Ontex IV S.A.

Quarter Two and Half Year 2013
Interim Financial Report

Table of Contents

Important Disclaimer 3
Business 4
- Overview 4
- Comments for the quarter ended June 30, 2013 6

Management's Discussion and Analysis of Financial Condition and Results of Operations 7
- Revenues 7
- Cost of Sales 10
- Operating Expenses 10
- EBITDA – Non IFRS measure 10
- Non-recurring expenses 11
- Adjusted EBITDA – Non IFRS measure 11
- Operating profit 11
- Net finance costs 11
- Income tax 12
- Profit for the period 12
- Liquidity and Capital resources 12
- Material recent developments 14
- Material risk factors 14

Unaudited Condensed Consolidated Interim Income Statement 15
Unaudited Condensed Consolidated Interim Income Statement (continued) 16
Unaudited Condensed Consolidated Interim Statement of Comprehensive Income 17
Unaudited Condensed Consolidated Statement of Financial Position 18
Unaudited Condensed Consolidated Interim Statement of Cash Flow 20
Unaudited Condensed Consolidated Statement of Changes in Equity 21
Notes to the Unaudited Condensed Consolidated Interim Financial Statements 22
- Note 1 Summary of significant accounting policies 22
- Note 2 Critical accounting estimates and judgements 23
- Note 3 Financial risk factors 25
- Note 4 Segment reporting 26
- Note 5 Goodwill and other intangible assets 28
- Note 6 Property plant and equipment 29
- Note 7 Legal claims 30
- Note 8 Reconciliation of net income/ (loss) before interest, tax, depreciation and amortization (EBITDA) and from EBITDA to Adjusted EBITDA 30
- Note 9 Non-recurring expenses 30
- Note 10 Contingencies 30
- Note 11 Serenity acquisition 30
- Note 12 Events after the reporting period 32

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 retailer brand 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 retailer brand 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 retailer brand market share by volume across our core product range to be of approximately 45% at December 31, 2012. Our market share in the retailer brand segment for our core product categories is more than three times that of our nearest retailer brand competitor, and we are a leading European manufacturer in our core product categories across both retailer brand 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 to 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 retailer brand 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 retailer brand 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.

On April 4, 2013 the Group closed the acquisition of Serenity.

We announced the departure of both our Chief Executive Officer, Michael Teacher, and our Chief Financial Officer, Christopher Parratt, both of whom have left 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. On July 25, 2013 we also announced the appointment of Jacques Purnode as Chief Finance Officer who joined the Group in early August and will be responsible for the Information Technology and Legal functions in addition to the Finance function.

Comments for the quarter ended June 30, 2013

Ontex delivered a solid performance in Q2 2013 as the commercial and strategic initiatives taken to benefit from Kimberly-Clark's ("K-C") exit from Western Europe and increase market share started to produce results. Moreover, sales in the Turkey region also continued to grow considerably.

As mentioned previously, market dynamics regarding the handling of K-C exit differed country by country, and are primarily dictated by individual retailers' strategies to re-adjust the allocation on their shelves between A brands and retailer brand products. Ontex enjoyed considerable traction in markets where retailers were more actively involved in this transition, particularly in the UK where some retailers almost completely replaced former "Huggies" volumes with their own retailer brand products of which production has now been transferred to Ontex. Some countries have been slower to react but a shift in retailers' shelf allocation patterns has been identified, for example, in France and Spain. Furthermore, Ontex has secured additional former K-C retailer brand contracts in Belgium and the Netherlands in particular.

Outside Western Europe, in the emerging markets, Ontex continued to see growth in adult and baby products, especially in Turkey, Pakistan, Algeria and Morocco. The business reported strong performance in some Eastern European countries, such as Russia and Poland, where Ontex continued to gain market share amongst existing retailers.

In the Healthcare division, the decrease in sales excluding Serenity is mainly due to a strategic decision to scale back trading with some customers that have exhibited reduced profitability over time and unfavourable payment terms. The impact of this decision varies country by country but is particularly noticeable in Europe, most notably in Spain. Whilst top line performance in Q2 2013 has been impacted by these strategic changes, the overall Healthcare strategy remains to diversify the routes to market particularly in developing segments such as homecare delivery. The adult incontinence category was equally affected by these measures.

Good progress has been made on other 2013 projects. Following the closure of Recklinghausen in March, the process of redeploying equipment to other Ontex sites is on track. In addition, the integration of Serenity is progressing well and in line with the business plan, highlighted by Serenity's trading over the past three months being included in the Q2 2013 Group figures. Whilst not fully completed, the negotiations for the factoring agreements are showing solid progress and are also in line with initial plans.

Total revenue was €387.8 million for the quarter ended June 30, 2013, an increase of 20.1% from €323.0 million for the 3 months ended June 30, 2012. Revenues from Serenity amounted to €36.5 million in Q2 2013. At constant currency Group sales grew by 21.7% year-on-year, as the Group was impacted during the quarter by adverse currency movements notably the British Pound, Turkish Lira, and the Australian dollar.

