



Ontex IV S.A.

Interim Financial Report for
the 3 month period ended
March 31, 2013



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Important Disclaimer

This report may include forward-looking statements. Forward-looking statements are statements regarding or based upon our management's current intentions, beliefs or expectations relating to, among other things, Ontex's future results of operations, financial condition, liquidity, prospects, growth, strategies or developments in the industry in which we operate. By their nature, forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results or future events to differ materially from those expressed or implied thereby. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein.

Forward-looking statements contained in this report regarding trends or current activities should not be taken as a report that such trends or activities will continue in the future. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on any such forward-looking statements, which speak only as of the date of this report.

The information contained in this report is subject to change without notice. No re-report or warranty, express or implied, is made as to the fairness, accuracy, reasonableness or completeness of the information contained herein and no reliance should be placed on it.

In most of the tables of this report, amounts are shown in € million for reasons of transparency. This may give rise to rounding differences in the tables presented in the report.

A small number of customers have been reclassified to a different division in 2013, in line with the account and sales management. To allow for relevant comparisons, the 2012 sales by division have been restated.

Business

Overview

Ontex: market leader in hygienic disposables

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.

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 55.2% of our revenue for the year ended December 31, 2012.
- Adult incontinence products, such as adult pants, adult diapers, incontinence towels and bed protection ("Adult Incontinence Products"). Adult Incontinence Products comprised 29.0% of our revenue for the year ended December 31, 2012.
- Feminine care products, such as sanitary towels, panty liners and tampons ("Femcare Products"). Femcare Products comprised 14.3% of our revenue for the year ended December 31, 2012.

For the year ended December 31, 2012, we sold approximately 5.8 billion baby diaper pieces, 3.3 billion panty liner pieces and 567 million adult light incontinence pads.

In Europe, we estimate the aggregate private-label market share by volume across our core product range to be of approximately 45% at December 31, 2012. 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 67.3% of our revenue for the year ended December 31, 2012, Eastern Europe contributed 14.0% and the rest of the world, including Turkey, contributed 18.7%.

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 year ended December 31, 2012, 66.3% of our revenue was generated from private-label products, while 33.7% of our revenue came from branded products. The branded business segment has increased in 2012 following the Lille Healthcare acquisition, which was primarily a

branded business, and is expected to further increase due to the Serenity acquisition in April 2013.

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 since 2004 we have regularly introduced new products or features.

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 in 2012. Our sales coverage and international distribution network allow us to operate successfully in diverse markets around the world and in a cost-effective manner. The average number of employees throughout FY 2012 was 4,682.

History of the Group

Ontex was founded in 1979 by Mr. Paul Van Malderen and initially produced mattress protectors for the Belgian institutional market. During the 1980s and the first half of the 1990s, Ontex expanded its product range into its current segments and grew the business internationally both organically and through acquisitions. After opening a production facility in the Czech Republic and acquiring businesses in Belgium, Germany and Spain, Ontex was listed on Euronext Brussels in 1998. Following the listing, Ontex experienced rapid growth over several years, primarily through bolt-on acquisitions in France, Germany and Turkey.

Ontex was acquired by funds advised by Candover in 2003 and subsequently de-listed from Euronext Brussels. It made a subsequent acquisition in Germany and in 2006 Michael Teacher and Christopher Parratt joined the Company as CEO and CFO, respectively. During the same year, Ontex opened a production facility in China and, in 2008, opened a production facility in Algeria.

In November 2010, Ontex was acquired by funds managed by Goldman Sachs & Co and TPG Capital.

In 2011, the Group opened two additional production facilities in Australia and Russia and acquired Lille Healthcare on October 3, 2011.

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. We have nominated Charles Bouaziz as our new CEO, who transitioned into the position during the first quarter of 2013, under the management and guidance of Mr. Teacher.

Comments for the 3 month period ended March 31, 2013

In the first quarter of 2013 Ontex continued to see growth from emerging markets, in particular in the baby and incontinence product groups. While performance in Western Europe was mixed, the varying market dynamics across retailers led to increased volumes in some key countries, such as the UK and Spain. The positive impact on gross profit from the different projects executed by the Group was partly offset by the negative impact from higher prices of raw materials derived from petrochemicals and currency fluctuations.

