Ontex IV S.A.

Interim Financial Report for the three month period ended March 31, 2014

Table of Contents

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.

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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 new reporting structure was effective as of January 1, 2014, separating the previous Retail division into Mature Market Retail and Growth Markets to better match the different market dynamics.

Ontex's four divisions are now:

- Mature Market Retail
- Growth Markets
- Healthcare
- Middle East and Africa (MEA)

Business

Overview

Ontex: market leader in hygienic disposables

We are Europe's leading manufacturer of retailer branded hygienic disposable products. We primarily sell our products to retailers, helping them to establish or enhance their own brands. We sell both retailer brands and Ontex brands, with the mix varying by product category and geography. We also sell a small amount of finished unbranded products to other manufacturers, which is referred to as contract manufacturing.

Our core product categories include:

- Babycare products, principally baby diapers and, to a lesser extent, baby pants and wet wipes. Babycare products comprised 52.5% of our revenue for the year ended December 31, 2013.
- Adult incontinence products, such as adult pants, adult diapers, incontinence towels and bed protection. Adult incontinence products comprised 32.9% of our revenue for the year ended December 31, 2013.
- Feminine care products, such as sanitary pads, panty liners and tampons. Feminine care products comprised 13.2% of our revenue for the year ended December 31, 2013.

We estimate that our aggregate retailer brand market share by volume across our core product range was approximately 41% in Western Europe and above 50% in Eastern Europe as at December 31, 2013. We believe our market share in the retailer brand segment in Western Europe is 2.7 times that of our nearest competitor, based on total volumes.

Western Europe contributed 68.4% of our revenue for the year ended December 31, 2013, Eastern Europe contributed 13.2% and the rest of the world, including Turkey, contributed 18.4%.

In Western Europe, our customers include retailers, wholesalers, distributors and institutions. We enjoy deep relationships with the main large European retailers, and 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, our investments in innovation and the strength of our commercial organization.

For the year ended December 31, 2013, 62.3% of our revenue was generated from retailer branded products, while 37.7% of our revenue came from branded products. The share of branded products has increased in 2013 on the back of the Serenity acquisition in April 2013.

Retailer brands are increasingly being viewed as real brands that are actively supported by retailers. 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 branded products.

We are headquartered in Zele, Belgium and have a well-balanced manufacturing and sales footprint. In the second quarter of 2014, we plan to relocate our headquarters to Aalst-Erembodegem, Belgium. We have 15 production facilities located across Europe (including two in Belgium, one in the Czech Republic, two in France, two in Germany, one in Spain and one in Italy), China, Turkey, Algeria, Russia, Australia and Pakistan. We have 23 sales and marketing teams located across Europe, Asia, Africa, Turkey, Middle East and Australia through which we make sales in more than 100 countries worldwide. The wide reach of our production facilities and sales offices allows us to operate across a wide range of markets in a cost effective manner. We employed on average 4,981 full time equivalent employees during the year ended December 31, 2013.

History of the Group

Ontex was founded in 1979 by Paul Van Malderen and initially produced mattress protectors for the Belgian institutional market. During the 1980s and the first half of the 1990s, the Company expanded its product range into its current core product categories 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, we 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. We acquired a diaper production unit of Paul Hartmann in Germany in 2004 and opened a production facility in China in 2006. In 2008, we opened a production facility in Algeria. In 2010, we acquired iD Medica, which sells incontinence products in Germany.

In November 2010, Ontex was acquired by funds managed by GSCP and TPG. In 2011, we opened two additional production facilities, one in Australia and one in Russia, and acquired Lille Healthcare, a company operating in the adult incontinence market in France, in October 2011. In 2013, we acquired Serenity, a company operating in the adult incontinence market in Italy, and opened a production facility in Pakistan. In 2013, Charles Bouaziz and Jacques Purnode joined us as Chief Executive Officer and Chief Financial Officer, respectively.

