterhouseCoopers, Société coopérative does not express an opinion or any form of assurance with respect thereto. Some statements in this section contain forward-looking information. Please see "*Forward-Looking Statements*."

Changes in Management

On November 15, 2012, the Board of Directors announced the intended departure of CEO Michael Teacher and the nomination of Charles Bouaziz as new CEO. Mr. Bouaziz will transition into the position during the first quarter of 2013, under the management and guidance of Mr. Teacher. CFO Christopher Parratt will leave during the course of 2013 to pursue other challenges alongside Mr. Teacher, though he currently intends to remain in his position until a successor is appointed.

Updated Third Quarter Results

On June 25, 2012, we announced the closure of our production plant in Recklinghausen, Germany. At such time, the cost of this closure could not be measured reliably and thus was not reflected in our interim financial report for the six months ended June 30, 2012 to bondholders. The uncertainty related to the potential impact of the cost of providing our employees with severance payments, job-seeking assistance and production bonuses as a result of our ongoing discussions with the European Works Council and related proceedings. Similarly, on November 13, 2012, when the Board of Directors authorized our interim financial report for the nine months ended September 30, 2012 to bondholders, these costs were still uncertain and thus, in accordance with International Financial Reporting Standards as adopted by the European Union, not reflected in such interim financial report. In early December 2012, however, we finalized our negotiations with the European Works Council and resolved the related proceedings, which fixed the costs to the Company arising out of the plant closure.

This Report includes unaudited condensed consolidated interim financial statements as of September 30, 2012 and for the nine months ended September 30, 2012 and 2011, which reflect the provision for the costs arising out of the plant closure, in accordance with IAS 37 (Provisions, contingent liabilities and contingent assets) and IAS 10 (Events after the reporting period), as there is no longer any uncertainty relating to the costs

of closure. Please see "*Appendix 1*." Consequently, the unaudited condensed consolidated interim financial statements as of September 30, 2012 and for the nine months ended September 30, 2012 and 2011 included in this Report differ from the interim financial report for the nine months ended September 30, 2012 previously released to bondholders. Such differences include an increase of €37.5 million in restructuring expenses and current provisions and a reduction in EBITDA for the nine months ended September 30, 2012 from €100.4 million to €62.9 million. Such differences had no impact on Adjusted EBITDA because these charges are added back as non-recurring expenses. We anticipate that the bulk of the cash impact of these expenses and provisions will occur in the second quarter of 2013, when we are scheduled to make payments to our employees as a result of our agreement with the European Works Council as described above.

THE ACQUISITION

The financial information regarding the Target that is included in this Report has been prepared for the purpose of the Acquisition and is based on preliminary information provided by management for the Target and the Seller (the "Target Financial Information"). The Seller has represented that the Target Financial Information has been prepared in accordance with Italian GAAP. The Target Financial Information has not been audited. The Target Financial Information is intended to reflect the effect of the contribution of the Serenity BU Incontinence business ("Serenity") as a going concern to Artsana Sud S.p.A., which occurred on November 1, 2012, as if it had happened on January 1, 2010. The Target Financial Information has been derived from a combination of: (i) the unaudited financial statements and trial balances of Artsana Sud S.p.A.; (ii) a carve-out of Artsana S.p.A.'s (the "Seller") financial statements related to Serenity; and (iii) assumptions regarding expenses that Serenity will incur doing business as a standalone entity and that were previously provided by the Seller including, but not limited to, accounting and reporting, information technology, human resources and logistics. The Target Financial Information is for informational purposes only and is not intended to represent or to be indicative of the consolidated results of operations or financial position that the Target would have reported had the carve-out and contribution of Serenity to Artsana Sud S.p.A. been completed as of January 1, 2010, and should not be taken as indicative of Serenity's future results of operations or financial position. The actual results may differ significantly from those reflected in the Target Financial Information for a number of reasons including, but not limited to, differences between the assumptions used to prepare the Target Financial Information and actual amounts. The Target Financial Information has not been derived from historical financial information prepared in accordance with IFRS and should not be considered as a substitute for historical financial statements.

On January 27, 2013, Ontex BVBA entered into the Acquisition Agreement pursuant to which it agreed to purchase 100% of the shares of the Target.

The initial purchase price for the Acquisition will be €107 million comprised of a combination of cash and receivables retained by the Seller (the "Initial Payment"). While management estimates that the retained receivables will be between €19 million and €49 million, the allocation between cash and retained receivables will not be determined until the Acquisition Closing Date. To the extent the Seller retains less receivables, we will use cash on hand, or if necessary, drawings under our Revolving Credit Facility, to pay the additional cash consideration. To the extent the Seller retains more receivables, we will use the excess cash on hand for working capital purposes.

We have also agreed to certain earn-out payments totaling no more than €18 million (the "Earn-out Payments") and consisting of: (x) up to €8 million and €5 million in 2014 and 2015, respectively, depending on the Target's year end EBITDA in 2013 and 2014, respectively; and (y) a final payment of up to €5 million on the third anniversary of the Acquisition Closing Date, based on improvements to the Target's DSO with respect to its Public Tender Contracts.

The Initial Payment will be subject to adjustments for certain debt-like items such as tax expenses and pension liabilities as well as (1) adjustments for the Target's net financial position on or about the Acquisition Closing Date and (2) a downward adjustment to the extent the audited Target's EBITDA for the eight months ended August 31, 2012 falls short of an agreed threshold.

The Acquisition Agreement contains a liquidated damages clause of €20 million if either party fails to consummate the transaction in accordance with its terms. In addition, Ontex has guaranteed Ontex BVBA's obligations under the Acquisition Agreement. The completion of the Acquisition is subject to, among other things, approval from the European Commission and/or, as the case may be, the competition authorities of each jurisdiction where merger control rules apply to the Acquisition and, according to the terms of the Acquisition Agreement, must be consummated no later than July 5, 2013 (the "Longstop Date"), unless the parties mutually agree in good faith to extend the Longstop Date under the terms of the Acquisition Agreement.

The Target consists of: (i) Artsana Sud S.p.A., a manufacturing company specializing in incontinence products with a freehold manufacturing facility in Ortona, Italy of approximately 40,000 square meters and an additional 41,000 square meters of available expansion capacity; and (ii) *Serenity*, a leading Italian brand of incontinence products, that was carved out of the business of the Seller on November 1, 2012 (the "Contribution"), and contributed to the Target as a going concern, including customer, supplier and employment contracts, and other operations used to market, distribute and otherwise support the selling of such products. The Seller estimates that *Serenity* accounted for approximately 30% of sales of the estimated €490 million Italian incontinence product market in 2012. According to Euromonitor, the Italian incontinence market had a CAGR of 5.3% by retail revenue in the period from 2003 to 2011. At constant prices, the Italian incontinence market

had a CAGR of 5.0% by retail revenue in the period from 2003 to 2012. Prior to the Contribution, the Target manufactured and sold its products, including the *Serenity* brand products, to the Seller, who in turn sold them to third-party customers. Following the Contribution, the Target manufactures *Serenity* brand products and sells them directly to third-party customers. The *Serenity* brand is serviced by 11 manufacturing lines and consists of over 100 SKUs. The Target sells its products through home deliveries, retirement homes, hospitals, pharmacies and other private retailers and generates approximately 97% of its sales in Italy. For the year ended December 31, 2011, the Target generated approximately 68% of its revenue from Public Tender Contracts and the rest from private contracts.

The Acquisition will provide us with an established platform for operations in the Italian incontinence market, a segment and geography in which we currently have limited presence, as well as the opportunity to develop our babycare business in Italy. We believe that the *Serenity* brand is well recognized and has a strong reputation in terms of quality and service and that this will allow us to introduce the *Serenity* brand into other markets and expand our sales of incontinence products through the retail channel. The Acquisition will also provide us with an existing base of customers and contracts in Italy as well as expertise in the public contract tendering process, a key part of the Target's business. Based on 2011 results, we estimate that we will generate approximately 12% of our revenues in Italy and approximately 32% of our revenues from Adult Incontinence products following the Acquisition.

Historically, we have encountered significant challenges in trying to grow our business in the Italian market both because of the expense of the logistics and distribution infrastructure required to service customers there and because we have lacked the "made in Italy" credentials that are valued in the industry since we have not had a manufacturing plant in Italy. Following the Acquisition, we will have access to the extensive and efficient distribution network used by the Target and will have the opportunity to expand our current product portfolio on the basis of the Target's manufacturing platform. For example, as part of the Acquisition, we will supply diapers for Artsana's Chicco brand under a four-year contract to be entered into upon completion of the Acquisition, which management estimates will result in annual sales of €15.5 million after the first 18 months. We expect to make capital expenditures of approximately €2.6 million in 2014 to enhance our Italian manufacturing platform to service the Chicco contract. This capacity extension will also enable us to provide the Italian market with locally produced private-label products.

For the eight months ended August 31, 2012 and 2011, management believes that the Target generated revenue of approximately €99.9 million and €95.5 and EBITDA of approximately €10.7 million and €10.7 million, respectively. For the years ended December 31, 2011 and 2010, management believes that the Target generated revenue of approximately €144.9 million and €136.9 million and EBITDA of approximately €16.7 million and €18.2 million and has made capital expenditures of approximately €1.1 million (of which approximately €0.3 million was related to expansion) and €5.1 million (of which approximately €3.6 million was related to expansion), respectively.

Management believes that as a result of the Acquisition, our consolidated business operations will achieve synergies of approximately €4.1 million on a run rate basis by December 2015 (of which, 31% is expected to be realized by December 2013 and 90% is expected by December 2014) primarily relating to lower cost of raw materials, more efficient manufacturing processes and the integration of human resources and information technology within the Ontex group. We believe that we will have to make capital expenditures of approximately €0.9 million and incur one-off costs of approximately €0.7 million to achieve such synergies, excluding capital expenditures, which we expect will be required in 2014 in connection with the Chicco contract.

Upon completion of the Acquisition, the Target will enter into a one-year Transitional Services Agreement (the "TSA") with the Seller pursuant to which the Target will pay the Seller approximately €1.7 million in exchange for transitional support for the Target with respect to accounting and financial reporting, human resources, information technology and systems support and logistics and warehousing. The Target may terminate the TSA early or extend certain services provided under the TSA at its option.

The following table sets forth unaudited financial information relating to the Target for the periods indicated:

	Target Financial Year		Target Eight Months Ended August	
	2010	2011	2011	2012
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
		(€ in millions)		
Selected Target Financial Information[(1)]:				
Sales	136.9	144.9	95.5	99.9
EBITDA[(2)]	18.2	16.7	10.7	10.7
Capex[(3)]	5.1	1.1	N/A	N/A

(1) The Selected Target Financial Information has been prepared for the purpose of the Acquisition and is based on preliminary information provided by management for the Target and the Seller. The Seller has represented to management that the Selected Target Financial Information has been prepared in accordance with Italian GAAP. The Target Financial Information has not been audited. It is intended to reflect the effect of the contribution of *Serenity* as a going concern to the Target, which occurred on November 1, 2012, as if it had happened on January 1, 2010. The Selected Target Financial Information has been derived from a combination of: (i) the unaudited financial statements and trial balances of the Target; (ii) a carve-out of the Seller's financial statements related to *Serenity*; and (iii) assumptions regarding expenses that *Serenity* will incur doing business as a standalone entity and that were previously provided by the Seller including, but not limited to, accounting and reporting, information technology, human resources and logistics. This information is for informational purposes only and is not intended to represent or to be indicative of the consolidated results of operations or financial position that the Target would have reported had the carve-out and contribution of *Serenity* to the Target been completed as of January 1, 2010, and should not be taken as indicative of *Serenity's* future results of operations or financial position. The actual results may differ significantly from those reflected in the Selected Target Financial Information for a number of reasons including, but not limited to, differences between the assumptions used to prepare the Selected Target Financial Information and actual amounts. The Selected Target Financial Information has not been derived from historical financial information prepared in accordance with IFRS and should not be considered as a substitute for historical financial statements.

(2) EBITDA, with respect to the Target, is defined as earnings before interest, tax depreciation and amortization.

(3) Approximately €0.3 million and €3.6 million were attributable to expansion in 2011 and 2010, respectively.

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

The following discussion should be read together with, and is qualified in its entirety by reference to, our unaudited condensed consolidated interim financial statements and the related notes thereto, included elsewhere in this Report. The following discussion should also be read in conjunction with "Presentation of Financial and Other Information." Except for the historical information contained herein, the discussions in this section contain 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 in "Risk Factors" and "Forward-Looking Statements."

Overview

We are Europe's leading manufacturer of private-label Hygienic Disposable Products. We primarily sell our products to retailers helping them to enhance their own brands and maximize their profits. In selected markets where the private-label market is underdeveloped, we operate a B brand strategy by offering a lower-priced alternative product to premium-priced A brands products. Hygienic Disposable Products are essential, day-to-day consumables. Demand for these products is typically resilient throughout economic cycles. For the twelve months ended September 30, 2012, our revenue was €1,307.7 million and our Adjusted EBITDA was €146.4 million. For the year ended December 31, 2011, our revenue was €1,217.6 million and our Adjusted EBITDA was €133.9 million. Our core product categories include:

- Babycare products, principally baby diapers and, to a lesser extent, baby pants and wet wipes ("Babycare Products"). Babycare Products comprised 55.7% of our revenue for the twelve months ended September 30, 2012 and 59.5% of our revenue for the year ended December 31, 2011.
- Adult incontinence products, such as adult pants, adult diapers, incontinence towels and bed protection ("Adult Incontinence Products"). Adult Incontinence Products comprised 28.5% of our revenue for the twelve months ended September 30, 2012 and 23.5% of our revenue for the year ended December 31, 2011. Both of these figures reflect the consolidation of Lille Healthcare, which we acquired on October 3, 2011.
- Feminine care products, such as sanitary towels, panty liners and tampons ("Femcare Products"). Femcare Products comprised 14.4% of our revenue for the twelve months ended September 30, 2012 and 15.5% of our revenue for the year ended December 31, 2011.