Excluding non-recurring expenses, adjusted EBITDA for the quarter ended June 30, 2013 was €45.0 million, an increase of €9.1 million or 25.3% from €35.9 million for the quarter ended June 30, 2012. At constant currency, adjusted EBITDA for Q2 2013 amounted to €49.9 million. The increase in adjusted EBITDA year-on-year is directly attributable to healthy volumes, a change in product mix and the Serenity acquisition.

Free Cash Flow (FCF) for the 3 month period ended June 30, 2013 was €16.6 million compared to €24.4 million for the same period last year. Overall, working capital consumption was still high at €11.4 million for the quarter ended June 30, 2013 (compared with a cash generation of €2.7 million in Q2 2012) but inventory levels, particularly volumes of finished goods from Recklinghausen, have gradually been decreasing. The majority of the working capital consumption for the quarter can be attributed to the Serenity business. Capex was €10.5 million for the 3 month period ended June 30, 2013, bringing the total capex spend to €26.7 million in H1 2013, compared to €20.3 million in H1 2012. This is in line with previous guidance, to enable redeployment and more efficient reassembly of the Recklinghausen machinery as well as ensuring capacity is available to secure additional business from former K-C contracts.

Net Debt ended the quarter at €886.7 million and available liquidity stood at €96.1 million. €30.0 million was still drawn down (out of a total amount of €75.0 million) from the RCF pending implementation of factoring arrangements.

Looking ahead to H2 2013 the Group will continue to leverage the K-C market opportunity, and execute on the other 2013 projects.

From a macro perspective, the Group expects Q3 2013 raw material prices to be similar to Q2 2013 levels although initial indications point towards a slight increase in Q4 2013 prices. The Group continues to monitor currency movements closely and their impact on trading and is taking initiatives to help offset some negative impacts.

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

Revenues

Quarter ended June 30, 2013 ("Q2 2013")

Total revenue amounted to €387.8 million in Q2 2013 compared to €323.0 million in Q2 2012, an increase of 20.1% year-over-year. At constant currency, sales grew by 21.7% in Q2 2013 compared with the same period last year as currency effects were unfavorable in Q2 2013, in particular with regard to the British Pound, Turkish Lira and the Australian dollar. Serenity contributed €36.5 million to Group sales in Q2 2013. At constant currency and excluding Serenity, sales grew by 10.4% in Q2 2013 from €323.0 million in Q2 2012 to €356.5 million for Q2 2013.

Western Europe excluding Serenity contributed €229.3 million to Group sales, an increase of 4.5% over Q2 2012 sales of €219.4 million. This was favorably influenced by the exit of K-C in the region which helped the Group secure additional contracts in Belgium and Netherlands as well as grow the business in UK and Spain.

Performance in Eastern Europe was encouraging with the geography accelerating 16.0% year-over-year in the second quarter of 2013 versus 7.0% in Q1 2013. This was due in part to additional products being added to the product range in Poland and a strong performance in Russia.

Ontex Hygienic Disposables

The Rest of the World region also demonstrated positive momentum with revenue growing from €60.6 million in Q2 2012 to €72.3 million in Q2 2013, an increase of 19.3%. Growth in this region mostly stemmed from Morocco, Turkey, Australia and New Zealand.

Six months ended June 30, 2013 ("H1 2013")

In the six months ended June 30, 2013 total revenues increased by 11.0% or €72.0 million, to €728.3 million from €656.3 in H1 2012. Sales excluding Serenity amounted to €691.8 million for the period under review. At constant currency, sales grew by 12.1%.

In Western Europe, sales grew by 8.6% in the first half of the year from €446.0 million in H1 2012 to €484.5 million in H1 2013. Both Eastern Europe and the Rest of the World regions grew solidly in H1 2013, showing respectively an 11.5% and 19.1% growth in sales compared with H1 2012.

By geographic area, in € million	Second Quarter		First Half	
	2013	2012	2013	2012
Western Europe	265.6	219.4	484.5	446.0
Eastern Europe	49.9	43.0	97.1	87.1
Rest of the World	72.3	60.6	146.7	123.2
Ontex Group Sales	387.8	323.0	728.3	656.3

Revenues by Division

Quarter ended June 30, 2013 ("Q2 2013")

Sales in the Retail division increased by 11.4% from €214.1 million in Q2 2012 to €238.5 million in Q2 2013. At constant currency, sales increased by 12.8% year-over-year. Retail sales reflected mainly organic growth, especially in Western and Eastern Europe, with Serenity only contributing €0.2 million to the division.