Comments for the quarter ended March 31, 2014

Key highlights for the quarter:

- Reported Group revenues amounted to €400.2 million, representing a 17.5% increase year-on-year
    - Revenues up 9.6% year-on-year at constant currency and excluding Serenity, reaching €373.1 million
- Adjusted EBITDA reached €49.4 million (including €4.2 million of adverse currency impact)
    - Adjusted EBITDA margin improved by 118 bps to 12.3% year-on-year
- FCF generation was €5.5 million as of March 31, 2014, impacted by €34.3 million of working capital consumption in the quarter mostly linked to Serenity
- Net Debt of €862.2 million as of March 31, 2014
- €61.5 million of cash and cash equivalents and overall €136.5 million of available cash as of March 31, 2014

Market Dynamics

The macroeconomic headwinds encountered in 2013 continued to reverberate into the first quarter of 2014 as Ontex was impacted by adverse currency movements, particularly from the Turkish Lira, Russian Ruble and the Australian Dollar which continued to devaluate since the end of 2013. However, their effect was partially offset by a weaker U.S. Dollar over the quarter compared to the end of 2013. Further depreciation of the Ukrainian Hryvnia and an appreciation of the Pakistan Rupee had a limited impact on the Group's results.

Other macro factors, such as raw material prices, saw a slight rise in the first quarter of 2014, since December 2013, as expected.

Promotional and competitive activities by peers remained within expectations, in an environment where Western and Eastern European retailers continued the trend of building their own brands. The exit of Kimberly Clark (K-C) from Western Europe in early 2013, provided Ontex with an additional opportunity in retailer brands. K-C's volumes have now been redistributed amongst Ontex and other peers and the residual impact was seen in Q1 2014.

Financial Review

Reported Group revenues amounted to €400.2 million for Q1 2014 and represents a 17.5% increase compared to Q1 2013. At constant currency and excluding the Serenity acquisition, which was consolidated from April 2013, revenues were up 9.6% reaching €373.1 million.

The results reflect a robust performance across all regions, especially in light of the various macro challenges over the course of the quarter.

Revenues in Western Europe were up 8.5% at constant currency and excluding Serenity, largely driven by additional Babycare retailer brand volumes recorded in the quarter, in conjunction with the K-C withdrawal in early 2013. This was further helped by new Babycare retailer brand contracts won earlier in Q4 2013, in particular in the Nordic and the Benelux regions. Overall, the

Mature Market Retail division grew by 9.5% year-on-year, at constant currency and excluding Serenity.

Revenues in Eastern Europe continued to progress as well, posting a 6.1% increase at constant currency and excluding Serenity, on the back of additional volumes and growing demand.

The Company also delivered a solid performance in the Rest of the World with revenues up 15.3% at constant currency, driven in particular by strong performance in markets such as Pakistan, Turkey, Morocco and Australia.

Adjusted EBITDA for the year was €49.4 million (including €4.2 million of adverse currency impact), up 30.0% year-on-year while the adjusted EBITDA margin for the year improved by 118 bps to 12.3% year-on-year, and was primarily driven by the impact of improved operating leverage as well as the consolidation of Serenity. Equally, part of the increase in Opex is also driven by the consolidation of Serenity, which through its branded business and home delivery segment, structurally incurs a higher proportion of marketing and distribution expenses.

Free Cash Flow amounted to €5.5 million, down by €8.7 million year-on-year. This decrease was primarily driven by working capital consumption of €34.3 million in the quarter mostly linked to Serenity, a rebuild of diaper inventories to optimal levels, and a slightly higher DSO driven by increased sales to customers with longer than average payment terms.

A different phasing of planned investments has led to a decrease of 50.6% in Capex spend year-on-year, which totaled €8.0 million in Q1 2014. However, for the full year 2014, management expects capex funding to remain broadly in line with FY 2013 levels at approximately 3.0% of revenues.

Overall, cash and cash equivalents stood at €61.5 million at 31 March, 2014 while Net Debt amounted to €862.2 million. The RCF remained fully undrawn at the end of the quarter and the Group's cash availability was €136.5 million as at 31 March, 2014.

Operational Review

During the course of the quarter under review, the Group started to implement its 2014 operational priorities, including a final push to maximize the capture of any remaining volume opportunity created by K-C. The Group continued to roll-out its Supercore II product in Western Europe, and continued to focus on supporting the penetration of its products in Middle East and Africa and Growth Markets divisions.