During the twelve months ended September 30, 2012, we sold approximately 5.9 billion baby diaper pieces, 3.3 billion panty liners pieces and 571 million adult light incontinence pads. During the year ended December 31, 2011, we sold approximately 5.9 billion baby diaper pieces, 3.3 billion panty liners pieces and 470 million adult light incontinence pads.

Factors Affecting our Results of Operations

Our results of operations have been, and will continue to be, affected by many factors, some of which are beyond our control. This section sets out certain key factors that we believe have affected our results of operations in the periods under review and could affect our results of operations in the future. For a discussion of certain factors that may adversely affect our results of operations and financial condition, please see "*Risk Factors*."

Market Dynamics

The market for Hygienic Disposable Products is characterized by stability and resilience, as nondiscretionary, essential consumables are generally not subject to the effects of economic cycles. In Western Europe where the overall market for Hygienic Disposable Products is forecast to be quite flat, we believe that the penetration of private-label products will grow, driven by increasing consumer acceptance of private-label products generally. We compete against manufacturers of branded Hygienic Disposable Products for market share in the overall market and against private-label providers for particular customer accounts. The intensity of the competition varies from time to time, with branded manufacturers employing promotional activities in varying degrees to effectively lower (or increase) prices to preserve volumes and market share or increase

profitability, especially in respect of Babycare Products. Please see "*Industry Overview—Overview of the European Hygienic Disposables Market—Private-Label vs. Branded*" for further information.

Business Relationships, Retention of Contracts and New Business Wins

Our revenue and cash flows are affected by our ability to retain existing business and generate new business from existing and new customers.

We enter into framework agreements with the majority of our retail customers and distributors. These agreements are generally on a non-exclusive basis and contain no minimum purchase obligations. Most of these agreements typically do not have a fixed term, and when they do, the term is generally one to three years. Some of these agreements are automatically renewed or continue indefinitely, unless either party terminates. In Western Europe, we have supplied each of the 10 largest retailers by sales, either directly or indirectly, through a distributor, for at least the last 10 years.

The terms on which we retain business directly affects our results. While price is a key factor, other factors influence our relationship with our customers, such as performance track record, including product quality, on-time service delivery and operational efficiency. The overall quality of the relationship between us and our customers is important for business retention and generation, and it can be leveraged to increase account profitability.

In connection with new business wins or the expiration of contractual agreements, we are typically invited to tender for a new contract with the customer, or we negotiate a new agreement with the customer. Because of the generally flexible nature of these contractual arrangements, additional business depends largely on the ongoing relationships with existing and potential customers. The factors that influence the terms on which we retain business, and thereby affect our results, are the same factors that influence the terms on which we win new business. The retention of our key customer base gives us a strong platform from which to win new business. In particular, as major retail clients expand into new markets and the private-label sector grows in such markets, we are well-positioned to accompany our customers and expand our business.

We are also highly focused on ensuring profitability by account and product, and this focus has informed our efforts to win business from new and existing customers, more so than simply increasing sales volume alone. This profit focus can in the short-term lead periodically to customer losses, with a consequential negative effect on revenue.

Expansion into New Markets

As part of our strategy, we seek to opportunistically expand our business into developing markets where the use of Hygienic Disposable Products and the penetration of private-label products are low relative to developed markets. Our expansion in these markets is sales-driven. Our strategy is to invest in new production facilities only when we have good visibility on the incremental sales we will be able to generate. We evaluate expanding into a new market through redeploying our existing manufacturing equipment, thereby optimizing our capital expenditures. Nevertheless, implementation of this strategy may affect our overall results of operations, in particular during the initial stages of expansion into a market in those circumstances where we may have incremental costs but choose to sell our product at reduced prices.

In 2011, we opened two additional production facilities in Russia and Australia. We also opened sales offices in Pakistan in 2011 and in Morocco in 2012. In connection with the Acquisition, we will acquire a manufacturing facility in Italy and significantly increase our business presence there. We intend to continue evaluating expansion opportunities based on our existing strategy.

The Successful Integration of Acquisitions

From time to time, we evaluate possible acquisitions that would complement our existing operations and enable us to grow our business. The success of any acquisition will depend on our ability to integrate acquired businesses effectively. With respect to the Lille Healthcare acquisition, for example, management has met or exceeded its expectations and financial plans for the integration of the business. The integration of acquired businesses may be complex and expensive and present a number of risks and challenges, including the diversion of management time, the possible loss of key employees and the unanticipated assumption of debt or other liabilities of the acquired business.

We expect that the Acquisition and integration of the Target will provide us with a favorable market position in Italy by providing us with an existing customer base, an expanded product portfolio and expertise in the complex Italian business environment. As the Target generates over half of its revenue through public customer supply contracts secured by performance guarantees, then following the Acquisition, we will need to secure similar contracts and guarantees on acceptable terms.

Our ability to integrate the Target or any acquired business can affect our internal controls over financial reporting and ultimately impact our results of operations. We may fail to realize the anticipated cost synergies, operational efficiencies or other benefits anticipated from, or may incur unforeseen costs associated with, this and other possible acquisitions.

Costs of Raw Materials

Our results of operations are impacted by the prices we pay for the raw materials used in the manufacturing of our products. Raw material costs are the principal component of our cost of sales. Our raw material costs were €594.1 million for the nine months ended September 30, 2012, €755.7 million in the 2011 financial year, €690.2 million in the 2010 financial year, and €636.4 million in the 2009 financial year, representing 66.6%, 67.9%, 65.9%, and 64.6%, respectively, of our total costs (total cost of sales, plus distribution expenses, plus sales and marketing expenses, plus general administrative expenses) for these periods.

The principal raw materials used in the manufacture of our products are as follows:

- *Fluff*. Fluff is the common name for milled wood pulp, which is used in the absorbent core of Hygienic Disposable Products. Fluff accounted for approximately 20.2% of our raw material costs for the nine months ended September 30, 2012 and 19.8% of our raw material costs in the 2011 financial year.
- *Super-absorbers*. Super-absorbers consist of a material that can absorb many times its own weight in aqueous fluids. The majority of super-absorbers for the Hygienic Disposables Market are polyacrylates made from caustic soda and acrylic acid and are sold in granular form. Super-absorbers accounted for approximately 22.7% of our raw material costs for the nine months ended September 30, 2012 and 23.7% of our raw material costs in the 2011 financial year.
- *Non-woven fabrics*. Non-woven fabrics are high-tech, engineered fabrics made from fibers that are used across a wide range of applications in consumer and industrial products. A significant portion of non-woven fabrics used in the Hygienic Disposables Market are made using polypropylene. Non-woven fabrics accounted for approximately 21.6% of our raw material costs for the nine months ended September 30, 2012 and 21.7% of our raw material costs in the 2011 financial year.

Other raw materials used by us include tapes, polyethylene, adhesives, various packaging and other materials. The importance of raw materials varies by product. For each of our products, however, raw materials are the principal component of the product's base costs.

We are focused on tightly controlling our raw material costs. As described in "*—Operational Productivity and Efficiency*" below, we have implemented a number of cost-saving efficiency enhancements focused on raw material purchase costs, including measures to negotiate improved purchase prices, which we have achieved with many of our suppliers. In connection therewith, we recently entered into an agreement to hedge a portion of our indirect exposure to oil prices, which should offset some of the results of price increases in petroleum based raw materials. As prices of our raw materials change, we may seek to enter into other hedging agreements to mitigate any price increases.

Operational Productivity and Efficiency

Our profitability can be affected by the productivity and efficiency of our operations. Accordingly, throughout the period under review, we have implemented and maintained a comprehensive plan to integrate our key functions, improve our customer service record and increase operating efficiencies. We will continue to focus on managing our business in a cost-efficient manner through optimizing our procurement and manufacturing operations.

In terms of direct cost savings focused on raw material costs, we have diversified our base of raw material suppliers, thereby allowing us to benchmark our suppliers' pricing more broadly. The diversification of suppliers has been facilitated by our performance testing and other efforts to expand "qualified" raw materials for use in our products, thereby introducing more competition on the supply side. We have also focused on

achieving cost savings through negotiating and pricing our raw material purchases through the actions of a central services department for all our operations.

This strategy is supported by: our investment in techniques and technologies that will enable us to operate our machines faster and in a more efficient manner, for example, by introducing increased end-of-line automation and “de-bottlenecking” our production lines and processes; our operations team continuing to work together to pool the collective knowledge of the senior operational managers of each of our production facilities so that any advance, development or efficiency utilized by a facility that leads to efficiencies is rolled out to our other production facilities as soon as possible; and partnering with our customers to improve the product compositions, better respond to customer specifications and at the same time rationalize raw material use.

In terms of direct cost savings focused on distribution expenses, we have sought improved prices with our transport providers and initiated changes to the warehousing of our inventory holding levels. We have both negotiated with our transport providers and diversified the number of our providers to achieve more favorable terms, and, as noted above, effected changes to production design elements to reduce product weight, optimize cargo unit palletization and improve truck fill factors and thus transport costs. In respect of warehousing costs, we have increased our use of third-party warehousing arrangements, whereby we pay by cargo unit as opposed to renting or owning floor space, thereby decreasing fixed costs.

Impact of Exchange Rates

Currency exchange rate fluctuations can have a substantial impact on our results of operations. Our main functional and reporting currency is the Euro, and we make substantial sales and purchases denominated in, and have significant operations in several countries that use, other currencies. Our exposure to currency exchange rate fluctuations is of several types, as summarized below:

- *Billing currency:* We make substantial sales denominated in currencies other than Euros. In the nine months ended September 30, 2012 and the 2011 financial year, we generated 37.3% and 31.6%, respectively, of our revenue in currencies other than Euros, principally Pounds Sterling, Turkish Liras and Polish Zloty. The value in Euros, our reporting currency, of such sales fluctuates with changes in the exchange rate of these currencies against the Euro.
- *Purchasing currency:* We make purchases of raw materials that are denominated in Euros and other currencies. In the 2011 financial year, 16% of our raw material purchases were denominated in currencies other than Euros, principally U.S. Dollars. Since we make only a small amount of sales that are denominated in U.S. Dollars, our gross margin is directly affected by changes in the exchange rate between the Euro and U.S. Dollar and, to a lesser extent, by the exchange rate between the U.S. Dollar and our other principal selling and reporting currencies.
- *Local subsidiary financial statement translation:* In preparing our consolidated financial statements, we convert into Euros the financial statements of our subsidiaries located outside the Eurozone, which are prepared in local currencies. Our exposure to this translational currency risk impacts our results of operations, balance sheet and cash flows.

In addition, we have significant operations in countries outside the Eurozone. As a result, we are exposed to foreign exchange risk when translating the value of our non-Eurozone assets and liabilities and the results of our non-Eurozone subsidiaries into Euros. This exposure relates primarily to the Pound Sterling, Turkish Lira and Czech Crown.

In order to offset our exposure to Euro/U.S. Dollar exchange rate fluctuations in relation to raw material prices we selectively enter into hedging agreements.

Key Components of our Income Statement

The key components of certain line items of our consolidated income statement are described below.

Revenue

Revenue represents the amounts received or receivable from the sale of our products. Revenue is presented net of VAT, product returns, rebates and discounts and after eliminating intragroup sales.

Revenue is recognized upon delivery of the products to the customer and its acceptance thereof. This means that at that time, the following criteria are met: we cease to exercise ownership over the products sold, we cease to have effective control over the products sold, and collection of the products sold is reasonably assured.

Products are generally sold to customers on an ex-works basis; however, at their request, additional services may be offered by us in expediting delivery to customer premises or warehouses. The price for our products generally reflects an amount of delivery expenses incurred by us. Revenue thereby reflects this component, while related charges are included in distribution expenses.

Cost of Sales

Cost of sales represents expenses incurred by us in connection with the manufacture of our products. Raw material purchases are the principal expenses recognized in cost of sales. Other expenses recognized in cost of sales include packaging costs, maintenance expenses, utility bills and conversion costs, as well as production-related labor costs.

We recognize in our cost of sales the depreciation expenses that are directly attributable to the production of the products.

Operating Expenses

Operating expenses include distribution expenses, sales and marketing expenses and general administrative expenses, as well as foreign exchange differences on operating activities due to changes in exchange rates on settled transactions.

Distribution Expenses

Distribution expenses are the principal component of our operating expenses and represent the cost relating to the shipping of finished products to the customer. Distribution expenses include transport costs, warehousing costs, costs in support of customer service and related labor costs.

Product delivery costs are recorded under distribution expenses but, as noted above, are partially recaptured in the price of sale of our products.

We recognize in our distribution expenses the depreciation and amortization expenses that are directly attributable to the distribution chain.

Sales and Marketing Expenses

Our sales and marketing expenses represent costs in connection with sales of our products including promotional giveaways in the Retail and Healthcare Divisions. In the Turkey Regional Division, sales and marketing expenses are also incurred in connection with brand support in relation to our branded products. Sales and marketing expenses include sales commissions, fees for market research, advertising expenses, publication costs, samples costs, exhibition costs and the labor costs of our sales teams and sales back-office. We also recognize in our sales and marketing expenses the depreciation and amortization expenses that are directly attributable to sales and marketing activities.

General Administrative Expenses

Our general administrative expenses represent the costs of our headquarters in Zele, Belgium and the central divisional management teams, including salaries and performance-based compensation. The headquarters expenses and the costs of our central management team include, but are not limited to, support services for our production facilities, such as system contracts for our SAP and other IT systems as well as audit fees, legal fees and other expenses. The management team of the Group together with the central team oversee purchasing, R&D, planning and logistics, manufacturing, sales as well as the legal and finance functions and related risks.