During the quarter, the Group continued to focus on capitalising on the opportunity arising from the exit of Kimberly-Clark in the Western Europe region announced in Q4 2012. The Kimberly-Clark UK plant closed in March 2013 and the Spain plant is expected to close in May. Ontex has been able to secure a number of additional private label contracts. In addition, the exit of the Huggies brand from the market has created opportunities for private label and other brands to pick up this volume.

On the operations side, the Group continued to take pro-active steps to further optimise its structure through the closure of Recklinghausen and acquisition of Serenity. Production in the Recklinghausen plant was stopped in March. As previously indicated, the majority of the closure related payments are expected to be made in H1 2013 with the severance compensation being largely paid in April 2013. In addition, the Group will be re-deploying the existing equipment to other sites during the rest of the year. The acquisition of Serenity, announced in February 2013, closed in April 2013 and the integration is well underway. The quarter was also marked by additional sales and marketing investments to support regional and divisional growth opportunities, in particular in emerging markets and Healthcare.

Total revenue was €340.5 million for the quarter ended March 31, 2013, an increase of 2.1% from €333.4 million for the 3 months ended March 31, 2012. At constant currency sales grew by 2.7% year-on-year.

Excluding non-recurring expenses, adjusted EBITDA for the quarter ended March 31, 2013 was €38.0 million, a decrease of €2.5 million or 6.2% from €40.5 million for the quarter ended March 31, 2012. The main drivers for the lower adjusted EBITDA were the unfavorable currency evolutions, the increased prices for petrochemicals and the investments in sales and marketing. The additional contribution from higher sales volumes and the cost saving projects have limited the decrease in adjusted EBITDA.

Free Cash Flow (FCF) for the 3 month period ended March 31, 2013 was €14.2 million compared to €10.0 million for the same period last year. Change in working capital was negative at €6.1 million and improved compared to the same period last year (€(23.2) million). The main factor behind this improvement is tighter management of working capital. Capex for the period under review was €16.2 million compared to €7.9 million for the 3 months ended March 31, 2012. This expenditure is in line with the overall Capex budget for the year with a higher proportion of investment to be expected in the first half of 2013.

Net Debt ended the quarter at €797.8 million and available liquidity stood at €118.0 million. On a pro-forma basis, the available liquidity post-Serenity acquisition would have amounted to €88.4 million. The acquisition was funded in part by the bonds issued in February 2013 and held

in escrow and a €30m drawdown of the RCF pending implementation of factoring arrangements for a portion of Serenity's debtors.

Progressing into 2013, one of the Group's main areas of focus remains the integration of Serenity. With the acquisition closed on April 4, the entity will be consolidated from that date onwards into the Healthcare division. Thus far, operational aspects such as trading and integrations are generally in line with expectations with the synergies realisation on track.

The outlook for raw material prices for the next two quarters points towards a stable environment. Overall, raw material prices in Q2 2013 are expected to be in line with Q1 2013, and the initial indications for Q3 2013 do not suggest any material changes from Q2 2013.

Overall, the Group is making good progress on the strategic and operational projects outlined earlier in 2013.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Revenues

Total revenue was €340.5 million for the quarter ended March 31, 2013, an increase of €7.1 million or 2.1% from €333.4 million for the 3 months ended March 31, 2012. At a constant currency sales grew by 2.7% year-on-year. Overall, growth continued to come from regions outside Western Europe with contributions coming from the incontinence and baby product groups.

Revenues generated in Western Europe amounted to €218.9 million for the 3 months ended March 31, 2013 compared to €226.7 for the same period last year, a decrease of €7.8 million or 3.4%. The group reported lower retail sales in certain Western European countries such as France and Germany, which were partially offset by a strong performance from existing customers in the UK and an impressive growth in Spain where we experienced a positive impact from the Huggies exit. Healthcare sales also contributed positively in the Western Europe region. Currency effects were limited in Western Europe with sales at constant currency down by 3.0%.

In Eastern Europe sales amounted to €47.2 million for the 3 months ended March 31, 2013 compared to €44.1 million for the same period last year, an increase of €3.1 million or 7.0% on the back of strong growth mainly in Poland and Russia. Foreign currency had an immaterial impact on sales for Eastern Europe for the three-month period.

In the "Rest of the World" region, sales amounted to €74.4 million for the 3 months period ended March 31, 2013 compared to €62.6 million for the same period last year, an increase of €11.8 million or 18.8%. The revenue growth in the rest of the world region was mostly attributable to a good performance in countries such as Australia and from the Turkey division, both domestically and in its export markets. At a constant currency, sales grew by 20.4%.