The Group also remains committed to adapting its existing infrastructure to match additional capacity requirements. As such the Group expects two self-engineered baby diaper lines to be operational in the fourth quarter of 2014 and is looking to expand capacity in its newest plant in Pakistan with a second machine that is expected to come online within the next six months. The Group also anticipates three additional Feminine Care machines to commence production in the second half of 2014.

Furthermore, in its efforts to reduce foreign exchange and raw material volatility, at the beginning of the year the Group entered into a new arrangement intended to hedge a portion of its fluff exposure for 2014. The currency hedge put in place at the end of 2013 has been extended into 2014 and covers a basket of currencies.

Outlook

Looking ahead from a macro perspective, the Group has seen an increase in fluff and propylene prices on the commodity markets since end of Q1 2014, while other raw materials remain broadly in line with Q1 2014 levels. As a result of this evolution, the Group foresees higher fluff prices in Q2 2014 compared to Q2 2013, while other raw material prices are expected to remain largely in line with the levels seen in Q2 2013. Whilst subject to possible greater fluctuations during the rest of Q2 2014, currency movements are currently remaining broadly stable or slightly improving from Ontex's perspective compared to the levels of Q1 2014.

Ultimately, from a strategic and operational stand-point the 2014 priorities remain unchanged and management remains committed to delivering sustainable and profitable growth in the long term.

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

Revenues

Total revenue amounted to €400.2 million in Q1 2014 compared to €340.5 million in Q1 2013, an increase of 17.5% year-on-year, or 20.8% on a constant currency basis. Currency effects were unfavorable, mainly due to the weakening of the Turkish Lira, Russian Ruble and the Australian Dollar, partially offset by the stronger British Pound and weakening of the U.S. Dollar. Excluding Serenity, which was consolidated from April 2013, the Group's revenues at constant currency increased by 9.6% year-on-year.

On a geographical basis, the revenue growth was mainly driven by Western Europe, due to the impact of the Serenity acquisition, in addition to good performance in countries like the UK, where the K-C exit has led to additional volume gains for Ontex. Revenues in Western Europe increased by 26.5% from €218.9 million in Q1 2013 to €277.0 million in Q1 2014. At constant currency and excluding the Serenity business, revenues in Q1 2014 increased by 8.5% compared to the same period last year. Revenues in Western Europe also benefitted from the impact of contracts won last year in the Benelux and Nordic regions following K-C's exit from these markets in the course of 2013.

In Eastern Europe, revenues increased by 0.8% from €47.2 million in Q1 2013 to €47.6 million in Q1 2014. The flat performance can be attributed to the devaluation of the Russian Ruble. At constant currency, revenues in Q1 2014 increased by 6.4% over the same period last year. Russia continued to post encouraging growth at constant currency.

In the Rest of the World region, revenues grew by 1.6%, reaching €75.6 million in Q1 2014. The region has been impacted the most from currency fluctuations with revenues at constant currency increasing by 15.3% in Q1 2014. Revenue growth in Pakistan has shown good progress as the new plant came online in the second half of 2013. Turkey, Morocco and Australia continued to perform well, posting double digit growth figures.

By geographic area, in € million	First Quarter	
	2014	2013
Western Europe	277.0	218.9
Eastern Europe	47.6	47.2
Rest of the World	75.6	74.4
Ontex Group Revenues	400.2	340.5

Revenues by Division

Revenues in the Mature Market Retail division increased by 9.1% from €202.0 million in Q1 2013 to €220.4 million in Q1 2014. This increase comes on the back of contract gains in some key markets, as the Group captured volumes formerly supplied by K-C.

The Growth Markets division reported revenues of €21.8 million for Q1 2014, up 11.2% from €19.6 million in Q1 2013. At constant currency revenues increased by 22.4%. Continued weakness in emerging market currencies impacted the division's results. Performance in Russia was strong as the Group increased sales to existing clients.

Revenues in the Healthcare division amounted to €106.4 million in Q1 2014 compared to €67.3 million in Q1 2013, an increase of 58.1% year-on-year, mostly influenced by the Serenity acquisition completed in Q2 2013. At constant currency and excluding Serenity, revenues grew by 2.1%. The Serenity business is continuing to trade in line with management expectations.