Other Operating Expenses

Other operating income and expenses are presented as a net amount and primarily represent gains or losses on the sale of assets, termination benefits, foreign exchange differences on operating activities and other expenses.

Non-recurring Expenses

Non-recurring expenses include charges that we consider to be of a one-off and non-recurring nature. These include costs relating to manufacturing facility closures and various non-recurring costs in relation to our current strategic direction.

Net Finance Cost

Net finance cost comprises our finance costs, net of finance income.

Our finance costs primarily represent the interest paid by us or accrued on our financial debt. The transaction costs related to the issuance of a financial liability are as a general matter initially deducted from the proceeds of the financial liability and subsequently recognized as interest cost over the period of the liability.

Our finance income primarily represents interest received on our short-term deposits, as well as any gains on derivatives and derecognition of loans and receivables and financial liabilities carried at amortized costs.

Income Tax Expense

Income tax expense represents the income tax expense on our operations. Income tax expense includes any deferred tax movements in the period. The income tax charge during the period was considerably lower than the theoretical charge calculated at domestic tax rates. This mainly results from the fact that significant amounts of tax losses carried forward were not recognized as a consequence of uncertainties related to the future tax model and financing structure.

Non-IFRS Measures

EBITDA is presented to enhance a prospective investor's understanding of our results of operations and financial condition. We define EBITDA as operating profit (which does not include net finance costs and taxes) before depreciation of tangible fixed assets and amortization of intangible assets and goodwill.

EBITDA has been included in this Report because it is a measure that our management uses to assess our operating performance. Please see "*Presentation of Financial and Other Information—Other Financial Measures*" for information on the limitations of this measure as an analytical tool.

Results of Operations for the nine months ended September 30, 2011 and 2012

Overview

On June 25, 2012, we announced the closure of our production plant in Recklinghausen, Germany. At such time, the cost of this closure could not be measured reliably and thus was not reflected in our interim financial report for the six months ended June 30, 2012 to bondholders. The uncertainty related to the potential impact of the cost of providing our employees with severance payments, job-seeking assistance and production bonuses as a result of our ongoing discussions with the European Works Council. Similarly, when the Board of Directors authorized our interim financial report for the nine months ended September 30, 2012, these costs were still uncertain and thus not reflected in such interim financial report. In early December 2012, however, we finalized negotiations and resolved the related proceedings which fixed the costs to the Company arising out of the plant closure.

As there is no longer any uncertainty relating to the costs of plant closure, the unaudited interim financial information for the nine months ended September 30, 2012 and 2011 presented below reflects the provision for the costs arising out of the closure, in accordance with IAS 37 and IAS 10. Consequently, this information differs from the interim financial report for the nine months ended September 30, 2012 previously released to bond holders. Such differences include an increase of €37.5 million in restructuring expenses and current provisions, and a reduction in EBITDA for the nine months ended September 30, 2012 from €100.4 million to €62.9 million. Such differences had no impact on Adjusted EBITDA because these were added back as non-recurring expenses. We anticipate that the bulk of the cash impact of these expenses and provisions will occur in the second quarter of 2013, when we are scheduled to make payments to our employees as a result of our Agreement with the European Works Council.

The following table sets forth certain unaudited income statement items for Ontex IV for the nine months ended September 30, 2011 and 2012:

(€ in millions)	2011	% of total revenue	2012	% of total revenue
Revenue	886.5		976.6	
Cost of sales	(686.6)	(77.5)	(741.4)	(75.9)
Gross margin	199.9	22.5	235.2	24.1
Distribution expenses	(65.9)	(7.4)	(80.5)	(8.2)
Sales and marketing expenses	(35.6)	(4.0)	(47.7)	(4.9)
General administrative expenses	(21.6)	(2.4)	(22.3)	(2.3)
Net other operating income/(expenses)	(2.2)	(0.2)	2.2	0.2
Non-recurring expenses	(37.7)	(4.3)	(47.2)	(4.8)
Operating profit	36.9	4.2	39.7	4.1
Finance income	20.8	2.3	15.5	1.6
Finance cost	(107.9)	(12.2)	(67.2)	(6.9)
Net finance cost	(87.1)	(9.8)	(51.7)	(5.3)
Profit/(loss) before income tax	(50.2)	(5.7)	(12.0)	(1.2)
Income tax	(3.1)	(0.3)	(4.1)	(0.4)
Profit/(loss) for the period	(53.3)	(6.0)	(16.1)	(1.6)

Nine Months Ended September 30, 2012 Compared to Nine Months Ended September 30, 2011

Revenue

Revenue increased by €90.1 million, or 10.2%, from €886.5 million in the nine months ended September 30, 2011 to €976.6 million in the nine months ended September 30, 2012. Currency effects were favorable over the period and contributed 0.8% to revenue. This was augmented by increased sales in our Healthcare Division (primarily in Adult Incontinence Products) and our Turkey Regional Division.

The following table sets forth revenue and percentage change in revenue by types of product for the nine months ended September 30, 2011 and 2012, respectively:

	(Unaudited) Nine months ended September 30,		
	2011	2012	% change
	(€ in millions)		
Revenue by product:			
Babycare Products	536.4	540.9	0.8
Femcare Products	142.4	141.4	(0.7)
Adult Incontinence Products	195.0	281.4	44.3
Other products[1]	12.7	12.9	1.6
Total revenue	886.5	976.6	10.2

(1) Other products comprise a range of traded products purchased by us and sold commercially to customers including cosmetics, medical gloves and other traded products.

The €4.5 million, or 0.8%, increase in revenue from sales of Babycare Products largely reflected an increase in sales to a major Polish retailer, strong progress in the Turkish domestic market, as well as good progress in exports to countries neighboring Turkey. This increase was partially offset by contracts lost in the third quarter of 2011.

The €1.0 million, or 0.7%, decrease in revenue from sales of Femcare Products reflected losses in Germany. This was partially offset by new business gains in several countries.

The €86.4 million, or 44.3%, increase in revenue from sales of Adult Incontinence Products primarily reflected the integration of Lille Healthcare combined with additional contract wins in the UK and Ireland.

The following table sets forth revenue and percentage change in revenue by division for the nine months ended September 30, 2011 and 2012, respectively:

	(Unaudited) Nine months ended September 30,		
	2011	2012	% change
	(€ in millions)		
Revenue by division:			
Retail Division	655.7	654.5	(0.2)
Healthcare Division	133.6	201.5	50.8
Turkey Regional Division	97.3	120.6	24.0
Total revenue	886.5	976.6	10.2

The €1.2 million, or 0.2%, decrease in revenue from the Retail Division largely reflected the loss of contracts in Germany, Spain and France. The contract losses were largely offset by increased sales with a range of retailers, particularly in the UK, Poland, Australia and Russia.

The €67.9 million, or 50.8%, increase in revenue from the Healthcare Division largely resulted from the Lille Healthcare acquisition as well as business gains in the UK and Ireland.

The €23.3 million, or 24.0%, increase in revenue from the Turkey Regional Division largely reflected growth in the domestic market, primarily in the baby diaper product category, as well as increased exports to neighboring countries.

The following table sets forth revenue by geography and percentage change in revenue by geography for the nine months ended September 30, 2011 and 2012, respectively:

	(Unaudited) Nine months ended September 30,		
	2011	2012	% change
	(€ in millions)		
Revenue by geography:			
Western Europe	634.8	661.6	4.2
Eastern Europe	114.4	132.4	15.7
Rest of the world (including Turkey)	137.3	182.6	33.0
Total revenue	886.5	976.6	10.2

Revenue from Western Europe in the nine months ended September 30, 2012 increased by €26.8 million, or 4.2%, over the same period in 2011. This increase was primarily attributable to the consolidation of Lille Healthcare and strong performance in the United Kingdom. The increase was partially offset by the impact of contracts lost in the Retail Division.

Revenue from Eastern Europe was generated almost entirely from our Retail Division. The €18.0 million, or 15.7%, increase in revenue from Eastern Europe was largely attributable to an increase in sales to a major Polish retailer that significantly increased its revenues after introducing a new product range and opening a number of new stores, as well as an increase in new contracts in Russia.

Revenue from the rest of the world in the nine months ended September 30, 2012 increased by €45.3 million, or 33.0%. This increase largely reflected increased sales in Turkey, Australia, Pakistan and North Africa.

Cost of Sales

Cost of sales in the nine months ended September 30, 2012 was €741.4 million, an increase of €54.8 million, or 8.0%, from €686.6 million in the nine months ended September 30, 2011. Cost of sales

represented 75.9% of our revenue in the nine months ended September 30, 2012, a decrease of 1.6 percentage points from 77.5% in the nine months ended September 30, 2011. The improvement in gross profit margin relates to decreased raw material prices in the nine months ended September 30, 2012 as compared to the corresponding period in 2011, as well as increased sales in the Healthcare Division.

Distribution Expenses

Distribution expenses in the nine months ended September 30, 2012 were €80.5 million, an increase of €14.6 million, or 22.2%, from €65.9 million in the nine months ended September 30, 2011. Distribution expenses represented 8.2% of our revenue in the nine months ended September 30, 2012, an increase of 0.8% from 7.4% in the nine months ended September 30, 2011. This increase in distribution expenses was primarily attributable to a growing portion of our revenue being generated by the Healthcare Division, which typically incurs higher distribution expenses due to the nature and variety of its customers and supply routes, particularly in connection with home delivery to customers.

Sales and Marketing Expenses

Sales and marketing expenses in the nine months ended September 30, 2012 increased to €47.7 million, or 34.0%, from €35.6 million in the nine months ended September 30, 2011. Similarly, as a percentage of revenue, sales and marketing expenses increased from 4.0% in the nine months ended September 30, 2011 to 4.9% in the nine months ended September 30, 2012. This increase was largely due to additional investments in new countries to further support the growth in "Rest of the world" sales.

General Administrative Expenses

General administrative expenses in the nine months ended September 30, 2012 were €22.3 million, an increase of €0.7 million, or 3.2%, from €21.6 million in the nine months ended September 30, 2011. General administrative expenses represented 2.3% of our revenue in the nine months ended September 30, 2012, a decrease of 0.1 percentage points from 2.4% in the nine months ended September 30, 2011. This decrease resulted from efficient management of our general administrative expenses.

Net other Operating Income/(Expenses)

Net other operating income in the nine months ended September 30, 2012 was €2.2 million compared to €(2.2) million in the nine months ended September 30, 2011. This increase was primarily attributable to currency revaluations on vendor and customer balances.

Nonrecurring Expenses

Nonrecurring expenses in the nine months ended September 30, 2012 consisted of €47.2 million, primarily related to the closure of our production facility in Recklinghausen, as well as other business restructuring. Nonrecurring expenses in the nine months ended September 30, 2011 consisted of €37.7 million, mainly attributable to the closure of our factory in Villefranche, France.

Operating Profit

Operating profit in the nine months ended September 30, 2012 was €39.7 million, an increase of €2.8 million from €36.9 million in the nine months ended September 30, 2011. Our operating margin remained stable at 4.1% of our revenue in the nine months ended September 30, 2012, compared to 4.2% in the nine months ended September 30, 2011. The improved operating performance was offset by increased nonrecurring expenses.

Net Finance Costs

Net finance costs in the nine months ended September 30, 2012 were €51.7 million, a decrease of €35.4 million, or 40.6%, from €87.1 million in the nine months ended September 30, 2011. The net finance costs were significantly higher in the nine months ended September 30, 2011 because of a non-cash write-off of previously capitalized cost in relation to previous bank loans.

Income Tax

Income tax in the nine months ended September 30, 2012 was an expense of €4.1 million, an increase of €1.0 million from €3.1 million in the nine months ended September 30, 2011. This increase in taxation is primarily attributable to increased operating profit in several jurisdictions.

Profit/(loss) for the Period

Loss for the nine months ended September 30, 2012 was €16.1 million, an improvement of €37.2 million from a loss of €53.3 million in the nine months ended September 30, 2011, as a result of the factors discussed above.

EBITDA

EBITDA in the nine months ended September 30, 2012 was €62.9 million, an increase of €2.1 million, or 3.5%, from €60.8 million in the nine months ended September 30, 2011. EBITDA represented 6.4% of our revenue in the nine months ended September 30, 2012, a decrease of 0.5 percentage points from 6.9% in the nine months ended September 30, 2011. This decrease in EBITDA margin was principally attributable to an increase in nonrecurring expenses relating to the closure of the Recklinghausen manufacturing facility.

Liquidity and Capital Resources

Liquidity describes the ability of a company to generate sufficient cash flows to meet the cash requirements of its business operations, including working capital needs, capital expenditures, debt service obligations, other commitments, contractual obligations and acquisitions. Our primary sources of liquidity are and will be provided by our ability to generate cash flows from our operations, future borrowings under our Revolving Credit Facility, the Fortis Factoring Agreement and potential future borrowings under debt securities. The Target has historically sold some of its receivables in factoring arrangements on a limited recourse basis to meet its working capital needs. Following the Acquisition, we intend for the Target to enter into similar factoring arrangements.

Although we believe that our expected cash flows from operations, future borrowings under our Revolving Credit Facility and potential future borrowings under debt securities will be adequate to meet our anticipated general liquidity needs and debt service obligations, we cannot assure you that our business will generate sufficient cash flows from operations to meet these needs or that future debt or equity financing will be available to us in an amount sufficient to enable us to fund our liquidity needs, including making payments on our debt when due. If our cash flows from operating activities are lower than expected or our capital expenditure requirements exceed our projections, we may be required to seek additional financing, which may not be available on commercially reasonable terms, if at all. Our ability to arrange financing generally and our cost of capital depends on numerous factors, including general economic conditions, the availability of credit from banks, other financial institutions, and capital markets, restrictions in instruments governing our debt, and our general financial performance.

INDUSTRY OVERVIEW

The projections and forward-looking statements in this section are not guarantees of future performance and actual events and circumstances could differ materially from current expectations. Numerous factors could cause or contribute to such differences. Please see "Risk Factors" and "Forward-Looking Statements."