<i>By geographic area, in € million</i>	March 31, 2013	March 31, 2012
Western Europe	218.9	226.7
Eastern Europe	47.2	44.1
Rest of the World	74.4	62.6
Total Sales	340.5	333.4

Revenues by Division

Revenue generated by the Retail division was €221.7 million for the 3 months ended March 31, 2013, a decrease of €5.1 million or 2.3% from €226.8 million for the 3 months ended March 31, 2012. At a constant currency, sales decreased by 1.8%. During the first quarter of 2013, the business continued to feel the impact of the 2011 contract losses, mainly in France and Germany.

Revenue generated by the Healthcare division was €67.3 million for the 3 months ended March 31, 2013, an increase of €1.7 million or 2.7% from €65.6 million for the 3 months ended March

31, 2012. At a constant currency revenues were up 3.2%. Growth was primarily driven by the good performance in France and the UK.

Revenue generated by the Turkey Region division was €51.5 million for the 3 months ended March 31, 2013, an increase of €10.5 million or 25.6% from €41.0 million for the 3 months ended March 31, 2012. Sales growth was 27.1% at a constant currency, on the back of continued strength in export activities, in particular to Algeria, Africa and Asia. The Turkish domestic market also saw growth over the period due to a strong distribution network.

<i>By division, in € million</i>	March 31, 2013	March 31, 2012
Retail	221.7	226.8
Healthcare	67.3	65.6
Turkey Region	51.5	41.0
Total Sales	340.5	333.4

Revenues by Product group

Revenue generated by Babycare products was €191.2 million for the 3 months ended March 31, 2013, an increase of €2.9 million or 1.5% from €188.3 million for the 3 months ended March 31, 2012. At a constant currency revenue increased by 2.3%. Whilst this product category was still impacted by business losses highlighted above, it benefited from strong growth in the Turkey division and the UK market.

Revenue generated by Femcare products was €48.2 million for the 3 months ended March 31, 2013, a decrease of €0.1 million or 0.2% from €48.3 million for the 3 months ended March 31, 2012. At a constant currency, sales growth for the period under review was flat.

Revenue generated by Adult Incontinence products was €97.3 million for the 3 months ended March 31, 2013, an increase of €5.2 million or 5.7% from €92.1 million for the 3 months ended March 31, 2012. Sales grew 6.0% at a constant currency, due to good performance in Healthcare, especially in France and the UK, as well as additional volumes in Russia.

<i>By product group, in € million</i>	March 31, 2013	March 31, 2012
Babycare	191.2	188.3
Femcare	48.2	48.3
Adult Incontinence	97.3	92.1
Other	3.8	4.7
Total Sales	340.5	333.4

Cost of Sales

Cost of Sales was €253.6 million for the quarter ended March 31, 2013 compared with €251.8 million for the quarter ended March 31, 2012, an increase of €1.8 million or 0.7% year-on-year. Gross margin for the quarter ended March 31, 2013 was 25.5% versus 24.5% for the same period last year, an increase of 1.0 percentage point. The considerable efforts to reduce costs and drive efficiencies higher led to an improvement in the gross margin percentage despite the unfavorable impact from currency evolution and increased petrochemicals prices.

Operating Expenses

In total, operating expenses increased from €48.6 million for the quarter ended March 31, 2012 to €56.5 million for the quarter ended March 31, 2013, mainly driven by increased Sales and Marketing expenses, logistics and adverse currency effects. Sales and Marketing expenses relate to the further investment in developing markets but were also unusually low in Q1 2012. Increased logistics reflects higher volumes, particularly in export markets, and increased prices during 2012.

EBITDA – Non IFRS measure

Earnings before interest, tax, depreciation and amortization (EBITDA) was €35.9 million for the period ended March 31, 2013, a decrease of €1.9 million or 5.0% from €37.8 million for the period ended March 31, 2012.

Non-recurring expenses

Total non-recurring expenses amounted to €2.4 million for the 3 months ended March 31, 2013 versus €2.9 million for the same period last year. Details of these costs can be found in Note 9 for the periods ended March 31, 2013 and March 31, 2012.