Revenues for the Healthcare division were €102.3 million for Q2 2013 compared to €67.2 million in Q2 2012, an increase of €35.1 million or 52.2%. At constant currency, the increase was 53.4%. Growth in Healthcare stemmed entirely from Serenity with the division reporting sales excluding Serenity and at constant currency of €66.7 million for Q2 2013, a 0.7% decline over Q2 2012. The decrease in sales excluding Serenity is mainly due to a strategic decision to scale back trading with some customers that have exhibited reduced profitability over time and unfavourable payment terms.

The Turkey division recorded another strong quarter with sales up 12.7% in Q2 2013 versus Q2 2012 totaling €47.0 million in Q2 2013 compared with €41.7million in Q2 2012. Besides strong progress in the domestic market, especially in the baby diaper product category, the export team continued to record good progress in neighboring countries. The instability in Turkey did not impact performance, however the Group experienced delays in completing the buildup of the plant in Pakistan due to an unstable political environment.

Six months ended June 30, 2013 ("H1 2013")

In the Retail division sales grew by 4.4% from €440.8 million in H1 2012 to €460.2 million in H1 2013. At constant currency, the division sales increased by 5.3%.

In Healthcare, sales growth over the period was 27.7% mainly as the result of Serenity acquisition. Reported sales amounted to €169.6 million in H1 2013 compared to €132.8 million in H1 2012. At constant currency and excluding the estimated impact of the Serenity acquisition, sales grew by 1.2%.

Sales in the Turkey division increased by 19.1% from €82.7 million in H1 2012 to €98.5 million in H1 2013. At constant currency, sales increased by 21.7%.

By division, in € million	Second Quarter		First Half	
	2013	2012	2013	2012
Retail	238.5	214.1	460.2	440.8
Healthcare	102.3	67.2	169.6	132.8
Turkey Region	47.0	41.7	98.5	82.7
Ontex Group Sales	387.8	323.0	728.3	656.3

Revenues by Product group

Quarter ended June 30, 2013 ("Q2 2013")

Revenue generated by Babycare products was €204.5 million for Q2 2013, an increase of 15.7% from €176.7 million in Q2 2012. At constant currency, revenue increased by 17.8%, mostly as a result of movements in the British Pound, Turkish Lira and the Australian Dollar. Following the exit of K-C in Western Europe, Babycare experienced strong growth through new contracts and expanded product line uptake from existing customers.

Sales in Femcare increased by 3.4% year-over-year from €46.4 million in Q2 2012 to €48.0 million in Q2 2013. At constant currency, sales increased by 4.0%.

Sales in Adult Incontinence increased by 34.8% from €96.1 million in Q2 2012 to €129.5 million in Q2 2013. At constant currency, sales grew by 36.0% influenced mainly by movements in the British Pound and Turkish Lira. Excluding Serenity, Sales decreased by €0.8 million at constant currency. The decrease in sales excluding Serenity is mainly due to a strategic decision to scale back trading with some customers that have exhibited reduced profitability over time and unfavourable payment terms.

Six months ended June 30, 2013 ("H1 2013")

Revenue generated by Babycare products increased by 8.4% totaling €395.7 million for H1 2013 compared to €364.9 for H1 2012. Sales grew by 9.8% at constant currency.

Revenue generated by Femcare products was up 1.6% reflecting a stable performance over both Q1 2013 and Q2 2013. Overall, sales amounted to €96.2 million in H1 2013 compared with €94.7 million in H1 2012. At constant currency, sales grew by 2.0%.

Sales in Adult Incontinence grew 20.5% from €188.2 million in H1 2012 to €226.8 million in H1 2013. At constant currency, sales were up 21.3%.

By product group, in € million	Second Quarter		First Half	
	2013	**2012**	**2013**	**2012**
Babycare	204.5	176.7	395.7	364.9
Femcare	48.0	46.4	96.2	94.7
Adult Incontinence	129.5	96.1	226.8	188.2
Other (Traded goods)	5.8	3.8	9.6	8.5
Ontex Group Sales	387.8	323.0	728.3	656.3

Cost of Sales

Quarter ended June 30, 2013 ("Q2 2013")

Cost of Sales was €284.5 million for the quarter ended June 30, 2013 compared with €244.1 million for the same period last year, an increase of 16.6% driven by higher sales predominantly. While raw material prices were higher in Q2 2013, compared to Q2 2012, the gross profit margin improved from 24.4% in Q2 2012 to 26.6% in Q2 2013. This improvement can be attributed to the change in product mix as Healthcare and Adult Incontinence form a larger portion of total Group sales.

Six months ended June 30, 2013 ("H1 2013")

Cost of sales amounted to €538.1 million in H1 2013 compared to €495.9 million in H1 2012 representing an increase of 8.5% over the period. The revenue growth posted to date coupled with an improved mix contributed to an increase in gross profit margin to 26.1% in H1 2013 compared to 24.4% in H1 2012, despite slightly higher raw material prices.