The Middle East and Africa division posted flat revenues in Q1 2014 at €51.6 million mainly due to the weakening of the Turkish Lira. Revenues at constant currency increased by 14.7% year-on-year. The division saw robust performance in Turkey, Morocco and Pakistan and the Group continued to capitalize on the favorable demographics in the region.

By division, in € million	First Quarter	
	2014	2013
Mature Market Retail	220.4	202.0
Growth Markets	21.8	19.6
Healthcare	106.4	67.3
Middle East and Africa	51.6	51.6
Ontex Group Revenues	400.2	340.5

Revenues by Product group

Revenue generated by Babycare products was €210.2 million for Q1 2014, an increase of 9.9% from €191.2 million in Q1 2013. At constant currency, revenue increased by 13.9%. Revenues increased mainly due to higher volumes following K-C's exit from the West European baby diaper market.

Revenues in Feminine care increased by 2.5% from €48.2 million in Q1 2013 to €49.4 million in Q1 2014. At constant currency, the increase in revenue amounted to 3.3%. The growth was primarily driven by retailer brand contracts won in the course of 2013 in Western Europe.

Revenues continued to be strong in the Adult Incontinence product category, helped by the consolidation effect of Serenity. Overall, revenues increased from €97.3 million in Q1 2013 to €134.9 million in Q1 2014, a 38.6% growth year-on-year. At constant currency, and excluding the Serenity business, revenues grew by 3.4%.

By product group, in € million	First Quarter	
	2014	2013
Babycare	210.2	191.2
Feminine care	49.4	48.2
Adult Incontinence	134.9	97.3
Other (Traded goods)	5.7	3.8
Ontex Group Revenues	400.2	340.5

Cost of Sales

Cost of sales was €291.3 million in Q1 2014 compared to €253.6 million for Q1 2013, an increase of 14.9% year-on-year. Gross profit margin has increased by 170 basis points from 25.5% in Q1 2013 to 27.2% in Q1 2014, mainly on the back of the Serenity acquisition and operating leverage. We estimate that around half of the increase is due to the Serenity acquisition, which was not consolidated in the Q1 2013 interim financial statements. As previously indicated, Serenity generates a higher portion of business from home delivery and is a branded business and therefore has higher gross margins to cover the higher sales and distribution costs that are typical with that business. Raw material prices have been relatively stable over the last year. Fluff prices have slightly increased compared to Q1 2013, partially offset by a weaker U.S. Dollar, while the prices for oil related products have slightly decreased.

Operating Expenses

Operating expenses increased by 19.5% in Q1 2014 at €67.5 million compared to €56.5 million in Q1 2013, broadly in line with the revenue growth.

The Group recorded an increase in operating expenses amounting to €11.0 million year-on-year, mainly due to the growth of the business of which Serenity is the main contributor. The Serenity business generates higher operating expenses as it is a branded business, requiring higher marketing expenses as well as increased transportation and distribution costs due to the home delivery nature of the segment.

EBITDA – Non-IFRS measure

Earnings before interest, tax, depreciation and amortization (EBITDA) was €47.1 million in Q1 2014 compared to €35.9 million in Q1 2013.

Non-recurring expenses

Total non-recurring expenses amounted to €2.3 million in Q1 2014 versus €2.4 million in Q1 2013. Details of these costs can be found in Note 9 for the quarter ended March 31, 2014 and March 31, 2013.

Adjusted EBITDA – Non-IFRS measure

Excluding non-recurring expenses, adjusted EBITDA for Q1 2014 was €49.4 million in Q1 2014 compared to €38.0 million in Q1 2013. Adjusted EBITDA margin was 12.3% in Q1 2014 compared to 11.2% in Q1 2013. Q1 2014 adjusted EBITDA is significantly higher, driven by the Serenity acquisition partially offset by the adverse currency movements over the quarter. At constant currency, adjusted EBITDA amounted to €53.6 million for Q1 2014.

Operating profit

Operating profit was €39.1 million in Q1 2014 compared to €28.0 million in Q1 2013. This change was driven by the considerably higher gross margin for the quarter under review. Operating profit margin was 9.8% in Q1 2014.

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, exchange rate differences and any loss on derivatives.