Adjusted EBITDA – Non IFRS measure

Excluding non-recurring expenses, adjusted EBITDA for the quarter ended March 31, 2013 was €38.0 million, a decrease of €2.5 million or 6.2% from €40.5 million for the quarter ended March 31, 2012. The main drivers for the lower adjusted EBITDA were the unfavorable currency evolutions, the increased prices for petrochemicals and the investment in sales and marketing. The additional contribution from higher sales volumes and the cost saving projects have limited the decrease in adjusted EBITDA.

Operating profit

Operating profit for the 3 months ended March 31, 2013 was €28.0 million, a decrease of €2.1 million or 7.0% from €30.1 million for the 3 months ended March 31, 2012. The operating margin was 8.2% of Group revenue for the 3 months ended March 31, 2013, an decrease of 0.8 percentage points from 9.0% for the 3 months ended March 31, 2012 as a result of the factors described above.

Net finance costs

Our finance costs primarily represent the interest paid by us or accrued on our financial debt, the amortization of the transaction costs incurred in relation to financial debt and any losses on derivatives.

Our finance income primarily represents interest received on our short-term deposits, as well as any gains on derivatives.

Net finance cost for the 3 months ended March 31, 2013 was €18.5 million, an increase of €6.2 million compared to €12.3 million for the 3 months ended March 31, 2012. Net finance costs for

the 3 months ended March 31, 2013 were negatively impacted by decreased income from oil derivatives.

Income tax

Income tax for the 3 months ended March 31, 2013 was €2.6 million an increase of €2.0 million compared to €0.6 million for the same period last year due to multiple factors including a change in tax regulation for tax losses in several European jurisdictions and expansion into new countries.

Profit for the period

The profit for the 3 months ended March 31, 2013 amounted to €6.9 million, a decrease of €10.3 million from €17.2 million recorded for the 3 months ended March 31, 2012.

Liquidity and Capital resources

Free Cash Flow (FCF)

We define Free Cash Flow as adjusted EBITDA adjusted for changes in working capital, minus income tax paid and minus capital expenditure.

FCF for the 3 month period ended March 31, 2013 was €14.2 million compared to €10.0 million for the same period last year.

Change in working capital was negative at €6.1 million and improved compared to the same period last year (€(23.2) million). The main reason behind this improvement is tighter management of working capital.

For the period under review, the Group paid €1.5 million of tax. For the period ended March 31, 2012 the Group received a tax repayment in Germany.

Capex for the period under review was €16.2 million compared to €7.9 million for the 3 months ended March 31, 2012. This expenditure is in line with the overall Capex budget for the year with a higher proportion of investment to be expected in the first half of 2013.

<i>FCF calculation, in € million</i>	March 31, 2013	March 31, 2012
Adjusted EBITDA	38.0	40.5
Change in working capital	(6.1)	(23.2)
Cash taxes paid	(1.5)	0.6
Capex	(16.2)	(7.9)
FCF	14.2	10.0

Group's Cash Flow Statement

Cash flow from operating activities amounted to €25.7 million at the end of the first quarter 2013 compared to €13.4 million at the end of the first quarter 2012 mainly due to an improved management of working capital.

The cash outflow from investing activities of €16.2 million at the end of the first quarter 2013 was entirely related to capital expenditure.

The cash inflow from financing activities of €74.0 million was mainly attributable to the proceeds from the tap of the bond issue which took place in February 2013.

Material recent developments

The Serenity acquisition

On January 27, 2013 (the “Signing Date”), Ontex BVBA entered into a Shares Sale and Purchase Agreement (the “Acquisition Agreement”) pursuant to which it agreed to purchase 100% of the shares of Artsana Sud S.p.A., a *società per azioni* incorporated under the laws of Italy (the “Target”), from Artsana S.p.A. (“Artsana” or the “Seller”). The acquisition was closed on April 4, 2013.

Pursuant to the Acquisition Agreement, the initial purchase price for the Acquisition consisted of: (1) €49,208,721, representing the Estimated Purchase Price (as defined in the Acquisition Agreement) for Serenity’s shares; and (2) €24,000,000 paid on behalf of Serenity in settlement of intercompany debt owed to the Seller.

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 Serenity’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 Serenity’s DSO with respect to its Public Tender Contracts.

