PEGAS NONWOVENS SA

First nine months of 2014 unaudited consolidated financial results

27 November 2014

PEGAS NONWOVENS SA announces its unaudited consolidated financial results for the first nine months of 2014, prepared under International Financial Reporting Standards (IFRS) and International Accounting Standards IAS 34 as adopted by the European Union.

"We consider the results for the third quarter as very good. Our EBITDA almost matched that of the first quarter, while the drivers were to a great extent similar to those at the beginning of the year. The primary driver was the contribution provided by our new Egyptian production line, which has been running in standard commercial production mode since the start of the year. At the same time, we are satisfied with the development in the area of sales that led to a substantial reduction in inventories of finished products. In the third quarter, we also continued in meeting our objectives relating to increasing the share of technologically advanced products on overall turnover. We achieved this solid performance despite the unfavourable development in polymer prices that culminated during the third quarter. The price decline that followed should, to at least some degree, be positively reflected in our fourth quarter financial statements.

With respect to the achieved results in the first nine months of this year we can confirm our outlook for full year EBITDA.

Apart from the successful third quarter figures, I would also like to highlight our Company's favourably accepted inaugural bond issue. Investors' interest and their subscription significantly exceeded our expectations. As a result of this, the Company will be benefiting from a reduction of financing costs, increased flexibility and diversification of funding sources. It is therefore possible that the issuance of bonds may provide an interesting alternative to bank financing in the future.

Last but not least, I am quite sure that our shareholders appreciated the dividend of EUR 1.10 per share, representing a dividend yield of 5%", said František Řezáč, CEO and Member of the Board of PEGAS NONWOVENS SA.

Overview of Financial Results

(EUR mil.)	Nine months January – September 2014		Third quarter July - September 2014	
		yoy		yoy
Revenues	171.8	17.7%	60.4	25.9%
Operating costs without depreciation and amortization	(137.7)	16.7%	(48.5)	23.7%
EBITDA	34.1	21.9%	11.9	35.9%
Depreciation and Amortization	(11.1)	19.5%	(3.8)	5.7%
Profit from operations (EBIT)	22.9	23.2%	8.2	56.4%
FX gains/losses and other financial income/expense (net)	4.5	n/a	3.3	1,053.8%
Interest expense (net)	(5.9)	33.9%	(1.7)	(25.8%)
Income tax – expense	(2.1)	(2.9%)	(0.9)	(1.7%)
Net Profit	19.5	115.0%	8.9	283.5%
Capital expenditure	7.9	(78.3%)	6.3	46.4%
Number of employees (end of period)	567	(1.2%)	567	(1.2%)
No. of employees during period (average)	569	5.8%	571	(0.2%)
Net debt[1]	143.9	3.3%	143.9	3.3%
Production output (in tonnes)	74,284	12.7%	24,721	9.1%
Average CZK/EUR exchange rate during period	27.504	6.8%	27.618	6.8%
End of period CZK/EUR exchange rate	27.500	6.9%	27.500	6.9%

Consolidated Financial Results

[1] Changes compared to 31.12.2013

Revenues, Costs and EBITDA

In the first nine months of 2014, consolidated revenues (revenues from sales of the Company's products) reached EUR 171.8 million, up by 17.7% yoy. The year-on-year growth in revenues was the result of higher sales of finished products thanks to the production from the new production line in Egypt as well as a slight increase in polymer prices. In the third quarter of 2014, the total consolidated revenues were EUR 60.4 million, a 25.9% increase compared with the same period last year. Apart from the above mentioned, also the reduction of inventories of finished products was a contributing factor to the increase in revenues.

In the first nine months of 2014, total consolidated operating costs without depreciation and amortization (net) went up by 16.7% yoy to EUR 137.7 million. In the third quarter of 2014, consolidated operating costs without depreciation and amortization were EUR 48.5 million, representing an increase of 23.7% yoy. The main reason for this was the higher consumption of input materials resulting from the higher sales levels and rising polymer prices.

In the first nine months of this year, EBITDA reached EUR 34.1 million, up by 21.9% yoy. The EBITDA increase was achieved namely due to the contribution of the new Egyptian production plant. The result was also supported by a weaker CZK/EUR exchange rate. The polymer price pass-through mechanism had a negative effect on the year-on-year comparison.