Sources and Methodologies

In preparing this overview, we have used data from Euromonitor International ("Euromonitor") and AC Nielsen, as well as our own internal estimates. Such third-party sources generally state that the information contained therein had been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. We believe that these third-party sources are reliable, but we have not independently verified them and cannot guarantee their accuracy or completeness.

For purposes of the Euromonitor data used in this section:

- the "Babycare Product" market is classified as baby diapers, baby nappies and baby pants; the "Femcare Product" market is classified as sanitary towels, panty liners and tampons; and the "Adult Incontinence Product" market is classified as pads, pants and protective underwear, briefs, undergarments and pant and pad systems;
- statistics on volume and retail value size of the Hygienic Disposable Market in Western and Eastern Europe are presented based on Euromonitor's definition of the respective regional aggregates; and
- market sizes correspond to retail sales only and exclude Adult Incontinence Products sold in the healthcare market.

Please also note that the historical and projected growth rates presented in this section are based on retail market values at retail selling price ("RSP"), constant 2012 prices and fixed 2012 currency exchange rates.

Overview of the European Hygienic Disposables Market

The Hygienic Disposables Market, excluding intimate wipes, in Europe (including Turkey) was worth approximately $17.8 billion in 2012.

The Hygienic Disposables Market consists of three distinct product segments: Babycare Products, Femcare Products, and Adult Incontinence Products.

Although each country has its own dynamics, the Hygienic Disposables Market in Europe can be broadly split into two regions: the larger, more developed Western Europe market (approximately $12.5 billion in 2012); and the faster growing but less developed Eastern Europe market (approximately $5.3 billion in 2012).

The Hygienic Disposables Market can also be split between branded and private-label. In Western Europe, we believe that private-label products accounted for approximately 33.7% of total market volume for the twelve months ended June 30, 2012. In Eastern Europe, we believe that private-label products accounted for approximately 14.3% of total market volume for the twelve months ended June 30, 2012.

Market Trends and Growth

Hygienic Disposable Products are daily essentials for a large portion of the population and, owing to their nature as nondiscretionary consumables, demand for these products is typically not materially impacted by economic cycles. Despite the global economic downturn, retail sales of Hygienic Disposable Products, excluding intimate wipes, in Western Europe and Eastern Europe remained stable, with approximately $17.7 billion in 2010 and $17.8 billion in 2012.

Between 2012 and 2017, the European market (including Turkey) is expected to grow from estimated retail values of $12.5 billion and $5.3 billion, respectively, to estimated retail values of $13.1 billion and $6.1 billion, respectively, representing a CAGR of 0.9% and 2.8%, for Western Europe and Eastern Europe, respectively.

Private-Label vs. Branded

Branded Hygienic Disposable Products are developed by companies known as “branded” manufacturers under their own name or brand. These products are supported by capital intensive research and development and marketing campaigns, in an effort to develop brand recognition and loyalty among consumers. We believe that branded manufacturers focus primarily on brand awareness, name and public image, quality and performance and highly standardized products. The largest manufacturers of branded Hygienic Disposable Products in Europe are *Procter and Gamble, Johnson & Johnson* and *Svenska Cellulosa Aktiebolaget* (“SCA”), which sell brands such as *Pampers*, *Always* and *Tampax (Procter and Gamble), o.b.* and *Carefree (Johnson & Johnson),* and *Tena (SCA)*.

Private-label Hygienic Disposable Products are developed and manufactured by third parties on behalf of grocery retailers such as *Aldi*, *Tesco* and *Carrefour*. We believe that private-label manufacturers focus primarily on manufacturing high quality products, customizing products to customers’ specifications and incorporating the latest product features and innovations. We believe we are Europe’s leading manufacturer of private-label Hygienic Disposable Products. Our largest private-label competitors in Europe include (in alphabetical order) *Attends, Fippi, Hysalma, Indas, Intigena (recently merged with Hyga), Pelz* and *SCA*.

We believe our customers view Private-Label Babycare Products as a strategic category that drives footfall and helps recruit new customers (*e.g.*, diapers are an important purchase for young mothers and often influence their choice of retailer to visit). In addition, once in the store, they will typically do their weekly shopping for the entire family at the same time. As such, if retailers can attract young mothers into their stores on the strength of their own diaper brand, this helps them grow their sales and the perceptions of their brand with consumers.

Private-label Penetration

We believe private-label penetration is largely a function of the retail market maturity. We believe that private-label Hygienic Disposable Products in Western Europe accounted for 33.7% of total volume for the twelve months ended June 30, 2012. The product category with the highest penetration rate is represented by panty liners, with private labels accounting for 40.5% of total volume, while the one with the lowest penetration rate is represented by Tampons, with private labels accounting for 31.9% of total volume. According to AC Nielsen, these penetration rates are still considerably lower than those of food across Belgium, France, Germany, Italy, the Netherlands, Spain and the United Kingdom at approximately 39.4% of total volume. We believe private-label Hygienic Disposable Products in Eastern Europe accounted for approximately 14.3% of total volume for the twelve months ended June 30, 2012. The low level of penetration is largely due to the underdeveloped retail infrastructure in the region.

Market Drivers

Hygienic Disposable Products volume drivers include:

- *Demographic trends:* The primary driver in the Babycare market is the number of births, in the Femcare market, the size of female population aged 12-45, and in the Adult Incontinence market, the size of the population over 50.
- *Product usage:* Changes in GDP per capita, awareness of product availability, product innovation and changes in trends, such as the average age of potty training.

Hygienic Disposable Products price drivers include:

- *Innovation:* Historically, product innovation has been a major driver of price increases for diapers (*e.g.*, Elastic Ears), although recent innovations have as often been cost engineered to suit value price points.
- *Consumer purchasing behavior:* Key drivers include trading down during a recession and the increasing age of new mothers, resulting in consumers being more prone to trade up to premium products.
- *Penetration of private label*: Market maturity is driven by growth of the modern retail channels and changes in awareness of product quality.
- *Competition:* Promotional activity by competitors.

The Market for Babycare Products in Europe

In 2012, the retail value of the market for Babycare Products in Western Europe was approximately $6.5 billion, with private-label products (diapers and pants) accounting for approximately 32.8% of total volume for the twelve months ended June 30, 2012. The market size in Eastern Europe was approximately $3.0 billion, with private-label products (diapers and pants) accounting for approximately 18.9% of total volume for the twelve months ended June 30, 2012. The market has two leaders: Ontex in the private-label segment (with a market share of 40.4% of private-label volume at September 30, 2012, excluding wipes and baby underpads) and *Procter & Gamble* in the branded segment (with a market share in Western Europe of 52.3% of total volume for the twelve months ended June 30, 2012, according to AC Nielsen).

Between 2010 and 2012, the retail value of the market for Babycare Products in Western Europe decreased from approximately $6.6 billion to approximately $6.5 billion, which corresponds to a CAGR of (0.7)%, while the retail value of the Eastern European market increased at a CAGR of 2.8%. In four key Western European markets, France, Germany, Spain and the United Kingdom, the Babycare market decreased slightly at a CAGR of (0.6)% in retail value terms during this period.

The market for Babycare Products in Western Europe is expected to increase from $6.5 billion in 2012, to approximately $6.7 billion in 2017, which corresponds to a CAGR of 0.7%. The market for Babycare Products in Eastern Europe is expected to grow from $3.0 billion in 2012, to approximately $3.5 billion in 2017, which corresponds to a CAGR of 2.7%.

The Market for Femcare Products in Europe (excluding intimate wipes)

In 2012, the retail value of the market for Femcare Products in Western Europe was approximately $4.6 billion, with private-label products accounting for approximately 36.9% of total volume for the twelve months ended June 30, 2012. The market size in Eastern Europe was approximately $2.1 billion, with private-label products accounting for approximately 12.4% of total volume for the twelve months ended June 30, 2012. The market has two leaders: Ontex in the private-label segment (with a market share of 40.7% of total private label volume at September 30, 2012) and *Procter & Gamble* in the branded segment (with a market share in Western Europe of 34.9% of total volume for the twelve months ended June 30, 2012). There have been no significant innovations in the market in recent years, with focus devoted to the launch of niche products and the development of new aesthetic features.

Between 2010 and 2012, the retail value of the market for Femcare Products in Western Europe slightly declined from $4.7 billion to $4.6 billion, corresponding to a CAGR of (1.4)%, while the market in Eastern Europe increased at a CAGR of 2.2%. In our key Western European markets, the Femcare market decreased at a CAGR of (2.2)% from $2.6 billion in 2010 to $2.4 billion in 2012.

The Eastern European market is expected to grow from approximately $2.1 billion in 2012 to approximately $2.4 billion in 2017, corresponding to a CAGR of 2.8%. Flat growth, corresponding to a CAGR of 0.1%, is expected in the Femcare market in Western Europe over the same period.

The Market for Adult Incontinence Products in Europe

The market for Adult Incontinence Products can be divided into two distinct segments: the retail market and the healthcare market. The retail market is the smallest but fastest growing segment of the Hygienic Disposables Market. The healthcare market is relatively fragmented, with suppliers selling directly or through distribution channels, such as the governments, health insurers and hospitals. The healthcare market is further comprised of home care, including pharmacies and home delivery, and next to home care, including hospitals and nursing homes.

In 2012, the value of the retail market for Adult Incontinence Products in Western Europe was approximately $1.4 billion, with private-label products accounting for approximately 34.5% of total volume for the twelve months ended June 30, 2012. The value of the retail market in Eastern Europe was approximately $160 million. The market has two leaders: Ontex in the private-label segment (with a market share of 45.3% of total private label volume at September 30, 2012 (excluding intimate wipes and including Lille Healthcare)) and *SCA* in the branded segment (with a market share of 52.3% of total volume for the twelve months ended June 30, 2012, according to AC Nielsen).

Between 2010 and 2012, the value of the retail market for Adult Incontinence Products in Western Europe increased at a CAGR of 3.7%, while the value of the retail market in Eastern Europe increased at a CAGR of 2.9% from $151 million in 2010 to $160 million in 2012. The markets for adult incontinence products in

Western Europe and Eastern Europe are expected to grow from approximately $1.4 billion and $160 million, respectively, in 2012 to approximately $1.8 billion and $200 million, respectively, in 2017, which corresponds to a CAGR of 4.2% and 4.8%, respectively.

The Market for Hygienic Disposable Products in Turkey

In 2012, the retail value of the market for Babycare Products in Turkey was approximately $680 billion, while the value of the market for Femcare Products (excluding intimate wipes) was approximately $380 billion and the value of the market for Adult Incontinence Products was approximately $65 million. Private-label products accounted for approximately 8% of total volume.

Between 2010 and 2012, in retail value terms, the market for Babycare Products increased at a CAGR of 9.0%, the market for Femcare Products increased at a CAGR of 6.8% and the market for Adult Incontinence Products increased at a CAGR of 3.2%. The retail value of the markets for Babycare Products, Femcare Products and Adult Incontinence Products are expected to increase at CAGR of 8.2%, 6.5% and 1.5%, respectively, between 2012 and 2017.

Emerging markets, such as Turkey, are characterized by highly diffuse channels of distribution. Unlike in Western Europe, where major retail groups are strong, emerging markets typically have fragmented distribution channels with a wide variety of suppliers delivering products to a broad variety and large number of points of sale. With few retail groups in the market, private-label products currently account for a small proportion of the overall market.

RISK FACTORS

The risks and uncertainties we describe below are not the only ones we face. Additional risks not currently known to us or that are presently deemed immaterial may also harm us and affect your investment. If any of the possible events described below were to occur, the business, financial condition and results of operations of the Group could be materially and adversely affected.

This Report contains "forward-looking" statements that involve risks and uncertainties. Our actual results may differ significantly from the results expressed or implied in such forward-looking statements. Factors that might cause such differences include those discussed below. Please see "Forward-Looking Statements."

Risks Relating to our Industry and our Business

Rises in raw material costs or the unavailability of raw materials may have a negative impact on our business, financial condition and results of operations.

We are dependent upon the availability of a number of raw materials for the manufacture of our products. Raw material costs accounted for 66.6% of our total cost of sales (total cost of sales, plus distribution expenses, plus sales and marketing expenses and general administrative expenses) for the nine months ended September 30, 2012 and 67.9% of our total cost of sales for the 2011 financial year. The key raw materials we use are petroleum-based products, such as super-absorber, non-woven fabrics and polyethylene, which in total account for approximately 76.1% of our raw material costs, and fluff, which accounted for approximately 20.2% of our raw material costs for the nine months ended September 30, 2012.

The contracts we have with our raw material suppliers vary as to price, payment terms, quantities and duration, and our raw material costs are also subject to price volatility attributable to a number of factors, including the availability of supply (including supplier capacity constraints), general economic conditions, commodity price fluctuations (particularly of petroleum), the demand by other industries for the same raw materials, the availability of complementary and substitute materials, and local and national regulatory requirements.

Furthermore, we cannot ensure that our current suppliers of raw materials will be able to supply us with sufficient quantities at reasonable prices in the future. For example, in September 2012 an explosion occurred at a production plant at Nippon Shokubai, the world's largest producer of super-absorber. This led to a disruption of the supply of acrylic acid, one of the main elements of super-absorber. As a result, we built up an approximately €10 million stock of super-absorber, which we expect to use through the second quarter of 2013.

Economic and financial factors, as well as temporary shortages due to weather or transportation delays, could impact our suppliers of raw materials, thereby causing supply shortages. If we are not able to obtain sufficient quantities of raw materials, this could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to pass through rises in raw material costs to our customers.