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

Net finance costs amounted to €20.5 million in Q1 2014, a 10.8% increase compared to €18.5 million of financing costs in Q1 2013. The rise was driven by lower gains on derivatives and by higher interest expenses mainly due to the financing of the Serenity acquisition.

Income tax

Income tax for Q1 2014 was €3.8 million versus €2.6 million in Q1 2013.

Profit for the period

The profit for Q1 2014 was €14.8 million compared to a €6.9 million posted in Q1 2013.

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.

Free Cash Flow amounted to €5.5 million, down by €8.7 million year-on-year. This decrease was primarily driven by working capital consumption of €34.3 million in the quarter mostly linked to Serenity, a rebuild of diaper inventories to optimal levels, and a slightly higher DSO driven by increased sales to customers with longer than average payment terms.

A different phasing of planned investments has led to a decrease of 50.6% in Capex spend year-on-year, which totaled €8.0 million in Q1 2014. However, for the full year 2014, management expects capex funding to remain broadly in line with FY 2013 levels at approximately 3.0% of revenues.

FCF calculation, in € million	First Quarter 2014	2013
Adjusted EBITDA	**49.4**	**38.0**
Change in Working Capital	(34.3)	(6.1)
Cash taxes paid	(1.6)	(1.5)
Capex	(8.0)	(16.2)
Free Cash Flow	**5.5**	**14.2**

Group's Cash Flow Statement

Net cash flow from operating activities was €14.1 million in Q1 2014 versus €25.7 million in Q1 2013, a decrease of 45.1% year-on-year and mostly attributable to the working capital consumption during the Q1 2014 period mentioned earlier.

In Q1 2014, cash outflow from investing activities amounted to €8.0 million and was entirely related to capital expenditure. Cash outflow from investing activities amounted to €16.2 million in Q1 2013.

Cash outflow from financing activities was €5.9 million in Q1 2014, mainly related to interest payments. The €74.0 million inflow in Q1 2013 benefitted from proceeds of the bond tap, in relation to the Serenity acquisition, amounting to €77.4 million (including bond tap issue premium).

Material recent developments

There have been no material recent developments to date.

Material risk factors

There have been no material changes to the risk factors disclosed in the annual bondholder report for the year ended December 31, 2013.

Unaudited Condensed Consolidated Interim Income Statement

		First Quarter	
		2014	2013
in € million	Note		
Revenue	4	400.2	340.5
Cost of sales		(291.3)	(253.6)
Gross margin		**108.9**	**86.9**
Distribution expenses		(37.6)	(28.0)
Sales and marketing expenses		(19.8)	(18.9)
General administrative expenses		(10.6)	(9.0)
Other operating income/(expense), net		0.5	(0.6)
Non-recurring expenses (*)	9	(2.3)	(2.4)
Operating profit		**39.1**	**28.0**
Finance income		2.8	5.2
Finance costs		(23.3)	(23.7)
Net finance cost		**(20.5)**	**(18.5)**
(Loss) / Profit before income tax		**18.6**	**9.5**
Income tax expense		(3.8)	(2.6)
(Loss) /Profit for the period from continuing operations		**14.8**	**6.9**
(Loss) / Profit for the period (**)		**14.8**	**6.9**

(*) 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)

		First Quarter	
		2014	2013
in € million	Note		
Additional information			
Reconciliation of net income before interest, tax, depreciation and amortization (EBITDA)			
Operating Profit		39.1	28.0
Depreciation and amortization (*)		8.0	7.9
EBITDA (**)		**47.1**	**35.9**
Reconciliation of net income before interest, tax, depreciation and amortization (EBITDA) to adjusted EBITDA			
EBITDA (**)		**47.1**	**35.9**
Non-recurring expenses excluding amortization		2.3	2.1
Adjusted EBITDA (***)		**49.4**	**38.0**

(*) Depreciation and amortization (D&A) included €8.0 million of recurring D&A and no non-recurring D&A in Q1 2014. D&A included €7.6 million of recurring D&A and €0.3 million of non-recurring D&A for Q1 2013.