Serenity consist 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, accessories and cosmetics, that was carved out of the business of the Seller on November 1, 2012 (the “Contribution”), and contributed to Serenity 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. Artsana 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, Serenity 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, Serenity 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. Serenity 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, Serenity generated approximately 68% of its revenue from Public Tender Contracts and the rest from private contracts.

For the eight months ended August 31, 2012 and 2011, management believes that Serenity 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 Serenity 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.

The Acquisition provides 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 baby care 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 also provides 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 Serenity's business.

RCF

€30.0 million of the RCF has been drawn as of April 2013, pending closing of the Serenity factoring agreements.

Material risk factors

There have been no material changes to the risk factors disclosed in the bondholder report for the year ended December 31, 2012.

Unaudited Condensed Consolidated Interim Income Statement

<i>In € million</i>	Note	March 31, 2013	March 31, 2012
Revenue	4	340.5	333.4
Cost of sales		(253.6)	(251.8)
Gross margin		86.9	81.6
Distribution expenses		(28.0)	(26.4)
Sales and marketing expenses		(18.9)	(15.6)
General administrative expenses		(9.0)	(7.6)
Other operating income/(expense), net		(0.6)	1.0
Non-recurring expenses (*)	9	(2.4)	(2.9)
Operating profit		28.0	30.1
Finance income		5.2	7.6
Finance costs		(23.7)	(19.9)
Net finance cost		(18.5)	(12.3)
(Loss) / Profit before income tax		9.5	17.8
Income tax expense		(2.6)	(0.6)
(Loss) for the period from continuing operations		6.9	17.2
(Loss) for the period (**)		6.9	17.2

(*) 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)

<i>In € million</i>	Note	March 31, 2013	March 31, 2012
Additional information			
Reconciliation of net income before interest, tax, depreciation and amortization (EBITDA)			
Operating Profit		28.0	30.1
Depreciation and amortization (*)		7.9	7.7
EBITDA (**)		35.9	37.8
Reconciliation of net income before interest, tax, depreciation and amortization (EBITDA) to adjusted EBITDA			
EBITDA (**)		35.9	37.8
Non-recurring expenses excluding amortization		2.1	2.7
Adjusted EBITDA (***)		38.0	40.5

(*) Depreciation and amortization (D&A) included €7.6 million of recurring D&A and €0.3 of non-recurring D&A for the quarter ended March 31, 2013. D&A included €7.5 million of recurring D&A and €0.2 million of non-recurring D&A for the quarter ended March 31, 2012.

(**) 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

<i>In € million</i>	March 31, 2013	March 31, 2012
Profit / Loss for the period	6.9	17.2
Other comprehensive income for the period, after tax:		
Exchange differences on translating foreign operations	0.3	1.9
Other	0.1	0.2
Other comprehensive income /(loss) for the period, net of tax	0.4	2.1
Total comprehensive income/(loss) for the period (*)	7.3	19.3

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

Unaudited Condensed Consolidated Statement of Financial Position

<i>In € million</i>	Note	March 31, 2013	December 31, 2012	March 31, 2012
ASSETS				
Non current Assets				
Goodwill and other intangible assets	5	846.4	845.8	845.9
Property, plant and equipment	6	266.8	267.4	247.6
Deferred tax assets		0.1	0.1	0.5
Receivables		0.1	0.1	-
		1,113.4	1,113.4	1,094.0
Current Assets				
Inventories		179.4	171.6	146.8
Trade receivables		173.5	163.5	159.8
Prepaid expenses and other receivables		39.4	36.7	39.9
Current income tax		2.6	1.9	2.4
Derivative financial assets		4.6	5.8	18.4
Restricted cash (Senior Secured Notes 2013)	3	79.3	-	-
Cash and cash equivalents	3	43.0	38.9	69.5
		521.8	418.4	436.8
TOTAL ASSETS		1,635.2	1,531.8	1,530.8

Unaudited Condensed Consolidated Statement of Financial Position (continued)