In the third quarter of 2014, EBITDA amounted to EUR 11.9 million, i.e. up by 35.9% yoy, for the same reasons as indicated above. The third quarter result was also positively influenced by the reduction of inventories of finished products.

In the first nine months of 2014, EBITDA margin reached 19.8% and as such grew by 0.7 percentage points compared with the same period last year. In the third quarter of 2014 the EBITDA margin amounted to 19.7%, up by 1.4 percentage points over the third quarter of last year.

Operating Costs

Total raw materials and consumables used in the first nine months of 2014, amounted to EUR 129.4 million, a 17.7% yoy increase.

In the third quarter of 2014, this item reached EUR 45.6 million, an increase of 25.6% yoy. The main factor was the increased raw material consumption connected with the new production capacity in Egypt and the rise in input material prices.

In the first nine months of 2014, total staff costs went down by 1.2% yoy to EUR 7.7 million in particular as a result of a weaker CZK/EUR exchange rate. The effect of the revaluation of the share option plan to fair value had a minimal impact on the year-on-year comparison. Total staff costs denominated in local currencies, i.e. in Czech crowns and Egyptian pounds without the revaluation of the share option plan, increased in the first nine months of 2014 by 5.4% in connection with the increase in the number of employees needed for the new production line in Egypt and the indexation of wages.

In the third quarter of 2014, staff costs reached EUR 2.8 million, down by 3.1% yoy, resulting primarily from the effect of the CZK/EUR exchange rate.

Other operating expenses (net) reached EUR 0.6 million in the first nine months of 2014, representing an increase of 121.9% compared with the same period last year. In the third quarter of 2014, Other operating expenses (net) amounted to EUR 0.1 million.

Depreciation and Amortization

Consolidated depreciation and amortization reached EUR 11.1 million in the first nine months of 2014, up by 19.5% yoy. In the third quarter of 2014, total consolidated depreciation and amortization reached EUR 3.8 million, up by 5.7% yoy. The increase in depreciation and amortization resulted from the inclusion of the technology in Egypt into the Company's assets.

Profit from Operations

In the first nine months of 2014, profit from operations (EBIT) amounted to EUR 22.9 million, an increase of 23.2% compared with the same period in 2013.

In the third quarter of 2014, profit from operations (EBIT) grew by 56.4% to EUR 8.2 million.

Financial Income and Costs

In the first nine months of 2014, FX changes and other financial income/(expense) (net) amounted to an income of EUR 4.5 million compared with an expense of EUR 3.1 million in the same period of the previous year. This item includes realized and unrealized FX gains and losses and other financial income and expenses. The year-on-year change of this item resulted from the development of the CZK/EUR and USD/EUR FX rates which led to subsequent unrealized FX changes related to the revaluation of balance sheet items denominated in EUR (particularly bank debt and inter-company loans). In the third quarter of 2014, foreign exchange changes and other financial income/(expense) (net) represented a gain of EUR 3.3 million, compared with a gain of EUR 0.3 in the comparable period in the previous year. The appreciation of the USD against the EUR is particularly reflected in the gains recorded in the third quarter of 2014.

Interest expenses (net) related to debt servicing amounted to EUR 5.9 million in the first nine months of 2014, a 33.9% increase compared with the first nine months of 2013. The reason for the year-on-year growth of interest expenses was the termination of the inclusion of interest expenses in the acquisition price of the Egyptian plant resulting from the line being put into operation. In the third quarter of 2014, interest expenses (net) related to debt servicing amounted to EUR 1.7 million, a 25.8% decrease compared with the same period last year. The reduction of interest expenses in the third quarter of 2014 was primarily the result of the lower interest rate payable on the bank debt due to improved indicators of indebtedness. In line with expectations, the main factor leading to this improvement was the contribution from the new production line in Egypt

Income Tax

In the first nine months of 2014, income tax amounted to EUR 2.1 million, down by 2.9% yoy. Change in deferred tax represented an income of EUR 0.1 million, the remainder of the amount is tax payable.

In the third quarter of 2014, income tax expense amounted to EUR 0.9 million, down by 1.7% yoy. In the third quarter of 2014, current income tax payable amounted to EUR 0.9 million, while changes in deferred tax were negligible.