Operating Expenses

Quarter ended June 30, 2013 ("Q2 2013")

Operating expenses reached €66.4 million in Q2 2013, an increase of 31.2% compared to €50.6 million in Q2 2012. The increase was predominantly driven by higher distribution costs and sales and marketing efforts reflecting higher sales as well as the integration of the Serenity business.

Six months ended June 30, 2013 ("H1 2013")

Operating expenses increased to €122.9 million in H1 2013 from €99.2 million in H1 2012 i.e. by €23.7 million or 23.9%. Sales and marketing expenses, as well as distribution expenses, have increased as one quarter of Serenity trading has been consolidated into results.

EBITDA – Non IFRS measure

Quarter ended June 30, 2013 ("Q2 2013")

Earnings before interest, tax, depreciation and amortization (EBITDA) was €40.4 million in Q2 2013, an increase of €6.0 million from €34.4 million for Q2 2012.

Six months ended June 30, 2013 ("H1 2013")

Earnings before interest, tax, depreciation and amortization (EBITDA) amounted to €76.3 million in H1 2013, an increase of €4.2 million from €72.1 million in H1 2012.

Non-recurring expenses

Quarter ended June 30, 2013 ("Q2 2013")

Total non-recurring expenses amounted to €5.0 million for Q2 2013 versus €1.6 million for the same period last year. Details of these costs can be found in Note 9 for the quarters ended June 30, 2013 and June 30, 2012.

Six months ended June 30, 2013 ("H1 2013")

For H1 2013, non-recurring expenses were €7.4 million compared to €4.5 million in H1 2012. Details of these costs can be found in Note 9 for the six months ended June 30, 2013 and ended June 30, 2012.

Adjusted EBITDA – Non IFRS measure

Quarter ended June 30, 2013 ("Q2 2013")

Excluding non-recurring expenses, adjusted EBITDA for Q2 2013 was €45.0 million, an increase of €9.1 million from €35.9 million for Q2 2012. The increase in adjusted EBITDA year-on-year is directly attributable to healthy volumes, a change in product mix and the Serenity acquisition.

Adjusted EBITDA margin was 11.6% in Q2 2013, versus 11.1% for Q2 2012.

Six months ended June 30, 2013 ("H1 2013")

For H1 2013, adjusted EBITDA amounted to €83.0 million compared to €76.4 million in H1 2012, an increase of 8.6%. Adjusted EBITDA margin for the first 6 months was 11.4% a slight decrease versus 11.6% in H1 2012.

Operating profit

Quarter ended June 30, 2013 ("Q2 2013")

Operating profit for Q2 2013 was €31.9 million, an increase of €5.2 million from €26.7 million in Q2 2012, substantially driven by the factors described above. Operating profit margin was 8.2% in Q2 2013 stable versus 8.3% in Q2 2012.

Six months ended June 30, 2013 ("H1 2013")

For H1 2013, operating profit amounted to €59.9 million versus €56.7 million in H1 2012, an increase of €3.2 million. The operating profit margin dropped marginally from 8.6% in H1 2012 to 8.2% in H1 2013, as the non-recurring expenses increased for the period under review.

Net finance costs

The finance costs primarily represent the interest paid or accrued on the financial debt, the amortization of the transaction costs incurred in relation to financial debt and any loss on derivatives.

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

<u>Quarter ended June 30, 2013 ("Q2 2013")</u>

Net finance costs were down over the period at €22.8 million in Q2 2013 compared to €25.6 million for Q2 2012. The decrease was mainly due to lower losses on oil derivatives compared to Q2 2012.

<u>Six months ended June 30, 2013 ("H1 2013")</u>

In H1 2013, net finance costs amounted to €41.3 million compared to €37.8 million in H1 2012. The increase was due to increased foreign exchange losses.

Income tax

<u>Quarter ended June 30, 2013 ("Q2 2013")</u>

Income tax for Q2 2013 was €4.2 million versus €0.9 million in Q2 2012. The increase was due to multiple factors including a change in tax regulation in several European jurisdictions, expansion into new countries and impact from the Serenity acquisition.

<u>Six months ended June 30, 2013 ("H1 2013")</u>

Income tax expense amounted to €6.8 million in H1 2013. In H1 2012 income tax expense was €1.5 million. The increase was due to reasons previously mentioned above.

Profit for the period

<u>Quarter ended June 30, 2013 ("Q2 2013")</u>

The profit for Q2 2013 was €4.9 million compared to €0.2 million posted in the quarter ended June 30, 2012.

<u>Six months ended June 30, 2013 ("H1 2013")</u>

The Group's net profit was €11.8 million in H1 2013 compared to €17.4 million for the same period last year.

Liquidity and Capital resources

Free Cash Flow

We define Free Cash Flow as adjusted EBITDA, further adjusted for changes in Working Capital, minus income tax paid, minus capital expenditure.