(**) 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

		First Quarter	
		2014	2013
in € million	Note		
Income / (loss) for the period		**14.8**	**6.9**
Other comprehensive income/(loss) for the period, after tax:			
Exchange differences on translating foreign operations (*)		-	0.3
Cash flow hedges (*)		(0.4)	-
Other (*)		-	0.1
Other comprehensive income /(loss) for the period, net of tax		**(0.4)**	**0.4**
Total comprehensive income/(loss) for the period(**)		**14.4**	**7.3**

(*) Items will subsequently be reclassified to the income statement.

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

Unaudited Condensed Consolidated Statement of Financial Position

in € million	Note	March 31, 2014	December 31, 2013	March 31, 2013
ASSETS				
Non-current Assets				
Goodwill and other intangible assets	5	864.6	864.8	846.4
Property, plant and equipment	6	280.7	282.0	266.8
Deferred tax assets		0.3	0.3	0.1
Non-current receivables		0.1	0.1	0.1
		1,145.7	**1,147.2**	**1,113.4**
Current Assets				
Inventories		200.9	182.2	179.4
Trade receivables		239.2	199.0	173.5
Prepaid expenses and other receivables		60.0	40.0	39.4
Current income tax		4.0	3.7	2.6
Derivative financial assets		1.1	1.1	4.6
Restricted cash (Senior Secured Notes 2013)		-	-	79.3
Cash and cash equivalents	3	61.5	61.3	43.0
		566.7	**487.3**	**521.8**
TOTAL ASSETS		**1,712.4**	**1,634.5**	**1,635.2**

Unaudited Condensed Consolidated Statement of Financial Position (continued)

in € million	Note	March 31, 2014	December 31, 2013	March 31, 2013
EQUITY AND LIABILITIES				
Equity attributable to owners of the company				
Share capital		449.4	449.4	449.4
Cumulative translation differences		(21.3)	(21.3)	(7.3)
Consolidated reserves		(51.6)	(66.0)	(84.4)
TOTAL EQUITY		**376.5**	**362.1**	**357.7**
Non-current liabilities				
Employee benefit liabilities		15.8	15.8	14.3
Interest-bearing debts	3	897.5	896.7	892.3
Other non-current financial liabilities		10.0	10.0	-
Deferred income tax liabilities		14.8	14.8	13.3
Provisions		0.1	0.1	-
Other payables		-	-	0.1
		938.2	**937.4**	**920.0**
Current liabilities				
Interest-bearing debts	3	26.2	13.9	27.8
Derivative financial liabilities		2.3	1.9	-
Other current financial liabilities		8.0	8.0	-
Trade payables		273.8	243.2	228.9
Accrued expenses and other payables		30.9	15.7	20.2
Social liabilities		27.9	25.9	26.7
Current income tax liabilities		21.4	19.0	16.9
Provisions		7.2	7.4	37.0
		397.7	**335.0**	**357.5**
TOTAL LIABILITIES		**1,335.9**	**1,272.4**	**1,277.5**
TOTAL EQUITY AND LIABILITIES		**1,712.4**	**1,634.5**	**1,635.2**

Unaudited Condensed Consolidated Interim Statement of Cash Flow

		First Quarter	
		2014	2013
in € million	Note		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash from operating activities		15.7	27.2
Income tax paid		(1.6)	(1.5)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**14.1**	**25.7**
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital Expenditure		(8.0)	(16.2)
NET CASH USED IN INVESTING ACTIVITIES		**(8.0)**	**(16.2)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from acquisition (net cash)		-	-
Proceeds from borrowings		-	77.4
Other proceeds from financing		-	-
Repayment of borrowings		(0.5)	(0.5)
Acquisition price paid		-	-
Interest paid		(4.3)	(1.5)
Interest received		-	0.1
Cost of refinancing & Other costs of financing		(1.6)	(1.3)
Realised foreign exchange (losses)/gains on financing activities		0.5	(2.5)
Derivative financial asset		-	2.3
NET CASH GENERATED FROM FINANCING ACTIVITIES		**(5.9)**	**74.0**
MOVEMENT IN PERIOD		**0.2**	**83.5**
CASH, CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**61.3**	**38.9**
CASH, CASH EQUIVALENTS AT THE END OF THE PERIOD (*)		**61.5**	**122.3**

(*) Q1 2013 includes restricted cash in the amount of €79.3 million, consisting of the proceeds of the bond tap issue, including the bond issue premium (€77.4 million) and the pre-financed interest expenses on that bond issue (€1.9 million)