Net Profit

In the first nine months of 2014, net profit amounted to EUR 19.5 million, up by 115.0% yoy, primarily due to the contribution of the Egyptian production line and unrealized FX changes in the compared periods. In the third quarter of 2014 the Company achieved a net profit of EUR 8.9 million, up by 283.5% yoy for the same reasons as indicated above.

CAPEX and Investments

In the first nine months of 2014, total consolidated capital expenditures amounted to EUR 7.9 million, down by 78.3% over the previous year. The lower capital expenditures in this year are the result of the completion of the new production plant in Egypt in 2013.

In the third quarter of the year, total CAPEX amounted to EUR 6.3 million, a 46.4% increase compared with the same period last year.

The Company can now clarify that in 2014, total capital expenditure will not exceed EUR 10 million (at the constant exchange rate of CZK/EUR 27). The reduction of capital expenditure from the initially planned EUR 12 million is due to a postponement of a part of the CAPEX into 2015.

Cash and Indebtedness

The total amount of consolidated financial debt (both short-term and long-term) as at 30 September 2014, was EUR 150.4 million, a 7.4% decrease compared with 31 December 2013. The amount of net debt as at 30 September 2014, was EUR 143.9 million, down by 3.6% compared to 31 December 2013. The decline in external debt is related to the completion of investments into the first production line in Egypt and the fact that this investment has started generating positive cash flow. As at 30 September 2014, the Net Debt/EBITDA ratio was 3.22x.

Business overview for the first nine months of 2014

In the first nine months of this year, the total production output (net of scrap) reached 74,284 tonnes, up by 12.7% compared with the first nine months of 2013. In the third quarter of 2014, the Company produced 24,721 tonnes, up by 9.1% over the same period last year. The increase in production is related to the new production capacity in Egypt. The number of days of maintenance breaks also had a positive effect on the year-on-year comparison of produced tonnes.

In the first nine months of 2014, the share of revenues from sales of nonwoven textiles for the hygiene industry represented an 86.6% share of total revenues, which represents a slight decrease compared with an 88.4% share in the first nine months of 2013. Sales volumes of light-weight and bi-component textiles saw a year-on-year increase of approximately 60%. The high share of products in this category confirms the important position the Company has in this market. In the third quarter of 2014, the share of revenues from sales of nonwoven textiles for the hygiene industry on total revenues was 85.4%, down by 1.9 percentage points compared with the same period last year.

In the first nine months of 2014, the revenues from sales of light-weight and bi-component textiles reached EUR 60.1 million, a 59.5% increase compared to the first nine months of 2013. The share of revenues from sales in this product category on total revenues in the first nine months of 2014, amounted to 35.0% compared to the 25.8% share reported in the first nine months of the previous year. In the third quarter of 2014, this share grew to 38.1%. In the third quarter of 2014, revenues from sales of light-weight and bi-component textiles reached EUR 23.0 million, up by 63.5% yoy. Revenues from sales of standard (commodity) textiles for hygiene products reached EUR 88.7 million in the first nine months of 2014, a decrease of 3.0% compared with the first nine months of 2013. In the first nine months of 2014, the share of revenues from sales of standard textiles for the hygiene industry represented a 51.6% share of total revenues, a year-on-year decrease from the 62.7% share in the first nine months of 2013. In the third quarter of 2014 this share was 47.3%.

Revenues from sales of non-hygiene products (for construction, agriculture and medical applications) amounted to EUR 23.1 million in the first nine months of 2014, representing an increase of 36.6% yoy. The proportion of sales of non-hygiene products to the total sales in the first nine months of 2014, amounted to 13.4%, compared with a 11.6% share in the first nine months of 2013. In the third quarter of this year the share of non-hygiene products amounted to 14.6%.

The geographical distribution of its markets[2], confirms the Company's steady focus on sales to the broader European area. In the first nine months of 2014, revenues from sales to Western Europe amounted to EUR 56.0 million, which represented a 32.6% share of total revenues, compared with a 40.1% share in the same period in 2013. In this period, revenues from sales to Central and Eastern Europe and Russia amounted to EUR 79.6 million and represented a 46.3% share of total revenues compared to a 51.3% share in the first nine months of 2013. Revenues from sales to other territories amounted to EUR 36.2 million and represented a 21.1% share of total revenues, compared with an 8.6% share in the first nine months of 2013. The

[2] Geographical distribution is determined by the product delivery location.

growth in revenues to other territories was the result of sales from the new production capacity in Egypt.