<i>In € million</i>	Note	March 31, 2013	December 31, 2012	March 31, 2012
EQUITY AND LIABILITIES				
Equity attributable to owners of the company				
Share capital		449.4	449.4	449.4
Cumulative translation differences		(7.3)	(7.6)	(7.1)
Consolidated reserves		(84.4)	(91.4)	(63.9)
Total Equity		357.7	350.4	378.4
Non-current liabilities				
Employee benefit liabilities		14.3	14.3	11.9
Interest-bearing debts	3	892.3	818.7	815.2
Deferred income tax liabilities		13.3	13.3	14.6
Other payables		0.1	-	-
		920.0	846.3	841.7
Current liabilities				
Interest-bearing debts	3	27.8	14.0	31.6
Trade payables		228.9	222.8	210.8
Accrued expenses and other payables		20.2	17.4	15.1
Social liabilities		26.7	23.4	25.7
Current income tax liabilities		16.9	15.2	12.5
Provisions		37.0	42.3	15.0
		357.5	335.1	310.7
TOTAL LIABILITIES		1,277.5	1,181.4	1,152.4
TOTAL EQUITY AND LIABILITIES		1,635.2	1,531.8	1,530.8

Unaudited Condensed Consolidated Interim Statement of Cash Flow

<i>In € million</i>	Note	March 31, 2013	March 31, 2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash from operating activities		27.2	12.8
Income tax paid		(1.5)	0.6
NET CASH GENERATED FROM OPERATING ACTIVITIES		25.7	13.4
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital Expenditure		(16.2)	(7.9)
NET CASH USED IN INVESTING ACTIVITIES		(16.2)	(7.9)
CASH FLOWS FROM FINANCING ACTIVITIES			
Bonds proceeds		77.4	-
Repayment of borrowings		(0.5)	(0.4)
Interest paid		(1.5)	(4.6)
Interest received		0.1	-
Cost of refinancing & other costs of financing		(1.3)	(0.6)
Realised foreign exchange (losses)/gains on financing activities		(2.5)	1.3
Derivative financial assets		2.3	2.8
NET CASH GENERATED FROM FINANCING ACTIVITIES		74.0	(1.5)
MOVEMENT IN PERIOD		83.5	4.0
CASH, CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		38.9	65.5
CASH, CASH EQUIVALENTS AT THE END OF THE PERIOD (*)		122.3	69.5

(*) Including restricted cash.

Unaudited Condensed Consolidated Statement of Changes in Equity

<i>Successor, in € million</i>	Note	Attributable to equity holders of the Company			Total Equity
		Share capital	Cumulative translation reserves	Retained earnings and other reserves	
Balance at December 31, 2012		449.4	(7.6)	(91.4)	350.4
Comprehensive income:					
Profit for the year		-	-	6.9	6.9
Other comprehensive income:					
Exchange differences on translating foreign operations		-	0.3	-	0.3
Actuarial gains/(losses) on defined benefit pension plans		-	-	-	-
Other movements		-	-	0.1	0.1
Total other comprehensive income		-	0.3	0.1	0.4
Balance at March 31, 2013		449.4	(7.3)	(84.4)	357.7

<i>Successor, in € million</i>	Note	Attributable to equity holders of the Company			Total Equity
		Share capital	Cumulative translation reserves	Retained earnings and other reserves	
Balance at December 31, 2011		449.4	(9.0)	(81.3)	359.1
Comprehensive income:					
Profit for the year		-	-	17.2	17.2
Other comprehensive income:					
Exchange differences on translating foreign operations		-	1.9	-	1.9
Actuarial gains/(losses) on defined benefit pension plans		-	-	-	-
Other movements		-	-	0.2	0.2
Total other comprehensive income		-	1.9	0.2	2.1
Balance at March 31, 2012		449.4	(7.1)	(63.9)	378.4

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, 2013 to March 31, 2013. 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, 2012 and with the interim financial reporting of the Ontex IV Group for the first 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, 2013 to March 31, 2013 are consistent with those applied in the audited consolidated financial statement for the year ended December 31, 2012 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, 2012 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 March 31, 2013 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, 2012. 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, 2013.

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, 2012 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.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors as of May 15, 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 Materiality

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement 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 judgements

To value the assets and liabilities that appear in the consolidated balance sheet, the Group necessarily has to make certain estimates and exercise its judgement 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 March 31, 2013.