Significant rises in raw material costs (including for their delivery) could adversely affect our results of operations if selling prices for our finished products are not adjusted or if adjustments trail the increases in prices for these materials. If we cannot pass raw material cost increases through to our customers, our profitability can be negatively affected. The majority of our current customer contracts are based on one- and two-year framework or supply agreements to provide products at an agreed specification and at an agreed price without raw material price indexation clauses. Many of the Target's contracts are for a term of three to five years and generally do not allow us to pass on to customers any increase in the cost of raw materials. Nevertheless, we maintain a dialogue with our customers and, where possible, seek to negotiate price increases with our customers in response to changing raw material costs. There can, however, be no assurance that we would be able to successfully negotiate price increases with our customers in respect of increased raw material costs at terms favorable to us or at all. Any substantial or prolonged rises in raw material costs could have a material adverse effect on our business, financial condition and results of operations if the cost increases cannot be passed through to our customers.

We may experience disruption to or the loss of one of our production facilities.

We rely on a large network of production facilities. The production capabilities, capacity and revenue contribution of our production facilities vary by facility, and certain production facilities, including the facilities

located in Turkey, Algeria and China, are remote to our other facilities. Should a disruption occur in one of our production facilities, we could experience temporary shortfalls in production or increased production and distribution costs, which could have a negative impact on our results of operations. Furthermore, should we experience the loss of the use of all or a portion of any of our production facilities due to fire, flood (as occurred at our production facility in Turkey in 2009), storms, earthquakes or other catastrophic events, whether short or long term, there can be no assurance that we would be able to completely or partially utilize our other facilities to compensate for or mitigate such loss. As a result, any such loss, if completely or partially uninsured, could have a material adverse effect on our business, financial condition and results of operations. Please see "—*We may be subject to losses that might be completely or partially uninsured.*"

We are subject to risks resulting from exchange rate fluctuations.

Although we prepare our financial statements in Euros, we have significant operations in several countries that use other currencies. In the nine months ended September 30, 2012, we generated 37.3% of our revenue in currencies other than Euros, principally in Pounds Sterling, Turkish Liras and Polish Zloty. In the year ended December 31, 2011, we generated 31.6% of our revenue in currencies other than Euros, and in the 2010 financial year, 27.8% of our revenue was generated in other currencies. We are also exposed to translation currency risks in converting into Euros the financial statements of our subsidiaries located outside the Eurozone, which are prepared in local currencies, primarily in respect of the Czech Crown and the Turkish Lira. In addition, we make substantial purchases of fluff and oil-based raw materials for which the reference price in each case is U.S. Dollars and are therefore also exposed to the strengthening of the U.S. Dollar against the Euro. Fluctuations in currency exchange rates, which in the recent past have become more volatile due to the global financial downturn, have affected and will continue to affect our results of operating results. As we expand our operations, particularly outside of the Eurozone, our exposure to foreign exchange rate movements and related risks will increase and diversify.

Furthermore, foreign exchange rate movements can affect the relative competitive position of our various production facilities. There is a risk that foreign exchange rate movements could adversely affect our competitiveness relative to our competitors who operate production facilities in different jurisdictions, particularly those who operate production facilities in jurisdictions whose principal currencies are not the Euro, as the majority of our production facilities are located inside the Eurozone.

We may not be able to maintain our on-time service delivery record.

Our ability to deliver our products on time is key to winning and keeping customer contracts, particularly with large retailers. We have increased our on-time service delivery ratio in recent years to levels that management considers to be industry leading. If our on-time service delivery record were to significantly decrease relative to our competitors, there can be no assurance that we would be able to continue to win new customer contracts or retain our existing customer contracts or relations at favorable terms or at all, which could have a material adverse effect on our business, financial condition and results of operations. Such decrease in on-time service delivery could result from the failure of third-party freight carriers to consistently meet scheduled delivery times, any prolonged shortage of freight capacity or other extended disruption of transport services, the failure of our SAP software, our inability to meet production demands or other causes, and our inability to find alternative means of delivering our products on time or to meet production levels.

In addition, the Target has historically relied heavily on the Seller's logistics capabilities, as approximately half of the Target's revenue is generated through home deliveries. Following the Acquisition, the Target will initially rely on the logistical support it receives from the Seller under the Transitional Services Agreement (as defined herein). This agreement is for a term of one year, although the Target may terminate or extend certain services provided under the agreement at its option. Please see "*The Acquisition*." There can be no assurance that the Target will be able to maintain its previous delivery record after the Acquisition, and this could have a material adverse effect on our business, financial condition and results of operations.

Our ability to generate the funds needed to service our debt will depend on many factors beyond our control.

Our ability to service our debt depends partly on our performance, which in turn can be affected by general economic or competitive conditions and financial and business factors beyond our control, including:

- decreased demand for our products;
- regulatory developments;
- disruptions in our operations;

- increased operating costs;
- decreased product prices;
- delay in implementing strategic projects; and
- failure to integrate acquisitions successfully, including meeting the working capital needs of any acquired business.

In the future, our cash flow and capital resources may not be sufficient to fund our debt service obligations. If such a situation develops, we may be forced to reduce or delay capital expenditures, sell assets or seek to obtain additional equity capital, or restructure our debt, each of which could adversely affect our business. Furthermore, such alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations.

We may be affected by product recall or liability claims or otherwise be subject to adverse publicity.

We may be required to recall our products if they fail to meet our customers' quality standards or the applicable health and safety standards of the country in which a product is distributed, and we may be subject to product liability claims in connection with or independent of any product recall. We may incur significant expenditures and other commercial and financial impacts, including fines and payments to customers in respect of destroyed inventory, out-of-stock penalties and consumer complaints, as a result of any product recall or product liability judgment. Furthermore, if our products fail to meet our customers' specifications, the contracts governing such products may be terminated and we may not have an opportunity to provide conforming products. Any product recall by us or product liability judgment against us could also subject us to adverse publicity. In addition, we may be subject to adverse publicity relating to other matters, including, but not limited to, product quality, brands, complaints, production facilities and employee relationships. Adverse publicity may negatively impact our reputation, regardless of whether the allegations are valid, whether they are limited to a single product or brand or a small number of production facilities or whether we are at fault. The negative impact of adverse publicity relating to any of our products, brands or production facilities may extend far beyond any product, brand or facility involved to affect some or all of our other products, brands and facilities. There can be no assurance that adverse publicity would not have a material adverse effect on our business, financial condition and results of operations.

We may not be able to respond successfully to the product launches of our competitors.

As a private-label producer, we are continuously introducing new and innovative products in response to the product launches of the leading brands. Our ability to introduce competitive products successfully is, to varying degrees, dependent upon our ability to innovate or develop certain technological products and production advancements. There can be no assurance that we will be able to launch such products in a timely or successful manner in response to the launch of new branded products.

We may also, from time to time, obtain and license patents, trademarks and similar proprietary rights from third parties in order to respond to the innovations of our competitors. If we are unable to innovate such technological product and production advancements, or are unable to obtain and license such proprietary rights, quickly and profitably, we may lose business, which could have a material adverse effect on our business, financial condition and results of operations.

We may be subject to claims asserting the infringement of intellectual property rights.

Our success depends in part on our ability to innovate certain technological product and production advancements in response to product launches by leading brands. Although we seek to avoid infringing the proprietary rights of third parties, we may, from time to time, be subject to claims asserting the infringement of the intellectual property rights of third parties seeking damages, the payment of royalties or licensing fees or injunctions against our development, use or sale of the disputed product or production process. Any such claims could lead to litigation and be protracted and costly and the outcome may be uncertain. Furthermore, if we were required to obtain a license on the disputed rights, there can be no assurance that such license would be available on commercially reasonable terms, if at all. Any detrimental decision in patent infringement litigation, or our inability to acquire intellectual property licenses on commercially reasonable terms, could have a material adverse effect on our business, financial condition and results of operations.

We generate a substantial portion of our revenues from our key customers and the Target generates a substantial portion of its revenues from Public Tender Contracts.

We derive a substantial amount of revenue from our retail customers. Our top 10 customers by revenue represented 39.9% of our revenues for the first nine months of 2012. We typically contract with our customers on a nonexclusive basis, and we operate in competitive markets, with a customer base that is further consolidating. Such nonexclusive contracts and trade consolidation strengthens the bargaining position of our key customers, and these customers may use this leverage to demand higher discounts or allowances.

The Target generates over half of its revenues through public customer supply contracts with regional health authorities in Italy (the "Public Tender Contracts"). The contracts typically have a term of three to five years and are awarded on a public tender basis. Approximately 51% of the Public Tender Contracts, in terms of revenue, either expired in 2012 or are scheduled to expire in 2013 and will be subject to a six to twelve month public tender process at that time. While we understand that the Target has historically had success in renewing its public contracts as the incumbent supplier, there can be no assurance that we will be able to renew the Target's Public Tender Contracts on terms that are not materially less favorable to the Target in light of the competitive market environment, if at all. If we were to lose one or more of our key customers, or if any of our key customers demanded higher discounts or allowances, or if any key customers were to become insolvent, this could have a material adverse effect on our business, financial condition and results of operations.

We may fail to realize the anticipated business growth opportunities, revenue benefits, cost synergies, operational efficiencies and other benefits anticipated from, or may incur unanticipated costs associated with, the Acquisition and other possible acquisitions.

From time to time, we evaluate possible acquisitions that would complement our existing operations and enable us to grow our business. The success of any acquisition will depend on our ability to integrate acquired businesses effectively. The integration of acquired businesses may be complex and expensive and present a number of risks and challenges, including:

- the diversion of management time, effort and attention from existing business operations;
- the possible loss of key employees, customers or suppliers;
- the unanticipated loss of revenue or increase in operating or other costs;
- the challenge of developing an understanding of, and new technical skills with respect to, the acquired business;
- the assumption of debt or other liabilities of the acquired business, including litigation related to the acquired business; and
- possible expansion into new geographical markets may require us to find and cooperate with local partners with whom we have not previously done business.

For example, the Target generates over half of its revenue through public customer supply contracts with regional health authorities in Italy, which contracts are awarded on a public tender basis that are limited to participants with performance guarantees provided by banks. Following the Acquisition, we will need to secure new bank guarantees or some other type of performance bond that is acceptable to the relevant public health body if we wish to participate in such public tenders in the future. While management believes that we will be able to obtain the necessary bank guarantees or otherwise acceptable performance bonds to allow the Target to participate in the public tenders, there can be no assurance that we will able to do so on terms that are not materially less favorable than the bank guarantees currently in place, if at all. Also, there can be no assurances that our plan to use the Target's manufacturing facility capacity to expand our product offering in Italy will be successful or that we will be able to achieve the anticipated synergies following the integration of the Acquisition.

Integrating the Target or any acquired business may result in additional unforeseen difficulties or liabilities and could impact the effectiveness of our internal controls over financial reporting. Furthermore, there can be no guarantee that we will realize any or all of the anticipated benefits of the Acquisition or any future acquisition, including the expected business growth opportunities, revenue benefits, cost synergies and other operational efficiencies. Any of the foregoing or other factors could have a material adverse effect on our business, financial condition and operating results.

The Target Financial Information included in this Report is not intended to represent or to be indicative of the consolidated results of operations or financial position that the Target would have reported had the carve-out and contribution of Serenity to Artsana Sud S.p.A. been completed as of January 1, 2010, and should not be taken as indicative of Serenity's future results of operations or financial position.

The Target Financial Information that has been included in this Report has been prepared for the purpose of the Acquisition and is based on preliminary information provided by management for the Target and the Seller. The Target Financial Information has not been audited. You should not rely on it as a substitute for audited financial information of the Target. Please see "*The Acquisition*."

The Target Financial Information is inherently subject to risks and uncertainties. It may not give an accurate or complete picture of the consolidated results of operations or financial position that the Target would have reported had the carve-out and contribution of *Serenity* to Artsana Sud S.p.A. been completed as of January 1, 2010, and should not be taken as indicative of *Serenity's* future results of operations or financial position.

The Target Financial Information is based on certain assumptions and estimates regarding, among other things, expenses that the Target will incur as a standalone business that were previously paid by the Seller. The Target's actual financial results may not be in line with the Target Financial Information presented here. Such data does not purport to represent the results of operations of the Target following its acquisition by us, and its results and, in particular, profitability may differ due to, among other things, integration costs, rationalization costs and purchase accounting items.

You should not place undue reliance on the Target Financial Information when making an investment decision, for the reasons described above and because such information:

- has not been audited by any independent accounting firm; and
- has been derived from financial information that was prepared in accordance with generally applicable accounting principles in Italy, which differs in certain respects to IFRS applicable to the audited and reviewed financial information contained in this Report.

We do not currently own the Target and will not control the Target until completion of the Acquisition.

The Target is currently controlled by the Seller. We will not obtain control until completion of the Acquisition. Prior to the Acquisition Closing Date, the Target will not be subject to the covenants included in the Temporary Indenture or the Indenture. As such, we cannot assure you that, prior to such date, the Target will not take an action that would otherwise have been prohibited under the Temporary Indenture or the Indenture had the covenants contained therein been applicable to the Target. We also cannot assure you that the Seller will operate the Target's business during the interim period in the same way that we would. Furthermore, the Acquisition itself has required, and will likely continue to require, substantial amounts of management's time and focus, which could adversely affect their ability to operate the business. Likewise, other employees may be uncomfortable with the Acquisition or feel adversely affected by it, which could have an impact on work quality and retention.

Recent and ongoing unrest in the Middle East and North Africa may adversely affect our business.

A portion of our revenue is dependent on markets in the Middle East and North Africa. In particular, we currently operate facilities and generate sales in both Algeria and Turkey. For the twelve months ended September 30, 2012, 9.2% of our revenue was generated in Turkey and Algeria. Recent months have seen significant political and social unrest—including violent protests, large-scale demonstrations and civil disobedience—in a number of countries in this region. The situation is ongoing and particularly fluid and difficult to predict. In the current environment, it is difficult to predict the likelihood of instability in one country or territory contributing to instability in other countries or territories within the region. The ongoing situation has caused significant disruption to the economies of affected countries and had a destabilizing effect on oil prices. Continued instability affecting the countries in which we operate or may expand into, or to which our clients are exposed, could inhibit our ability to operate efficiently and effectively, or at all, and could materially and adversely affect our business, financial condition and results of operations.