Investment in Egypt

Since the beginning of the year, the production line in Egypt has been successfully operating in standard commercial production mode and has met expectations. In terms of operating parameters, the production line is achieving parameters comparable to the production lines in the Czech Republic. In 2014, there were no unexpected material interruptions to production. In upcoming years, the Company will focus on further optimisation of production parameters with the objective of increasing production from this line.

The Company expects to hold a discussion regarding the potential expansion of production capacity in Egypt during the course of 2015 and the final decision will, to a great extent, be subject to favourable market conditions in the region.

Confirmation of Guidance for 2014

In the first nine months of 2014, the Company achieved financial results that are in line with the announced outlook for the entire year 2014.

Based on the results achieved and respecting the developments in the European and Middle Eastern nonwoven textile markets, including the expected development in the polymer market, the Company confirms its previously announced outlook for 2014 and expects this year's EBITDA to grow between 12 and 22% compared with the result achieved in 2013 (EUR 38.6 million).

The Company can now clarify that in 2014, total capital expenditure will not exceed EUR 10 million (at the constant exchange rate of CZK/EUR 27). The reduction of capital expenditure from the initially planned EUR 12 million is due to a postponement of a part of the CAPEX into 2015.

Interim Consolidated Financial Statements of PEGAS NONWOVENS SA for the Nine Months Ended 30 September 2014

Condensed Consolidated Statement of Comprehensive Income for the nine months ended 30 September 2014 and 30 September 2013

Unaudited financial statements prepared under International Financial Reporting Standards (IFRS) and International Accounting Standards IAS 34 as adopted by the European Union
(in thousands of EUR)

	Nine month period to		
	30 September 2013 (unaudited)	**30 September 2014 (unaudited)**	**% change**
Revenues	145,994	171,786	17.7%
Raw materials and consumables used	(109,944)	(129,362)	17.7%
Staff costs	(7,842)	(7,746)	(1.2%)
Other operating income/(expense) - (net)	(283)	(628)	121.9%
EBITDA	**27,925**	**34,050**	**21.9%**
Depreciation and amortization expense	(9,304)	(11,118)	19.5%
Profit from operations	**18,621**	**22,932**	**23.2%**
FX gains and other financial income	6,184	9,181	48.5%
FX losses and other financial expenses	(9,253)	(4,726)	(48.9%)
Interest income	21	7	(66.7%)
Interest expense	(4,409)	(5,884)	33.5%
Profit for the period before tax	**11,164**	**21,510**	**92.7%**
Income tax (expense)/income	(2,114)	(2,052)	(2.9%)
Net profit after tax	**9,050**	**19,458**	**115.0%**
Other comprehensive income			
Net value gain/(loss) on cash flow hedges	571	304	(46.8%)
Changes in translation reserves	(1,791)	2,184	n/a
Total comprehensive income for the period	**7,830**	**21,946**	**180.3%**
Net earnings per share			
Basic net earnings per share (EUR)	**0.98**	**2.11**	**115.2%**
Diluted net earnings per share (EUR)	**0.98**	**2.11**	**115.2%**

Condensed Consolidated Statement of Comprehensive Income for the three months ended 30 September 2014 and 30 September 2013

Unaudited financial statements prepared under International Financial Reporting Standards (IFRS) and International Accounting Standards IAS 34 as adopted by the European Union
(in thousands of EUR)