<u>Quarter ended June 30, 2013 ("Q2 2013")</u>

Free Cash Flow (FCF) for the 3 month period ended June 30, 2013 was €16.6 million compared to €24.4 million for the same period last year. Overall, working capital consumption was still high at €11.4 million for the quarter ended June 30, 2013 (compared with a cash generation of €2.7 million in Q2 2012) but inventory levels, particularly volumes of finished goods from Recklinghausen, have gradually been decreasing. The majority of the working capital consumption for the quarter can be attributed to the Serenity business. Capex outflow in Q2 2013 was largely in-line with plan and lower than in Q2 2012. Capex investment is mostly linked to capacity adjustments needed following the closure of Recklinghausen and the machines

redeployment, as well as the volumes uplift linked to K-C withdrawal. Tax payments were significantly higher from the comparable quarter last year due to the acquisition of Serenity and a change in timing of the payments.

<u>Six months ended June 30, 2013 ("H1 2013")</u>

Overall, Free Cash Flow amounted to €30.8 million in H1 2013 versus €34.4 million in H1 2012, driven by the reasons mentioned above.

FCF calculation, in € million	Second Quarter		First Half	
	2013	2012	2013	2012
Adjusted EBITDA	**45.0**	**35.9**	**83.0**	**76.4**
Change in Working Capital	(11.4)	2.7	(17.5)	(20.5)
Cash taxes paid	(6.5)	(1.8)	(8.0)	(1.2)
Capex	(10.5)	(12.4)	(26.7)	(20.3)
Free Cash Flow	**16.6**	**24.4**	**30.8**	**34.4**

Group's Cash Flow Statement

<u>Quarter ended June 30, 2013 ("Q2 2013")</u>

Net cash flow from operating activities was minus €5.6 million in Q2 2013 versus €28.1 million in Q2 2012. The group generated a €0.9 million net cash inflow from operating activities and there was a cash outflow from income tax paid of €6.5 million.

The cash outflow from investing activities of €10.5 million in Q2 2013 was entirely related to capital expenditure, with the additional investment in projects progressing along the FY 2013 schedule.

The cash outflow from financing activities of €55.2 million was mostly attributable to the acquisition price paid in the amount of €73.2 million and €29.0 million of interest expenses.

Overall, the Cash outflow in the period was €71.3 million and the cash and cash equivalents at the end of June 30, 2013 amounted to €51.1 million.

<u>Six months ended June 30, 2013 ("H1 2013")</u>

Cash flow from operating activities was €20.1 million in H1 2013 compared to €41.4 million in H1 2012.

Capital Expenditure was €26.7 million for the period under review and represented the totality of the cash outflow from investing activities.

Cash inflow from financing activities was €18.8 million as a result of borrowing, the acquisition and interest expenses.

Material recent developments

On July 25, 2013 Ontex announced the appointment of Jacques Purnode as the Company's new CFO, replacing Chris Parratt. In addition to the Finance function, he will be responsible for leading and guiding the Information and communications technology (ICT) and Legal functions. He brings a wealth of experience to Ontex, having developed his career at various international companies, including ABInBev in various roles and Coca Cola Enterprises where he was CFO of the Company's European arm.

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

		Second Quarter		First Half	
		2013	2012	2013	2012
in € million	**Note**				
Revenue	4	387.8	323.0	728.3	656.3
Cost of sales		(284.5)	(244.1)	(538.1)	(495.9)
Gross margin		**103.3**	**78.9**	**190.2**	**160.4**
Distribution expenses		(35.0)	(27.7)	(63.0)	(54.1)
Sales and marketing expenses		(20.3)	(16.0)	(39.2)	(31.6)
General administrative expenses		(9.8)	(7.0)	(18.8)	(14.6)
Other operating income/(expense), net		(1.3)	0.1	(1.9)	1.1
Non-recurring expenses (*)	9	(5.0)	(1.6)	(7.4)	(4.5)
Operating profit		**31.9**	**26.7**	**59.9**	**56.7**
Finance income		2.4	1.4	7.6	9.0
Finance costs		(25.2)	(27.0)	(48.9)	(46.8)
Net finance cost		**(22.8)**	**(25.6)**	**(41.3)**	**(37.8)**
(Loss) / Profit before income tax		**9.1**	**1.1**	**18.6**	**18.9**
Income tax expense		(4.2)	(0.9)	(6.8)	(1.5)
(Loss) /Profit for the period from continuing operations		**4.9**	**0.2**	**11.8**	**17.4**
(Loss) / Profit for the period (**)		**4.9**	**0.2**	**11.8**	**17.4**

(*) 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)

		Second Quarter		First Half	
		2013	2012	2013	2012
in € million	Note				
Additional information					
Reconciliation of net income before interest, tax, depreciation and amortization (EBITDA)					
Operating Profit		31.9	26.7	59.9	56.7
Depreciation and amortization (*)		8.5	7.7	16.4	15.4
EBITDA (**)		**40.4**	**34.4**	**76.3**	**72.1**
Reconciliation of net income before interest, tax, depreciation and amortization (EBITDA) to adjusted EBITDA					
EBITDA (**)		**40.4**	**34.4**	**76.3**	**72.1**
Non-recurring expenses excluding amortization		4.6	1.5	6.7	4.3
Adjusted EBITDA (***)		**45.0**	**35.9**	**83.0**	**76.4**