Changes in the policies and requirements of customers may negatively impact our sales.

Our ability to service and supply our customers reliably and efficiently is dependent, in part, on our compliance with our customers' policies and product and production requirements. Changes in the policies and

requirements of our customers, particularly our retail trade customers, may negatively impact us. These could include, among other changes, changes with regard to inventory destocking, limitations on access to shelf space and the removal of our products; additional requirements related to safety, environmental, social and other sustainability issues. If sales of our products materially decrease or cease as a result of changes to any group of customers' or individual key customer's policies or requirements or our inability to respond adequately to such changes, this could have a material adverse effect on our business, financial condition and results of operations.

Because we rely on a limited number of suppliers, our production may be adversely affected by a shortage of supply.

We rely on a limited number of suppliers for many of the raw materials we use in the manufacture of our products, as certain raw materials used in our production processes can only be sourced from those suppliers. There can be no assurance that we will be able to maintain and secure supply due to operational, legal, regulatory or other factors beyond our control, including interruptions in production or sourcing by suppliers (such as the 2012 explosion at the world's largest producer of super-absorber), bankruptcy or similar proceedings started by suppliers, decisions by suppliers to allocate supplies to other purchasers and price fluctuations, or that our suppliers will continue to commit sufficient resources to the continued production or sourcing of such materials. There is no guarantee that we would be able to replace such a supplier or procure substitute materials in a timely manner, or on acceptable commercial terms, or at all, in the event that any of these relationships are discontinued or terminated. The loss of such relationships, a delay or discontinuation in the supply of such materials or a material change in the conditions for the supply of such materials, may have a material adverse effect on our business, financial condition and results of operations.

We are subject to risks associated with operating internationally.

We are a multinational group of companies operating in countries and regions with diverse economic, regulatory and political conditions and sensitivities. Correspondingly, we are subject to economic, regulatory, political and other risks associated with operating internationally. As a result of our strategy to expand our operations in emerging and developing markets (including the opening of our production facility in Russia during 2011 and the subsequent openings of our sales offices in Morocco, Pakistan, Kazakhstan and the Ukraine), our exposure to these risks is increasing. Our operations and earnings may, therefore, be adversely affected by economic, regulatory or political conditions or instability in any of the jurisdictions in which we operate or plan to operate: this may include financial crises, inflation or hyperinflation, currency devaluations, expatriation of cash, civil unrest, acts of terrorism, wars, international conflicts, difficulties in enforcement of contractual obligations (including in respect of payments and receivables and intellectual property rights), difficulties in adopting, complying with or changes in applicable local and international laws or regulations (including environmental laws and regulations and permit and authorization regimes and as a result of new interpretations and more rigorous enforcement), nationalization of property without fair compensation, corruption and extortion, and greater and tighter government regulation on cross-border trading, production and pricing. Furthermore, many emerging markets do not possess the full business, legal and regulatory infrastructures that would generally exist in more-mature free market economies. In addition, the taxation, currency and customs legislation within such markets are subject to varying interpretations and changes, which can occur frequently.

Any such conditions or instability could impact our operations and result in additional expenditure and other commercial and financial impacts being incurred by us in order to comply with or adapt to such conditions or instability and consequently this could have a material adverse effect on our business, financial condition and results of operations.

The payment and reimbursement policies of governments and other parties may change.

The commercial success of our business depends, in part, on the extent to which payments and reimbursements for our products, primarily for Adult Incontinence Products sold through our Healthcare Division, are available from government and health administration authorities and other third-party payers. Given recent pressures to reduce government spending in many countries, payments or reimbursements for our products may be delayed, reduced or cancelled, governments could default or collection of outstanding accounts receivable could become more difficult. Following the Acquisition, we will be particularly exposed to this risk in Italy because the Target has historically generated approximately 60% of its revenue from Public Tender Contracts. Management believes that due to the necessity of its Adult Incontinence Products, any reduction or cancellation of payments or reimbursements for these products by governments or other parties will result, over time, in a corresponding increase in sales of such products from our Retail Division. There can be no assurance,

however, that any corresponding increase in sales from the Retail Division will occur in tandem with any such reduction or cancellation of payments or reimbursements, if at all, or that any corresponding increase in sales from the Retail Division will equal lost sales from the Healthcare Division. As a result, any reduction or cancellation of payments or reimbursements for Adult Incontinence Products sold through the Healthcare Division could have a material adverse effect on our business, financial condition and results of operations.

We rely on key personnel and on our ability to attract and retain employees.

The successful management and operation of our business depends in part upon the contributions of our senior management team and other key personnel. In addition, our future success depends in part on our ability to continue to recruit, train, motivate and retain employees. Similarly, because a significant portion of the Target's revenue is generated by public contracts with regional health authorities in Italy, its success depends on its personnel with experience and expertise in the public tendering process. The loss of, or diminution in, service of any of our senior management team or other key personnel, or our inability to attract and retain new employees, could have a material adverse effect on our business, financial condition and results of operations.

Recent changes in our management could have an adverse effect on our business.

We recently announced the intended departure of both our Chief Executive Officer, Michael Teacher, and our Chief Financial Officer, Christopher Parratt, both of whom will leave the Company in 2013. Please see "*Summary—Recent Developments—Changes in Management.*" We have nominated Charles Bouaziz as our new CEO, who is expected to transition into the position in the first quarter of 2013, under the management and guidance of Mr. Teacher. Mr. Parratt currently intends to continue in his current role until a new CFO has been appointed. We cannot assure you that additional changes in management will not occur or that any changes in management will not have a material adverse effect on our business, financial condition and results of operations.

We may be subject to losses that might be completely or partially uninsured.

We maintain insurance policies with respect to certain operating risks, including public and product liability, damage to property (including buildings, plants, machinery and stock) (including as a result of certain catastrophic events such as fire, flood, storms and earthquakes), industrial accident insurance, directors' and officers' liability and toxic shock syndrome. There can be no assurance that the level of insurance maintained by us is appropriate for the risks of our business or adequate to cover all potential claims. Certain types of losses (such as freight losses and losses resulting from terrorist activities and wars) are not covered by our insurance policies and may become either completely or partially uninsurable or not economically insurable. A completely or partially uninsured loss suffered by us could have a material adverse effect on our business, financial condition and results of operations.

Significant employment disputes could have an adverse effect on us.

As of September 30, 2012, a majority of our employees in Belgium, France, Spain and Germany were covered by collective bargaining agreements or represented by trade unions, local works councils or the European Works Council. In Turkey, approximately 73% of our employees are covered by collective bargaining agreements. Two of our collective bargaining agreements are due to expire during the course of 2013: (i) a joint collective bargaining agreement between our subsidiaries Ontex BVBA and Ontema BVBA, which will expire on September 30, 2013; and (ii) a collective bargaining agreement for our subsidiary Ontex ID SAU, which will expire December 31, 2013. While we intend to seek to renew these agreements on or prior to their expiration date, there can be no assurance that we will be able to do so on acceptable terms, if at all. Furthermore, in the future, should significant industrial action or disruptive works council activity be taken in any of our businesses, we could experience a disruption of operations and increased costs as a result, which could have a material adverse effect on our business, financial condition and results of operations.

Increasing labor costs may adversely affect our profitability.

An increase in our labor and employee benefit costs could adversely affect our profitability. Most of the factors affecting labor costs are beyond our control and we may not be able to pass along these increased costs to our customers. A shortage in the labor pool or other general inflationary pressures or changes or any increase in the national minimum wages or industry or union agreed wages in any of the jurisdictions in which we operate could increase our labor costs and, as a result, have a material adverse effect on our business, financial condition and results of operations.

We operate in competitive markets.

We operate in competitive markets against well-known, branded product and private-label product manufacturers, both locally and internationally. Inherent risks in our competitive strategy include uncertainties concerning customer and consumer preferences, our ability to adapt our products, the supply of and demand for raw materials and commodities and the non-exclusivity of our contracts with our customers. Furthermore, increased or heightened competition from new entrants to the market and other product manufacturers, particularly branded product manufacturers, in any of the markets in which we operate, could negatively impact our sales and profitability and lead to pricing pressures or capacity adjustments. For example, in the 2009 financial year, many branded product manufacturers responded to economic conditions by introducing discounts on certain of their products, which affected our revenue. Moreover, the Public Tender Contracts allow the Italian health authorities to demand from the Target a reduction in price in order to be consistent with prevailing market conditions. If the Target refuses to reduce the price accordingly, the public health authority has the ability to terminate the contract. There can be no assurance that competition from these and other product manufacturers, including as a result of continued or new discounts, will not have a material adverse effect on our business, financial condition and results of operations.

Failure of our information systems and software could adversely affect our operations.

Our business is dependent on the effective operation of our information technology, databases, telecommunications networks, computer systems and other infrastructure, in particular the SAP software used for managing our operations, including sales, customer service, logistics and administration. Any significant failure of our information technology networks and systems could result in unforeseen expenses, disrupt our operations and adversely affect our relationships with our customers, suppliers and others. In addition, our information systems may become subject to damage or unanticipated interruptions from fire, flood, storms and other natural disasters, power loss, computer system or network failures, operator negligence, physical or electronic loss of data, security breaches, computer viruses, telecommunications failures, vandalism or other extraordinary events. While we do maintain two centralized backup data storage facilities, business continuity planning and contracts with on-site SAP consultants, there can be no assurance that any such failure, damage or interruption would not have a material adverse effect on our operations and thereby our business, financial condition and results of operations.

Health, safety and environmental regulations may subject us to significant costs and liabilities.

Our business is subject to health, safety and environmental regulations in the jurisdictions in which we operate. Legislation in these areas, particularly within Western Europe, has tended to become broader and stricter over time, and enforcement has tended to increase over time. For example, our activities are likely to be covered by increasingly strict national and international standards relating to environmentalism and related costs, and may be subject to potential risks associated with increasing environmentalism, which may have a material adverse effect on our business, financial condition or results of operations. We cannot predict the amounts of any increased capital expenditures or any increases in operating costs or other expenses that we may incur to comply with applicable environmental, or other regulatory, requirements, or whether these costs can be passed on to customers through product price increases.

We believe that our operations are in material compliance with applicable health, safety and environmental laws and regulations. We can give no assurance, however, that we will continue to be in compliance or avoid material penalties and expenses associated with compliance issues in the future. Historically, the costs of achieving and maintaining compliance, and curing any noncompliance, have not been material; however, the operation of our business entails risks in these areas, and noncompliance with such laws and regulations may give rise to significant liability, including fines, damages, fees and expenses and site closures.

We require a significant amount of cash to service our debt and sustain our operations. Our ability to generate sufficient cash depends on many factors beyond our control.

Our ability to make payments on and to refinance our debt, and to fund working capital and capital expenditures, will depend on our future operating performance and ability to generate sufficient cash. This depends, to some extent, on the success of our business strategy and on general economic, financial, competitive, market, legislative, regulatory and other factors, as well as the other factors discussed in these "Risk Factors," many of which are beyond our control.

We cannot assure you that our business will generate sufficient cash flows from operations, that currently anticipated cost savings, revenue growth and operating improvements will be realized or that future debt and

equity financing will be available to us in an amount sufficient to enable us to pay our debts when due, or to fund our other liquidity needs. Please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*."

The initial purchase price for the Acquisition will be comprised of some combination of cash and receivables retained by the Seller. The allocation between cash and retained receivables will not be determined until the Acquisition Closing Date and may have an effect on our working capital. To the extent the Seller retains less receivables, we will use cash on hand, or if necessary, drawings under our Revolving Credit Facility, to pay the additional cash consideration. Please see "*The Acquisition*."

The Target has entered into factoring agreements pursuant to which it sells its receivables on a limited recourse basis in order to meet its working capital needs. Following the Acquisition, the existing factoring arrangements will no longer be in place. Furthermore, a portion of the Target's existing trade receivables up to November 1, 2012, will not be included in the Acquisition. Accordingly, in order to meet the Target's working capital requirements, we intend to enter into new factoring arrangements of €30 million following the Acquisition. There can be no assurance that we will be able to enter into such factoring arrangements on acceptable terms, or at all, and this may require that we utilize our Revolving Credit Facility to meet the working capital needs of the Target.

If our future cash flows from operations and other capital resources (including borrowings under the Revolving Credit Facility) are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities and capital expenditures;
- sell assets;
- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of our debt, on or before maturity.

We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. Additionally, in certain circumstances, we may not be able to draw on our Revolving Credit Facility. The terms of our debt, including the Revolving Credit Facility, limit, and any future debt may limit, our ability to pursue any of these alternatives. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business, financial condition and results of operations. There can be no assurance that any assets which we could be required to dispose of can be sold or that, if sold, the timing of such sale and the amount of proceeds realized from such sale will be acceptable.

We incurred costs resulting in financial losses in the years ended 2010 and 2011 and the nine months ended September 30, 2012, and there can be no assurance that we will not incur similar costs resulting in financial losses in the future.

We incurred certain costs in each of 2010 and 2011, some of which were beyond our control. The costs in 2010 were incurred in connection with the "Topco Acquisition," through which Ontex IV acquired Topco and its subsidiaries. As with the planned Acquisition, we do from time to time evaluate possible acquisitions that would complement our existing operations and enable us to grow our business. Please see "*—We may fail to realize the anticipated business growth opportunities, revenue benefits, cost synergies, operational efficiencies and other benefits anticipated from, or may incur, unanticipated costs associated with, the Acquisition and other possible acquisitions*."