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, 2012 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)

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

As of March 31, 2013 the fair value of the derivative financial asset for this call option amounted to €4.5 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 March 31, 2013, March 31, 2012 and December 31, 2012 are as follows:

<i>In € million</i>	March 31, 2013	December 31, 2012	March 31, 2012
Long-term interest bearing debt	892.3	818.7	815.2
Short-term interest bearing debt	27.8	14.0	31.6
Restricted cash (Senior Secured Notes 2013)	(79.3)	-	-
Available short-term liquidity	(43.0)	(38.9)	(69.5)
Total net debt position	797.8	793.8	777.3

Since December 31, 2012 the interest bearing debt evolved as follows:

<i>In € million</i>	31 December 2012	Net additional notes proceeds	Repayment of interest bearing debt	Other non-cash	31 March 2013
Bonds:					
- Senior Secured Notes 2011	320.0	-	-	-	320.0
- Senior Secured Notes 2013 (additional notes)	-	77.4	-	(0.1)	77.4
- Floating Rate Notes 2011	280.0	-	-	-	280.0
- Senior Unsecured Notes 2011	235.0	-	-	-	235.0
Borrowing costs	(19.0)	(4.2)	-	0.9	(22.3)
Financial lease liabilities and other liabilities	2.7	-	(0.5)	-	2.2
Total non-current interest bearing debt	818.7	73.2	(0.5)	0.9	892.3
Accrued interest bonds	12.0	1.9	-	11.9	25.8
Financial lease liabilities and other liabilities	2.0	-	-	-	2.0
Total current interest bearing debt	14.0	1.9	-	11.9	27.8
Interest bearing debt current and non current	832.7	75.1	(0.5)	12.8	920.1

3.4 Interest rate and credit risk

As of March 31, 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.

On February 14, 2013, Ontex closed the offering of €75 million 7.5% Senior Secured Notes due 2018 for an issue price of 103.25% plus an amount equal to the accrued interest on the Notes from October 15, 2012. The gross proceeds of this successful offering, together with cash on hand, were used to (i) purchase the issued and outstanding capital stock of Serenity and (ii) pay certain fees and expenses associated with the acquisition of Serenity and the offering of the Notes.

As of March 31, 2013 the cash generated from the issuance of the additional notes was deposited into an escrow account pending the closing of the acquisition of Serenity which occurred on April 4, 2013.

The Senior secured Notes are accounted for at amortized cost.

As of March 31, 2013, the €75.0 million Revolving Credit Facility is undrawn. Subsequently, €30.0 million of the RCF has been drawn as of April 2013, pending closing of the Serenity factoring agreements.

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

<i>By division, in € million</i>	March 31, 2013	March 31, 2012
Retail	221.7	226.8
Healthcare	67.3	65.6
Turkey Region	51.5	41.0
Ontex Group Sales	340.5	333.4

4.2 Information by product group

<i>By product group, in € million</i>	March 31, 2013	March 31, 2012
Babycare	191.2	188.3
Femcare	48.2	48.3
Adult Incontinence	97.3	92.1
Other (Traded goods)	3.8	4.7
Ontex Group Sales	340.5	333.4

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:

<i>By geographic area, in € million</i>	March 31, 2013	March 31, 2012
Western Europe	218.9	226.7
Eastern Europe	47.2	44.1
Rest of the World	74.4	62.6
Ontex Group Sales	340.5	333.4

4.4 Revenues from major customers

The Group does not have a single significant customer. In Quarter 1 2013, the single largest customer represented 6.8% of the group's revenues. The 10 largest customers represented 40.8% of Quarter 1 2013 revenues.

Note 5 Goodwill and other intangible assets

<i>In € million</i>	Goodwill	IT implementation costs	Other intangibles	Total
Quarter ended March 31, 2013				
Opening net book amount	841.5	3.9	0.4	845.8
Additions	-	0.5	-	0.5
Transfers	-	0.7	-	0.7
Amortization charge	-	(0.6)	-	(0.6)
Exchange differences	-	-	-	-
Other movements	-	-	-	-
Closing net book amount	841.5	4.5	0.4	846.4
Quarter ended March 31, 2012				
Cost or valuation	841.5	17.3	0.9	859.7
Accumulated amortization, impairment and other adjustments	-	(12.8)	(0.5)	(13.3)
Net book amount	841.5	4.5	0.4	846.4

<i>In € million</i>	Goodwill	IT implementation costs	Other intangibles	Total
Quarter ended March 31, 2012				
Opening net book amount	841.5	4.4	0.5	846.4
Additions	-	0.3	-	0.3
Amortization charge	-	(0.6)	-	(0.6)
Exchange differences	-	-	(0.1)	(0.1)
Other movements	-	-	(0.1)	(0.1)
Closing net book amount	841.5	4.1	0.3	845.9
Quarter ended March 31, 2012				
Cost or valuation	841.5	14.7	0.8	857.0
Accumulated amortization, impairment and other adjustments	-	(10.6)	(0.5)	(11.1)
Net book amount	841.5	4.1	0.3	845.9