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, 2013		**449.4**	**(21.3)**	**(66.0)**	**362.1**
Comprehensive income:					
Profit for the year		-	-	14.8	14.8
Other comprehensive income:					
Exchange differences on translating foreign operations		-	-	-	-
Cash flow hedges		-	-	(0.4)	(0.4)
Other movements		-	-	-	-
Total other comprehensive income		**-**	**-**	**(0.4)**	**(0.4)**
Balance at March 31, 2014		**449.4**	**(21.3)**	**(51.6)**	**376.5**

		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		-	-	6.9	6.9
Other comprehensive income:					
Exchange differences on translating foreign operations		-	0.3	-	0.3
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**

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, 2014 to March 31, 2014. 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, 2013 and with the interim financial reporting of the Ontex IV Group for the first, second and third quarter of 2013.

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, 2014 to March 31, 2014 are consistent with those applied in the audited consolidated financial statement for the year ended December 31, 2013 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, 2013 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, 2014 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, 2013. 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, 2014.

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, 2013 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, six month period ended June 30, 2013 as well as the nine month period ended September 30, 2013.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors as of May 9, 2014. 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 judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated interim financial statements are disclosed below.

Note 2 Critical accounting estimates and judgments

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

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

2.1 Employee benefits

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

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

Would the discount rate used be higher or lower by 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, 2014.

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, 2013 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 Currency risk

The Group entered into foreign exchange forward contracts in December 2013 maturing through December 2014 and in March 2014 maturing through March 2015 in order to limit volatility in the business resulting from exposures to sales in British Pound, Polish Zloty, Turkish Liras, Australian Dollars and Russian Rubles, as well as purchases of raw materials in U.S. Dollars and Czech Crown.

At inception of the foreign exchange contracts, those were designated as cash flow hedges. At the moment the forecasted transactions materialize, the foreign exchange forward contracts become fair value hedges.

The terms of the foreign currency forward contracts have been negotiated to match the terms of the forecasted transactions. The Group applies hedge accounting to the foreign currency forward contracts.

As of March 31, 2014 an unrealized net loss of €0.7 million has been recognized in other comprehensive income, relating to foreign exchange hedging contracts for which hedge accounting is applied.

As of March 31, 2014 the fair value of the derivative financial asset for the foreign exchange contracts amounted to €0.8 million and of the derivative financial liability amounted to €2.3 million.

3.3 Price risk (commodity)

The Group 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. The option reached its maturity on September 15, 2013 and has not been replaced.

In relation to the Group’s fluff exposure, the Group has arrangements with certain fluff suppliers that reduce the Group’s exposure to volatility in fluff prices. Recently, the Group also decided to hedge a portion of its fluff exposure that is not covered by such arrangements for 2014. As of March 31, 2014, an unrealized gain of €0.3 million has been recognized in other comprehensive income, relating to the commodity hedging contracts for which hedge accounting is applied.

As of March 31, 2014, the fair value of the derivative financial asset for the commodity hedging contracts amounted to €0.3 million.

3.4 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, 2014, March 31, 2013 and December 31, 2013 are as follows:

in € million	March 31, 2014	December 31, 2013	March 31, 2013
Long-term interest bearing debt	897.5	896.7	892.3
Short-term interest bearing debt	26.2	13.9	27.8
Restricted Senior Secured Notes 2013	-	-	(79.3)
Available short-term liquidity	(61.5)	(61.3)	(43.0)
Total net debt position	**862.2**	**849.3**	**797.8**

3.5 Interest rate and credit risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. These risks are managed centrally by Group treasury taking into account the expectations of the Group with respect to the evolutions of the market rates. The Group has used interest rate caps to manage these risks.

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to corporate customers, including outstanding receivables and committed transactions. The Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors based on which individual risk limits are set in accordance with the limits set by business managers. Historical default rates have been below 1% in 2011, 2012 and 2013. Trade receivables are spread over different countries and counterparties and there is no large concentration with one or a few counterparties.

As of March 31, 2014, the €75.0 million Revolving Credit Facility is undrawn.