(*) Depreciation and amortization (D&A) included €8.0 million of recurring D&A and €0.5 of non-recurring D&A in Q2 2013. D&A included €7.6 million of recurring D&A and €0.1 million of non-recurring D&A for the Q2 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

		Second Quarter		First Half	
		2013	2012	2013	2012
in € million	Note				
Income / (loss) for the period		**4.9**	**0.2**	**11.8**	**17.4**
Other comprehensive income/(loss) for the period, after tax:					
Exchange differences on translating foreign operations		(5.4)	0.8	(5.1)	2.7
Other		-	-	0.1	0.2
Other comprehensive income /(loss) for the period, net of tax		**(5.4)**	**0.8**	**(5.0)**	**2.9**
Total comprehensive income/(loss) for the period *		**(0.5)**	**1.0**	**6.8**	**20.3**

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

Unaudited Condensed Consolidated Statement of Financial Position

in € million	Note	June 30, 2013	Dec 31, 2012	June 30, 2012
ASSETS				
Non current Assets				
Goodwill and other intangible assets	5	864.2	845.8	845.7
Property, plant and equipment	6	290.4	267.4	245.5
Deferred tax assets		0.1	0.1	0.5
Non current receivables		0.1	0.1	0.2
		1,154.8	**1,113.4**	**1,091.9**
Current Assets				
Inventories		185.0	171.6	162.0
Trade receivables		222.8	163.5	162.6
Prepaid expenses and other receivables		40.3	36.7	39.7
Current income tax		5.7	1.9	2.2
Derivative financial assets		1.5	5.8	8.5
Cash and cash equivalents	3	51.1	38.9	53.6
		506.4	**418.4**	**428.6**
TOTAL ASSETS		**1,661.2**	**1,531.8**	**1,520.5**

Unaudited Condensed Consolidated Statement of Financial Position (continued)

in € million	Note	June 30, 2013	Dec 31, 2012	June 30, 2012
EQUITY AND LIABILITIES				
Equity attributable to owners of the company				
Share capital		449.4	449.4	449.4
Cumulative translation differences		(12.7)	(7.6)	(6.3)
Consolidated reserves		(79.5)	(91.4)	(63.7)
TOTAL EQUITY		**357.2**	**350.4**	**379.4**
Non-current liabilities				
Employee benefit liabilities		16.1	14.3	12.1
Interest-bearing debts	3	893.0	818.7	815.6
Liability Serenity earn out		10.0	-	-
Deferred income tax liabilities		13.4	13.3	14.6
Other payables		0.1	-	-
		932.6	**846.3**	**842.3**
Current liabilities				
Interest-bearing debts	3	44.8	14.0	14.9
Liability Serenity earn out		8.0	-	-
Trade payables		239.9	222.8	219.6
Accrued expenses and other payables		21.8	17.4	19.7
Social liabilities		25.4	23.4	24.9
Current income tax liabilities		19.5	15.2	12.0
Provisions		12.0	42.3	7.7
		371.4	**335.1**	**298.8**
TOTAL LIABILITIES		**1,304.0**	**1,181.4**	**1,141.1**
TOTAL EQUITY AND LIABILITIES		**1,661.2**	**1,531.8**	**1,520.5**

Unaudited Condensed Consolidated Interim Statement of Cash Flow

		Second Quarter		First Half	
		2013	2012	2013	2012
in € million	Note				
CASH FLOWS FROM OPERATING ACTIVITIES					
Net cash from operating activities		0.9	29.9	28.1	42.6
Income tax paid		(6.5)	(1.8)	(8.0)	(1.2)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**(5.6)**	**28.1**	**20.1**	**41.4**
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital Expenditure		(10.5)	(12.4)	(26.7)	(20.3)
NET CASH USED IN INVESTING ACTIVITIES		**(10.5)**	**(12.4)**	**(26.7)**	**(20.3)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from acquisition (net cash)		2.1	-	2.1	-
Proceeds from borrowings		-	-	77.4	-
Other proceeds from financing		51.0	-	51.0	-
Repayment of borrowings		(0.7)	(5.6)	(1.2)	(6.0)
Acquisition price paid		(73.2)	-	(73.2)	-
Interest paid		(29.0)	(26.8)	(30.5)	(31.4)
Interest received		0.3	0.1	0.4	0.1
Cost of refinancing & Other costs of financing		(6.3)	(0.8)	(7.6)	(1.4)
Realised foreign exchange (losses)/gains on financing activities		(0.9)	(1.1)	(3.4)	0.3
Derivative financial asset		1.5	2.7	3.8	5.4
NET CASH GENERATED FROM FINANCING ACTIVITIES		**(55.2)**	**(31.5)**	**18.8**	**(33.0)**
MOVEMENT IN PERIOD		**(71.3)**	**(15.8)**	**12.2**	**(11.9)**
CASH, CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**122.3**	**69.5**	**38.9**	**65.5**
CASH, CASH EQUIVALENTS AT THE END OF THE PERIOD		**51.1**	**53.6**	**51.1**	**53.6**