Note 6 Property Plant and Equipment

<i>In € million</i>	Land, land improvements and buildings	Plant, machinery and equipment	Furniture and vehicles	Other tangible assets	Assets under construction and advance payments	Total
Quarter ended March 31, 2013						
Opening net book amount	89.4	134.2	0.6	11.4	31.8	267.4
Additions	-	1.8	-	0.1	5.5	7.5
Transfers	0.4	10.5	-	-	(11.7)	(0.7)
Disposals	-	-	-	-	-	-
Depreciation charge	(0.8)	(6.1)	-	(0.4)	-	(7.3)
Exchange differences	(0.3)	0.2	-	0.1	(0.1)	(0.1)
Other movements	-	-	-	-	-	-
Closing net book amount	88.8	140.7	0.6	11.3	25.4	266.8
Quarter ended March 31, 2013						
Cost	103.2	220.7	1.1	17.1	25.4	367.6
Accumulated depreciation	(14.5)	(79.9)	(0.5)	(5.8)	-	(100.8)
Net book amount	88.7	140.7	0.6	11.3	25.4	266.8

<i>In € million</i>	Land, land improvements and buildings	Plant, machinery and equipment	Furniture and vehicles	Other tangible assets	Assets under construction and advance payments	Total
Quarter ended March 31, 2012						
Opening net book amount	90.9	114.2	0.5	10.0	30.4	246.0
Additions	-	1.0	-	-	6.1	7.1
Transfers	-	5.2	-	-	(5.3)	(0.1)
Disposals	-	(0.1)	-	-	-	(0.1)
Depreciation charge	(0.8)	(5.9)	-	(0.4)	-	(7.1)
Exchange differences	0.7	0.6	-	-	0.5	1.8
Other movements	-	-	-	-	-	-
Closing net book amount	90.8	115.0	0.5	9.6	31.7	247.6
Quarter ended March 31, 2012						
Cost	103.9	171.9	1.0	14.1	32.1	323.0
Accumulated depreciation	(13.0)	(57.0)	(0.5)	(4.5)	(0.4)	(75.4)
Net book amount	90.8	115.0	0.5	9.6	31.7	247.6

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

<i>In € million</i>	Successor March 31, 2012	Predecessor March 31, 2012
Business restructuring	-	1.8
Acquisition related expense	1.9	0.1
Asset impairment	0.3	0.2
Other	0.2	0.8
Total non-recurring expenses	2.4	2.9

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

The Serenity acquisition

On January 27, 2013 (the "Signing Date"), Ontex BVBA entered into a Shares Sale and Purchase Agreement (the "Acquisition Agreement") pursuant to which it agreed to purchase 100% of the shares of Artsana Sud S.p.A., a *società per azioni* incorporated under the laws of Italy (the "Target"), from Artsana S.p.A. ("Artsana" or the "Seller"). The acquisition was closed on April 4, 2013.

Pursuant to the Acquisition Agreement, the initial purchase price for the Acquisition consisted of: (1) €49,208,721, representing the Estimated Purchase Price (as defined in the Acquisition Agreement) for Serenity's shares; and (2) €24,000,000 paid on behalf of Serenity in settlement of intercompany debt owed to the Seller.

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 Serenity'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 Serenity's DSO with respect to its Public Tender Contracts.

Serenity consist 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, accessories and cosmetics, that was carved out of the business of the Seller on November 1, 2012 (the "Contribution"), and contributed to Serenity 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. Artsana 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, Serenity 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, Serenity 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. Serenity 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, Serenity generated approximately 68% of its revenue from Public Tender Contracts and the rest from private contracts.

For the eight months ended August 31, 2012 and 2011, management believes that Serenity generated revenue of approximately €99.9 million and €95.5 million and EBITDA of approximately €10.7 million and €10.7 million, respectively. For the years ended December 31, 2011 and 2010, management believes that Serenity 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.

The Acquisition provides 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 baby care 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 also provides 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 Serenity's business.

RCF

€30.0 million of the RCF has been drawn as of April 2013, pending closing of the Serenity factoring agreements.