The costs in 2011 were incurred in connection with the closure of our manufacturing plant in Villefranche, France, as well as the refinancing in March 2011. There can be no assurance that we will not need to refinance all or a portion of our indebtedness, which could lead to similar costs in the future. Please see "*—We require a significant amount of cash to service our debt and sustain our operations. Our ability to generate sufficient cash depends on many factors beyond our control.*"

Additionally, we incurred significant employee-related and other costs in connection with the closure of our manufacturing facility in Recklinghausen, which have resulted in a financial loss for the nine months ended September 30, 2012. We anticipate that the majority of the cash impact of these costs will occur in the second quarter of 2013. Please see "*Summary—Recent Developments—Updated Third Quarter Results*."

APPENDIX 1

Financial results for the nine months ended September 30, 2012

On June 25, 2012, we announced the closure of our production plant in Recklinghausen, Germany. At such time, the cost of this closure could not be measured reliably and thus was not reflected in our interim financial report for the six months ended June 30, 2012 to bondholders. The uncertainty related to the potential impact of the cost of providing our employees with severance payments, job-seeking assistance and production bonuses as a result of our ongoing discussions with the European Works Council and related proceedings. Similarly, on November 13, 2012, when the Board of Directors authorized our interim financial report for the nine months ended September 30, 2012 to bondholders, these costs were still uncertain and thus, in accordance with International Financial Reporting Standards as adopted by the European Union, not reflected in such interim financial report. In early December 2012, however, we finalized our negotiations with the European Works Council and resolved the related proceedings, which fixed the costs to the Company arising out of the plant closure.

This Report includes unaudited condensed consolidated interim financial statements as of September 30, 2012 and for the nine months ended September 30, 2012 and 2011, which reflect the provision for the costs arising out of the plant closure, in accordance with IAS 37 (Provisions, contingent liabilities and contingent assets) and IAS 10 (Events after the reporting period), as there is no longer any uncertainty relating to the costs of closure. Consequently, the unaudited condensed consolidated interim financial statements as of September 30, 2012 and for the nine months ended September 30, 2012 and 2011 included in this Report differ from the interim financial report for the nine months ended September 30, 2012 previously released to bondholders. Such differences include an increase of €37.5 million in restructuring expenses and current provisions and a reduction in EBITDA for the nine months ended September 30, 2012 from €100.4 million to €62.9 million. Such differences had no impact on Adjusted EBITDA because these charges are added back as non-recurring expenses. We anticipate that the bulk of the cash impact of these expenses and provisions will occur in the second quarter of 2013, when we are scheduled to make payments to our employees as a result of our agreement with the European Works Council as described above.

UNAUDITED CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

		Third Quarter		First nine months	
in € million	**Note**	**2012**	**2011**	**2012**	**2011**
Revenue	4	320.3	296.5	976.6	886.5
Cost of sales		(245.6)	(228.7)	(741.4)	(686.6)
Gross margin		**74.7**	**67.8**	**235.2**	**199.9**
Distribution expenses		(26.4)	(21.7)	(80.5)	(65.9)
Sales and marketing expenses		(16.1)	(10.6)	(47.7)	(35.6)
General administrative expenses		(7.7)	(6.5)	(22.3)	(21.6)
Other operating income/(expense), net		1.1	(3.3)	2.2	(2.2)
Non-recurring expenses(*)	9	(42.7)	(31.8)	(47.2)	(37.7)
Operating profit		**(17.1)**	**(6.1)**	**39.7**	**36.9**
Finance income		6.5	5.8	15.5	20.8
Finance costs		(20.3)	(25.6)	(67.2)	(107.9)
Net finance cost		**(13.8)**	**(19.8)**	**(51.7)**	**(87.1)**
(Loss) / Profit before income tax		**(30.9)**	**(25.9)**	**(12.0)**	**(50.2)**
Income tax expense		(2.6)	(0.7)	(4.1)	(3.1)
(Loss) /Profit for the period from continuing operations		**(33.5)**	**(26.6)**	**(16.1)**	**(53.3)**
(Loss) / Profit for the period(**)		**(33.5)**	**(26.6)**	**(16.1)**	**(53.3)**

(*) Non-recurring expenses is a non-IFRS measure defined in note 9.

(**) All attributable to the shareholders of Ontex IV S.A.

UNAUDITED CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (Continued)

in € million	Note	Third Quarter 2012	Third Quarter 2011	First nine months 2012	First nine months 2011
Additional information					
Reconciliation of net income before interest, tax, depreciation and amortization (EBITDA)					
Operating Profit		(17.1)	(6.1)	39.7	36.9
Depreciation and amortization(*)		7.8	8.2	23.2	23.9
EBITDA(**)		**(9.3)**	**2.1**	**62.9**	**60.8**
Reconciliation of net income before interest, tax, depreciation and amortization (EBITDA) to adjusted EBITDA					
EBITDA(**)		**(9.3)**	**2.1**	**62.9**	**60.8**
Non-recurring expenses excluding amortization		42.7	31.2	46.9	36.5
Adjusted EBITDA(***)		**33.4**	**33.3**	**109.8**	**97.3**

(*) Depreciation and amortization (D&A) included €7.8 million of recurring D&A in Q3 2012. D&A included €7.7 million of recurring D&A and €0.5 million of non-recurring D&A for the Q3 2011.

Depreciation and amortization (D&A) included €22.9 million of recurring D&A and €0.3 million for the nine months ended September 30, 2012. D&A included €22.7 million of recurring D&A and €1.2 million of non-recurring D&A for the nine months ended September 30, 2011

The non-recurring D&A explains the difference between the non-recurring expenses excluding amortization in the above table and the amounts mentioned in note 9.

(**) EBITDA is a non-IFRS measure. EBITDA is defined as earnings before deduction of net finance cost, income taxes, depreciation and amortization.

(***) Adjusted EBITDA is a non-IFRS measure. Adjusted EBITDA is defined as earnings before deduction of non-recurring expenses, net finance cost, income taxes, depreciation and amortization.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

		Third Quarter		First nine months	
in € million	**Note**	**2012**	**2011**	**2012**	**2011**
Income / (loss) for the period		**(33.5)**	**(26.6)**	**(16.1)**	**(53.3)**
Other comprehensive income/(loss) for the period, after tax:					
Exchange differences on translating foreign operations		(0.2)	(2.6)	2.5	(7.1)
Other		0.2	(0.2)	0.4	(0.2)
Other comprehensive income /(loss) for the period, net of tax		**—**	**(2.8)**	**2.9**	**(7.3)**
Total comprehensive income/(loss) for the period*		**(33.5)**	**(29.4)**	**(13.2)**	**(60.6)**

(*) All attributable to the shareholders of Ontex IV S.A.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in € million	Note	September 30, 2012	Dec 31, 2011	September 30, 2011
ASSETS				
Non current Assets				
Goodwill and other intangible assets	5	845.5	846.3	835.9
Property, plant and equipment	6	256.6	246.0	233.7
Deferred tax assets		0.5	0.5	3.3
Non current receivables		0.2	—	—
		1,102.8	**1,092.8**	**1,072.9**
Current Assets				
Inventories		160.9	139.3	144.0
Trade receivables		169.2	153.2	133.9
Prepaid expenses and other receivables		33.5	39.5	37.6
Current income tax		2.4	2.0	1.8
Derivative financial assets		9.9	17.4	14.2
Cash and cash equivalents	3	53.7	65.5	76.9
		429.6	**416.9**	**408.4**
TOTAL ASSETS		**1,532.4**	**1,509.7**	**1,481.3**
EQUITY AND LIABILITIES				
Equity attributable to owners of the company				
Share capital		449.4	449.4	449.4
Cumulative translation differences		(6.5)	(9.0)	(9.5)
Consolidated reserves		(97.0)	(81.3)	(83.5)
TOTAL EQUITY		**345.9**	**359.1**	**356.4**
Non-current liabilities				
Employee benefit liabilities		12.1	12.1	12.7
Interest-bearing debts	3	816.0	814.9	811.7
Deferred income tax liabilities		14.6	14.6	9.8
		842.7	**841.6**	**834.3**
Current liabilities				
Interest-bearing debts	3	25.4	20.4	26.4
Derivative financial liabilities		—	—	—
Trade payables		215.8	220.1	192.4
Accrued expenses and other payables		19.0	17.1	19.1
Social liabilities		25.3	22.7	20.8
Current income tax liabilities		14.5	10.9	7.3
Provisions		43.8	17.8	24.6
		343.8	**309.0**	**290.6**
TOTAL LIABILITIES		**1,186.5**	**1,150.6**	**1,124.9**
TOTAL EQUITY AND LIABILITIES		**1,532.4**	**1,509.7**	**1,481.3**

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

		Third Quarter		First nine months	
in € million	**Note**	**2012**	**2011**	**2012**	**2011**
CASH FLOWS FROM OPERATING ACTIVITIES					
Net cash from operating activities		24.7	29.1	67.3	54.9
Income tax paid		(0.3)	(1.4)	(1.5)	(16.4)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**24.4**	**27.7**	**65.8**	**38.5**
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital Expenditure		(20.2)	(6.6)	(40.5)	(19.3)
NET CASH USED IN INVESTING ACTIVITIES		**(20.2)**	**(6.6)**	**(40.5)**	**(19.3)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Bonds proceeds		—	—	—	835.0
Repayment of borrowings		(1.1)	—	(7.0)	(760.0)
Interest paid		(3.7)	(5.1)	(35.1)	(20.8)
Interest received		0.1	0.2	0.2	0.4
Cost of refinancing & Other costs of financing		(2.5)	(5.6)	(3.9)	(26.4)
Realised foreign exchange (losses)/gains on financing activities		0.7	0.1	0.9	(2.1)
Derivative financial asset		2.4	1.3	7.8	3.9
NET CASH GENERATED FROM FINANCING ACTIVITIES		**(4.1)**	**(9.1)**	**(37.1)**	**30.0**
MOVEMENT IN PERIOD		**0.1**	**12.0**	**(11.8)**	**49.2**
CASH, CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**53.6**	**64.9**	**65.5**	**27.7**
CASH, CASH EQUIVALENTS AT THE END OF THE PERIOD		**53.7**	**76.9**	**53.7**	**76.9**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in € million	Note	Attributable to equity holders of the Company			
		Share capital	Cumulative translation reserves	Retained earnings and other reserves	Total Equity
Balance at December 31, 2011		**449.4**	**(9.0)**	**(81.3)**	**359.1**
Comprehensive income:					
Profit for the year		—	—	(16.1)	(16.1)
Other comprehensive income:					
Exchange differences on translating foreign operations		—	2.5	—	2.5
Actuarial gains/(losses) on defined benefit pension plans		—	—	—	—
Other movements		—	—	0.4	0.4
Total other comprehensive income		**—**	**2.5**	**0.4**	**2.9**
Balance at September 30, 2012		**449.4**	**(6.5)**	**(97.0)**	**345.9**

in € million	Note	Attributable to equity holders of the Company			
		Share capital	Cumulative translation reserves	Retained earnings and other reserves	Total Equity
Balance at December 31, 2010		**449.4**	**(2.4)**	**(30.0)**	**417.0**
Comprehensive income:					
Profit for the year		—	—	(53.3)	(53.3)
Other comprehensive income:					
Exchange differences on translating foreign operations		—	(7.1)	—	(7.1)
Other movements		—	—	(0.2)	(0.2)
Total other comprehensive income		**—**	**(7.1)**	**(0.2)**	**(7.3)**
Balance at September 30, 2011		**449.4**	**(9.5)**	**(83.5)**	**356.4**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Constitution of the Group

These unaudited condensed consolidated interim financial statements present information for Ontex IV S.A. (the "Company") and its subsidiaries (together the "Group" or "Ontex IV Group") for the period from January 1, 2012 to September 30, 2012. The directors have chosen to prepare these financial statements for the purpose of reporting in connection with the secured and unsecured notes (the "Notes").

In July 2010, entities established by funds managed by Goldman Sachs Capital Partners and TPG agreed to acquire Ontex. The acquisition closed during November 2010. Since then, these funds beneficially own and control (through wholly-owned intermediary holding companies), along with certain members of the senior management, the entire share capital. The current ownership structure is set out below:

Goldman Sachs Capital Partners and TPG Capital own each 50% of the shares of Ontex I S.à r.l.

Ontex I S.à r.l. owns 93.4710% of the shares of Ontex II S.à r.l.

The remaining 6.5290% of the shares are held by certain members of the Senior Management.

Ontex II S.à r.l. owns all of the shares of Ontex II-A S.à r.l.

Ontex II-A S.à r.l. owns all of the shares of Ontex III S.A.

Ontex III S.A. owns all of the shares of Ontex IV S.A.

The transaction was accounted for under the purchase method of accounting. In connection with the acquisition a refinancing of the existing debt took place.

The unaudited interim financial statements are not the statutory financial statements of the Ontex IV Group and should be read in conjunction with the annual financial statements of the Ontex IV Group as at December 31, 2011 and with the interim financial reporting of the Ontex IV Group for the first and second quarter of 2012.

Ontex IV S.A. is a public limited company incorporated and domiciled in Luxembourg. The corporate seat and principal executive office is at 2 rue du Fossé, L-1536 Luxembourg.

1.2 General information

The accounting policies used to prepare the condensed consolidated interim financial statements for the period from January 1, 2012 to September 30, 2012 are consistent with those applied in the audited consolidated financial statement for the year ended December 31, 2011 of the Ontex IV Group.

The policies have been consistently applied to all the periods presented.

A summary of the most important accounting policies can be found in the audited consolidated financial statements for the year ended December 31, 2011 of the Ontex IV Group.

The significant IFRS Group accounting policies that are applied in the preparation of these Group IFRS consolidated financial statements are set out below.

1.3 Basis of preparation

The condensed consolidated interim financial statements of the Group for the quarter ended September 30, 2012 have been drawn up in compliance with IFRS ("International Financial Reporting Standards") as adopted by the European Union. These include all IFRS standards and IFRIC interpretations issued and effective as at December 31, 2011. These standards and interpretations as adopted by the European Union correspond to the standards and interpretations issued by the IASB which are mandatory as at January 1, 2012.