Unaudited Condensed Consolidated Statement of Changes in Equity

		Attributable to equity holders of the Company			
in € million	Note	Share capital	Cumulative translation reserves	Retained earnings and other reserves	Total Equity
Balance at December 31, 2012		**449.4**	**(7.6)**	**(91.4)**	**350.4**
Comprehensive income:					
Profit for the year		-	-	11.8	11.8
Other comprehensive income:					
Exchange differences on translating foreign operations		-	(5.1)	-	(5.1)
Actuarial gains/(losses) on defined benefit pension plans		-	-	-	-
Other movements		-	-	0.1	0.1
Total other comprehensive income		**-**	**(5.1)**	**0.1**	**(5.0)**
Balance at June 30, 2013		**449.4**	**(12.7)**	**(79.5)**	**357.2**

		Attributable to equity holders of the Company			
in € million	Note	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		-	-	17.4	17.4
Other comprehensive income:					
Exchange differences on translating foreign operations		-	2.7	-	2.7
Other movements		-	-	0.2	0.2
Total other comprehensive income		**-**	**2.7**	**0.2**	**2.9**
Balance at June 30, 2012		**449.4**	**(6.3)**	**(63.7)**	**379.4**

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 June 30, 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 2013 as well as 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, 2013 to June 30, 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 June 30, 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 on 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, 2013 as well as the six month period ended June 30, 2012.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors as of August 21, 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, and 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 June 30, 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 September 2013 in the second half of 2010.

As of June 30, 2013 the fair value of the derivative financial asset for this call option amounted to €1.2 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 June 30, 2013, June 30, 2012 and December 31, 2012 are as follows:

in € million	June 30, 2013	December 31, 2012	June 30, 2012
Long-term interest bearing debt	893.0	818.7	815.6
Short-term interest bearing debt	44.8	14.0	14.9
Available short-term liquidity	(51.1)	(38.9)	(53.6)
Total net debt position	**886.7**	**793.8**	**776.9**

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.

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.

The Senior secured Notes are accounted for at amortized cost.

As of June 30, 2013, €45.0 million of the Revolving Credit Facility is undrawn. €30.0 million of the RCF was drawn in 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

By division, in € million	**Second Quarter**		**First Half**	
	2013	**2012**	**2013**	**2012**
Retail	238.5	214.1	460.2	440.8
Healthcare	102.3	67.2	169.6	132.8
Turkey Region	47.0	41.7	98.5	82.7
Ontex Group Sales	387.8	323.0	728.3	656.3

4.2 Information by product group

By product group, in € million	**Second Quarter**		**First Half**	
	2013	**2012**	**2013**	**2012**
Babycare	204.5	176.7	395.7	364.9
Femcare	48.0	46.4	96.2	94.7
Adult Incontinence	129.5	96.1	226.8	188.2
Other (Traded goods)	5.8	3.8	9.6	8.5
Ontex Group Sales	387.8	323.0	728.3	656.3

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	Second Quarter		First Half	
	2013	**2012**	**2013**	**2012**
Western Europe	265.6	219.4	484.5	446.0
Eastern Europe	49.9	43.0	97.1	87.1
Rest of the World	72.3	60.6	146.7	123.2
Ontex Group Sales	387.8	323.0	728.3	656.3

4.4 Revenues from major customers

The Group does not have a single significant customer. In Q2 2013, the single largest customer represented 6.4% of the Group's revenues. The 10 largest customers represented 38.3% of total sales for Q2 2013 revenues.

Note 5 Goodwill and other intangible assets

in € million	Goodwill	IT implementation costs	Other intangibles	Total
Quarter ended June 30, 2013				
Opening net book amount	841.5	3.9	0.4	845.8
Additions	18.1	0.8	-	18.9
Transfers	-	0.8	-	0.8
Disposals	-	(0.2)	-	(0.2)
Amortization charge	-	(1.1)	-	(1.1)
Closing net book amount	**859.6**	**4.2**	**0.4**	**864.2**
At June 30, 2013				
Cost or valuation	859.6	16.8	0.9	877.2
Accumulated amortization, impairment and other adjustments	-	(12.5)	(0.5)	(13.0)
Net book amount	**859.6**	**4.2**	**0.4**	**864.2**

in € million	Goodwill	IT implementation costs	Other intangibles	Total
Quarter ended June 30, 2012				
Opening net book amount	841.5	4.4	0.5	846.4
Additions	-	0.5	-	0.5
Amortization charge	-	(1.1)	(0.1)	(1.2)
Closing net book amount	**841.5**	**3.8**	**0.4**	**845.7**
At June 30, 2012				
Cost or valuation	841.5	14.9	0.9	857.3
Accumulated amortization, impairment and other adjustments	-	(11.1)	(0.5)	(11.6)
Net book amount	**841.5**	**3.8**	**0.4**	**845.7**