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	First Quarter 2014	2013
Mature Market Retail	220.4	202.0
Growth Markets	21.8	19.6
Healthcare	106.4	67.3
Middle East and Africa	51.6	51.6
Ontex Group Revenues	400.2	340.5

4.2 Information by product group

By product group, in € million	First Quarter 2014	2013
Babycare	210.2	191.2
Feminine care	49.4	48.2
Adult Incontinence	134.9	97.3
Other	5.7	3.8
Ontex Group Revenues	400.2	340.5

4.3 Information by geographic area

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

By geographic area, in € million	First Quarter 2014	2013
Western Europe	277.0	218.9
Eastern Europe	47.6	47.2
Rest of the World	75.6	74.4
Ontex Group Revenues	400.2	340.5

4.4 Revenues from major customers

The Group does not have a single significant customer. In Q1 2014, the single largest customer represented 6.2% of the Group's revenues. The 10 largest customers represented 38.2% of total revenues for Q1 2014 revenues.

Note 5 Goodwill and other intangible assets

in € million	Goodwill	IT implementation costs	Other intangibles	Total
Quarter ended March 31, 2014				
Opening net book amount	860.1	4.4	0.3	864.8
Additions	-	0.3	-	0.3
Transfers	-	-	-	-
Disposals	-	-	-	-
Amortization charge	-	(0.5)	-	(0.5)
Closing net book amount	**860.1**	**4.2**	**0.3**	**864.6**
At March 31, 2014				
Cost or valuation	860.1	13.4	0.9	874.4
Accumulated amortization, impairment and other adjustments	-	(9.2)	(0.6)	(9.8)
Net book amount	**860.1**	**4.2**	**0.3**	**864.6**

in € million	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)
Closing net book amount	**841.5**	**4.5**	**0.4**	**846.4**
At March 31, 2013				
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**

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 March 31, 2014						
Opening net book amount	98.6	154.6	0.6	10.1	18.2	282.0
Additions	-	1.7	0.1	-	4.2	6.0
Transfers	-	11.0	(0.1)	-	(10.9)	-
Depreciation charge	(0.9)	(6.2)	-	(0.3)	-	(7.4)
Exchange differences	(0.1)	0.1	-	-	-	-
Closing net book amount	**97.6**	**161.2**	**0.6**	**9.8**	**11.5**	**280.7**
At March 31, 2014						
Cost	116.0	251.6	1.2	16.5	11.5	396.8
Accumulated depreciation	(18.4)	(90.4)	(0.6)	(6.7)	-	(116.1)
Net book amount	**97.6**	**161.2**	**0.6**	**9.8**	**11.5**	**280.7**

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 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)
Depreciation charge	(0.8)	(6.1)	-	(0.4)	-	(7.3)
Exchange differences	(0.3)	0.2	-	0.1	(0.1)	(0.1)
Closing net book amount	**88.8**	**140.7**	**0.6**	**11.3**	**25.4**	**266.8**
At 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**

The additions to property, plant and equipment represent mainly investments in capacity extension, R&D investments, investments to run the business and IT investments.

As at March 31, 2014, the Group has commitments to purchase property, plant and equipment for the amount of €8.8 million.

Note 7 Legal claims

The Group recognizes a provision for certain legal claims brought against the Group by customers, suppliers or former employees. 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 Condensed Consolidated Interim Income Statement.

Note 9 Non-recurring expenses

in € million	First Quarter 2014	2013
Factory closure	0.9	-
Business restructuring	0.6	-
Acquisition related expenses	0.3	1.9
Asset impairment	-	0.3
Other	0.5	0.2
Total non-recurring expenses	**2.3**	**2.4**

Factory closure: The Group closed the production facility in Recklinghausen, Germany in 2012. The non-recurring items in Q1 2014 relate to remaining expenses in respect of the factory closure.

Business restructuring: The Group undertook a number of projects to optimize the management of its business. The costs in Q1 2014 mainly comprise of professional fees and costs related to breach of contract.

Acquisition related expenses: In Q1 2013 and Q1 2014, the Group incurred expenses in relation to the acquisition and subsequent integration of Serenity Spa.

Asset Impairment: The asset impairment charge is a non-cash item and relates in Q1 2013 to the write off of the amortization of idle production equipment.

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

There have been no material recent developments to date.