These condensed consolidated unaudited interim financial statements present information the Ontex IV Group. The directors have chosen to prepare these financial statements for the purpose of reporting in connection with the secured and unsecured Notes (the "Notes").

These condensed consolidated unaudited interim financial statements have been prepared in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union. The condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2011 of the Ontex IV Group and with the interim financial reporting of the Ontex IV Group for the three month period ended March 31, 2012, six month period ended June 30, 2012 as well as the nine month period ended September 30, 2011.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors as of February 5th, 2013. The amounts in these documents are presented in millions of Euros unless noted otherwise.

1.4 Measurement in the consolidated interim financial statements

Revenues and costs that are incurred unevenly during the financial year are anticipated or deferred in the interim report only if it would be also appropriate to anticipate or defer such costs at the end of the financial year.

1.5 Preparation in accordance with IAS 34

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated interim financial statements are disclosed below.

NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

To value the assets and liabilities that appear in the consolidated balance sheet, the Group necessarily has to make certain estimates and exercise its judgment in certain areas. For example, various estimates and assumptions are used to draw up budgets and long-term plans that can be used as a basis for certain valuations. These estimates and assumptions are determined on the basis of best available information on the consolidated balance sheet date. However, by definition, the estimates rarely correspond to actual realizations, with as a consequence that the resulting accounting valuations are inevitably subject to a certain degree of subjectivity.

The estimates and assumptions that might significantly impact the valuation of the assets and liabilities are commented upon below.

2.1 Employee benefits

The carrying amount of the Group's employee benefit obligations is determined on an actuarial basis using certain assumptions. The pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate as at the end of the previous year, as adjusted for significant market fluctuations since the previous year end and for significant curtailments, settlements, or other significant one-off events. One particularly sensitive assumption used for determining the net cost of the benefits granted is the discount rate. Any change to this assumption will affect the carrying amount of those obligations.

The discount rate depends on the duration of the benefit, i.e. the average duration of the engagements, weighted with the present value of the costs linked to those engagements. According to IAS 19, the discount rate has to correspond to the rate of high-quality corporate bonds of similar term to the benefits valued and in the same currency.

Would the discount rate used be higher or lower than 1%, the impact on the financial statements would not be material.

2.2 Impairment of assets

No indicator of additional potential impairment was identified as of September 30, 2012.

2.3 Income taxes

Taxation is determined annually and, accordingly, the tax charge for the interim period involves making an estimate of the likely effective tax rate for the year. The calculation of the effective tax rate is based on an estimate of the tax charge or credit for the year expressed as a percentage of the expected accounting profit or loss. This percentage is then applied to the interim result.

2.4 Management remuneration

The recognition of the remuneration and bonuses in the income statement during the interim period is determined in accordance with the provisions contained in IAS 19, "Employee benefits". That is, where an employee has rendered services to the entity during the interim period, the Group recognizes the employee benefits expected to be paid to the employee for that service.

2.5 Operating segments

The Group's activities are in one segment. There are no other significant classes of business, either singularly or in aggregate. The Board of Directors review the operating results (defined as EBITDA) and operating plans, and make resource allocation decisions on a company-wide basis; therefore the Group operates as one segment.

NOTE 3 FINANCIAL RISK FACTORS

3.1 Financial risk factor

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The unaudited interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2011 of the Ontex IV Group.

There have been no changes in the risk management department since year end or in any risk management policies.

3.2 Price risk (commodity)

In the second half of 2010, the Group has entered into an Oil Brent Call Option for a measured quantity of oil barrels for the period through to July 2013.

As of September 30, 2012 the fair value of the derivative financial asset for this call option amounted to €9.7 million.

3.3 Financial risk factors

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide benefits for shareholders.

The Group monitors capital on the basis of the net debt position. The Group's net debt position is calculated by adding all short and long-term interest bearing debts and by deducting the available short-term liquidity.

The net debt positions of the Group for the periods ended September 30, 2012, September 30, 2011 and December 31, 2011 are as follows:

in € million	September 30, 2012	December 31, 2011	September 30, 2011
Long-term interest bearing debt	816.0	814.9	811.7
Short-term interest bearing debt	25.4	20.4	26.4
Available short-term liquidity	(53.7)	(65.5)	(76.9)
Total net debt position	**787.7**	**769.8**	**761.2**

3.4 Interest rate and credit risk

As of March 30, 2011, the Company has issued high yield bonds replacing a €600.0 million Senior Loan and a €160.0 million Vendor Loan Notes.

The high yield bonds consist of €235.0 million 9.000% Senior Notes due 2019, €320.0 million 7.500% Senior Secured Notes due 2018 and €280.0 million Senior Secured Floating Rate Notes due 2018.

As of September 30, 2012, the €75.0 million Revolving Credit Facility is undrawn. This facility was put in place as part of the refinancing which took place in March 2011 and replaces a similar facility of €50.0 million. The Revolving Credit Facility has been increased from €50.0 million to €75.0 million in August 2012.

NOTE 4 SEGMENT REPORTING

According to IFRS 8, reportable operating segments are identified based on the "management approach". This approach stipulates external segment reporting based on the Group's internal organizational and management structure and on internal financial reporting to the chief operating decision maker. The Group's activities are in one segment, "Hygienic Disposable Products". There are no other significant classes of business, either singularly or in aggregate. The chief operating decision makers, the Board of Directors, review the operating results and operating plans, and make resource allocation decisions on a company-wide basis. Therefore the Group operates as one segment. Enterprise-wide disclosures about product sales, geographic areas and revenues from major customers are presented below:

4.1 Information by division

By division, in € million	Third Quarter		First nine months	
	2012	2011	2012	2011
Retail	214.4	222.6	654.5	655.7
Healthcare	67.7	45.0	201.5	133.6
Turkey Region	38.2	28.9	120.6	97.3
Ontex Group Sales	320.3	296.5	976.6	886.5

4.2 Information by product group

By product group, in € million	Third Quarter		First nine months	
	2012	2011	2012	2011
Babycare	175.8	179.7	540.9	536.4
Femcare	46.7	48.3	141.4	142.4
Adult Incontinence	93.3	64.4	281.4	195.0
Other (Traded goods)	4.5	4.1	12.9	12.7
Ontex Group Sales	320.3	296.5	976.6	886.5

4.3 Information by geographic area

The organizational structure of the Group and its system of internal information indicates that the main source of geographical risks results from the location of its customers (destination of its sales) and not the physical location of its assets (origin of its sales). The location of the Group's customers is accordingly the geographical segmentation criterion and is defined as below:

By geographic area, in € million	Third Quarter		First nine months	
	2012	2011	2012	2011
Western Europe	215.6	211.6	661.6	634.8
Eastern Europe	45.3	41.4	132.4	114.4
Rest of the World	59.4	43.5	182.6	137.3
Ontex Group Sales	320.3	296.5	976.6	886.5

4.4 Revenues from major customers

The Group does not have a single significant customer. In 9M 2012, the single largest customer represented 7.4% of the Group's revenues. The 10 largest customers represented 39.9% of total sales for 9M 2012 revenues.

NOTE 5 GOODWILL AND OTHER INTANGIBLE ASSETS

in € million	Goodwill	IT implementation costs	Other intangibles	Total
Quarter ended September 30, 2012				
Opening net book amount	841.5	4.4	0.5	846.4
Additions	—	0.8	—	0.8
Amortization charge	—	(1.6)	(0.1)	(1.7)
Closing net book amount	**841.5**	**3.6**	**0.4**	**845.5**
At September 30, 2012				
Cost or valuation	841.5	15.2	0.9	857.6
Accumulated amortization, impairment and other adjustments	—	(11.6)	(0.5)	(12.1)
Net book amount	**841.5**	**3.6**	**0.4**	**845.5**
Quarter ended September 30, 2011				
Opening net book amount	831.3	4.7	0.6	836.6
Additions	—	1.2	—	1.2

in € million	Goodwill	IT implementation costs	Other intangibles	Total
Amortization charge	—	(1.8)	(0.1)	(1.9)
Closing net book amount	**831.3**	**4.1**	**0.5**	**835.9**
At September 30, 2011				
Cost or valuation	831.3	6.0	0.6	837.9
Accumulated amortization, impairment and other adjustments	—	(1.9)	(0.1)	(2.0)
Net book amount	**831.3**	**4.1**	**0.5**	**835.9**

With respect to the acquisition of the ONV Topco Group in November 2010, the Group has recognized goodwill of €831.3 million which is included in the opening balance as of January 1, 2011.

NOTE 6 PROPERTY PLANT AND EQUIPMENT

in € million	Land, land improvements and buildings	Plant, machinery and equipment	Furniture and vehicles	Other tangible assets	Assets under construction and advance payments	Total
Quarter ended September 30, 2012						
Opening net book amount	91.0	114.1	0.5	10.0	30.4	246.0
Additions	0.1	6.9	0.1	1.2	22.6	30.9
Transfers	0.1	18.3	—	—	(18.4)	—
Disposals	—	(0.1)	—	—	—	(0.1)
Depreciation charge	(2.4)	(17.8)	(0.1)	(1.1)	—	(21.4)
Exchange differences	0.3	0.7	—	0.1	0.1	1.2
Other movements	—	—	—	—	—	—
Closing net book amount	**89.1**	**122.1**	**0.5**	**10.2**	**34.7**	**256.6**
At September 30, 2012						
Cost	102.3	190.5	1.0	15.4	35.1	344.3
Accumulated depreciation	(13.2)	(68.4)	(0.5)	(5.2)	(0.4)	(87.7)
Net book amount	**89.1**	**122.1**	**0.5**	**10.2**	**34.7**	**256.6**

ONTEX GROUP

in € million	Land, land improvements and buildings	Plant, machinery and equipment	Furniture and vehicles	Other tangible assets	Assets under construction and advance payments	Total
Quarter ended September 30, 2011						
Opening net book amount	99.8	120.6	0.4	3.2	18.7	242.7
Additions	0.2	4.8	0.1	1.5	7.9	14.5
Transfers	(1.0)	4.8	—	—	(4.1)	(0.3)
Disposals	—	0.1	(0.1)	—	—	—
Depreciation charge	(2.3)	(19.0)	(0.1)	(0.6)	—	(22.0)
Exchange differences	—	(1.3)	—	—	—	(1.3)
Other movements						
Closing net book amount	**96.7**	**110.0**	**0.3**	**4.1**	**22.5**	**233.6**
At September 30, 2011						
Cost	99.5	129.8	0.4	4.5	22.5	256.7
Accumulated depreciation	(2.8)	(19.8)	(0.1)	(0.4)	—	(23.1)
Net book amount	**96.7**	**110.0**	**0.3**	**4.1**	**22.5**	**233.6**

NOTE 7 LEGAL CLAIMS

The Group recognises a provision for certain legal claims brought against the Group by customers, suppliers or former employees. The provision charge is recognised in profit and loss within the line 'Other operating income/ (expense)' in the consolidated income statement. There have been no significant developments in respect of claims compared to prior year end.

NOTE 8 RECONCILIATION OF NET INCOME/ (LOSS) BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION (EBITDA) AND FROM EBITDA TO ADJUSTED EBITDA

Please see Details in Consolidated Interim Financial Statement of Income.

NOTE 9 NON-RECURRING EXPENSES

	Third Quarter		First nine months	
in € million	**2012**	**2011**	**2012**	**2011**
Potential listing and sale company	—	0.1	—	0.3
Factory closure	39.6	28.2	39.6	31.7
Business restructuring	0.8	0.9	4.2	1.6
Acquisition related expenses	—	0.7	0.1	0.7
Asset impairment	—	—	0.3	—
Other	2.3	1.9	3.0	3.4
Total non-recurring expenses	**42.7**	**31.8**	**47.2**	**37.7**

Items classified under the heading non-recurring expenses are those items that are considered by management to be non-recurring or unusual because of their nature. The Group has adopted this classification to allow a better understanding of its recurring financial performance.

The expenses include costs related to the acquisition of the ONV Topco Group, factory closure expenses, costs of material business restructuring, expenses related to the acquisition of the Lille Healthcare Group, asset impairment and costs of moving plant to a new location.

NOTE 10 CONTINGENCIES

The Group is involved in a number of environmental, contractual, product liability, patent (or intellectual property), employment and other claims and disputes incidental to our business.

We currently believe that the disposition of all claims and disputes, individually or in the aggregate, should not have a material adverse effect on our consolidated financial condition, results of operations or liquidity.

NOTE 11 EVENTS AFTER THE REPORTING PERIOD

In an important recent development in the competitive landscape, Kimberly-Clark announced on 24th October that the company had decided to exit the diaper business in Western and Central Europe, with the exception of the Italian market.

The opportunities for Ontex created by this strategic move is as yet hard to predict, but is anticipated to be positive. Management will be carefully monitoring the situation in order to maximize the benefit to Ontex.

A second important recent development involves raw material sourcing and Japan's Nippon Shokubai, the world's number 1 producer of super absorber, an important raw material used in Ontex's manufacturing, in particular diapers and incontinence products. On September 29th an explosion occurred at the company's largest production plant in Himeji, Western Japan, leading to a temporary disruption of the supply of acrylic acid, which is one of the main constituents of super absorber (SAP). Although supply volumes are secured until mid of 2013, this may potentially lead to stockpiling with an anticipated negative effect of approximately €10.0 million on working capital.

On November 15th 2012, the Ontex Board has announced the departure of CEO Michael Teacher and nomination of Charles Bouaziz as new CEO. Charles will take over during Q1 2013, when the handover process will start.

Michael Teacher will be pursuing new challenges and CFO Chris Parratt will be joining him in the course of 2013 once a new CFO has been appointed and the necessary transition period has occurred.