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 June 30, 2013						
Opening net book amount	89.5	134.2	0.6	11.4	31.8	267.4
Additions	0.2	6.7	0.1	0.3	9.2	16.5
Transfers	0.5	18.4	-	-	(19.7)	(0.8)
Disposals	-	(0.5)	-	-	-	(0.5)
Depreciation charge	(1.9)	(12.6)	(0.1)	(0.7)	-	(15.3)
Exchange differences	(0.5)	(2.0)	-	(0.3)	(0.4)	(3.2)
Fixed assets acquired	11.4	14.6	-	-	0.2	26.2
Closing net book amount	**99.1**	**158.9**	**0.6**	**10.7**	**21.1**	**290.4**
At June 30, 2013						
Cost	114.6	243.6	1.1	16.8	21.1	397.2
Accumulated depreciation	(15.5)	(84.7)	(0.5)	(6.0)	-	(106.8)
Net book amount	**99.1**	**158.9**	**0.6**	**10.7**	**21.1**	**290.4**

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 June 30, 2012						
Opening net book amount	91.0	114.1	0.5	10.0	30.4	246.0
Additions	0.1	2.7	0.1	-	10.3	13.2
Transfers	-	11.7	-	-	(11.9)	(0.2)
Disposals	-	(0.1)	-	-	-	(0.1)
Depreciation charge	(1.6)	(11.9)	(0.1)	(0.7)	-	(14.3)
Exchange differences	-	0.6	-	0.1	0.3	0.9
Closing net book amount	**89.5**	**117.0**	**0.5**	**9.4**	**29.1**	**245.5**
At June 30, 2012						
Cost	103.4	179.7	1.0	14.3	29.5	327.8
Accumulated depreciation	(13.8)	(62.7)	(0.5)	(4.9)	(0.4)	(82.3)
Net book amount	**89.5**	**117.0**	**0.5**	**9.4**	**29.1**	**245.5**

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

	Second Quarter		First Half	
in € million	**2013**	**2012**	**2013**	**2012**
Business restructuring	0.7	1.6	0.7	3.5
Acquisition related expenses	3.8	-	5.6	0.1
Asset impairment	0.4	0.1	0.7	0.2
Other	0.1	(0.1)	0.4	0.7
Total non-recurring expenses	**5.0**	**1.6**	**7.4**	**4.5**

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 Serenity acquisition

On April 4, 2013 the Group acquired all the shares and voting rights of Serenity S.p.a. (former Artsana SUD S.p.a.) and its subsidiaries. The acquisition provides the Group with an established platform for operations in the Italian incontinence market, a segment and geography in which the Group had limited presence, as well as the opportunity to develop the babycare business in Italy. Furthermore the group gained access to an extensive and efficient distribution network and "made in Italy" credentials through the acquisition of the manufacturing plant.

The Serenity acquisition has been consolidated as from April, 1 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: (a) 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 (b) 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.

The full amount of the earn-out payments has been taken into account for the determination of the initial goodwill. The net assets acquired amount to €49.1 million. As a consequence, the Group recognized goodwill of €18.1 million on the Balance Sheet which is attributable to the factors mentioned. As of June 30, 2013 the Group had not yet finalised the purchase price allocation consequently it had recognised a provisional goodwill.

The following table summarises the consideration paid for Serenity S.p.a. and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

Consideration at April 4, 2013 ***(in € million)***	
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	2.1
Property, plant, and equipment	26.2
Intangible assets (excluding goodwill)	0.1
Inventories	16.8
Trade and other receivables	54.2
Deferred tax assets	0.0
Trade and other payables	(21.7)
Employee benefit obligations	(1.9)
Borrowings	(24.0)
Other assets and liabilities acquired	(2.7)
Total identifiable net assets acquired	**49.1**
Allocation to Goodwill	18.1
Total consideration	**67.2**
Purchase price:	
Cash	49.2
Financial liabilities future earn out	18.0
Fair value of shares exchanged	0.0
Total consideration transferred	67.2

The acquisition related costs in the period ended June 30, 2013 amounted to €5.5 million and are included in non-recurring expenses in the profit and loss statement. Revenues from Serenity amounted to €36.5 million in Q2 2013.

Note 12 Events after the reporting period

In August 2013, the Group repaid €10.0 million of the Revolving Credit Facility that was drawn down pending closing of the factoring agreements. Subsequent to the repayment, €20.0 million of the RCF remains outstanding.