	Three month period ending		
	30 September 2013 (unaudited)	**30 September 2014 (unaudited)**	**% change**
Revenues	47,942	60,371	25.9%
Raw materials and consumables used	(36,266)	(45,556)	25.6%
Staff costs	(2,843)	(2,754)	(3.1%)
Other operating income/(expense) - (net)	(65)	(147)	126.2%
EBITDA	**8,768**	**11,914**	**35.9%**
Depreciation and amortization expense	(3,550)	(3,753)	5.7%
Profit from operations	**5,218**	**8,161**	**56.4%**
FX gains and other financial income	(1,110)	5,716	n/a
FX losses and other financial expenses	1,400	(2,370)	n/a
Interest income	1	--	n/a
Interest expense	(2,260)	(1,676)	(25.8%)
Profit for the period before tax	**3,249**	**9,831**	**202.6%**
Income tax (expense)/income	(922)	(906)	(1.7%)
Net profit after tax	**2,327**	**8,925**	**283.5%**
Other comprehensive income			
Net value gain/(loss) on cash flow hedges	(1,212)	205	n/a
Changes in translation reserves	1,898	3,027	59.5%
Total comprehensive income for the period	**3,013**	**12,157**	**303.5%**
Net earnings per share			
Basic net earnings per share (EUR)	**0.25**	**0.97**	**284.7%**
Diluted net earnings per share (EUR)	**0.25**	**0.97**	**284.7%**

Condensed Consolidated Statement of Financial Position as of 30 September 2014, 31 December 2013 and 30 September 2013

Unaudited financial statements prepared under International Financial Reporting Standards (IFRS) and International Accounting Standards IAS 34 as adopted by the European Union (in thousands of EUR)

	30 September 2013 (unaudited)	31 December 2013 (audited)	30 September 2014 (unaudited)
Assets			
Non-current assets			
Property, plant and equipment	193,590	181,584	179,601
Long term intangible assets	1,327	586	530
Goodwill	90,155	84,599	84,368
Total non-current assets	**285,072**	**266,769**	**264,499**
Current assets			
Inventories	25,754	32,618	34,786
Trade and other receivables	39,749	43,250	52,439
Tax assets	2,718	1,042	1
Cash and cash equivalents	19,521	13,063	6,495
Total current assets	**87,742**	**89,973**	**93,721**
Total assets	**372,814**	**356,742**	**358,220**
Total equity and liabilities			
Share capital and reserves			
Share capital	11,444	11,444	11,444
Legal reserves	8,852	8,733	9,138
Translation reserves	4,633	(2,306)	(122)
Other changes in equity	(3,489)	(2,911)	(2,607)
Retained earnings	118,193	110,673	119,504
Total share capital and reserves	**139,633**	**125,633**	**137,357**
Non-current liabilities			
Bank loans	158,857	146,200	124,870
Deferred tax liabilities	13,040	13,126	13,628
Total non-current liabilities	**171,897**	**159,326**	**138,498**
Current liabilities			
Trade and other payables	60,903	56,489	56,751
Tax liabilities	381	1,094	114
Bank current liabilities	--	14,200	25,500
Total current liabilities	**61,284**	**71,783**	**82,365**
Total liabilities	**233,181**	**231,109**	**220,863**
Total equity and liabilities	**372,814**	**356,742**	**358,220**

Condensed Consolidated Statement of Cash Flows for the nine months ended 30 September 2014 and 30 September 2014

Unaudited financial statements prepared under International Financial Reporting Standards (IFRS) and International Accounting Standards IAS 34 as adopted by the European Union
(in thousands of EUR)

	Nine month period to	
	30 September 2013 (unaudited)	**30 September 2014 (unaudited)**
Profit for the period before tax	**11,163**	**21,510**
Adjustment for:		
Depreciation and Amortization	9,304	11,118
Foreign exchange (gains)	(3,189)	(1,759)
Interest expense	4,409	5,884
Other changes in equity	571	304
Other changes in equity	4	633
Cash flows from operating activities		
Decrease/(increase) in inventories	(3,889)	1,230
Decrease/(increase) in receivables	(3,594)	(12,471)
Increase/(decrease) in payables	10,780	(8,260)
Income tax paid	(1,758)	(619)
Net cash flows from operating activities	**23,801**	**17,570**
Net cash flows from investment activities		
Purchases of property, plant and equipment	(36,322)	(7,878)
Net cash flows from investment activities	**(36,322)**	**(7,878)**
Cash flows from financing activities		
Increase/(decrease) in bank loans	10,552	(9,887)
Increase/(decrease) in long term payables	--	--
Interest paid	(4,264)	(5,740)
Other changes in equity	(4)	(633)
Cash flows from financing activities	**6,284**	**(16,260)**
Cash and cash equivalents at the beginning of the period	**25,758**	**13,063**
Net increase (decrease) in cash and cash equivalents	**(6,237)**	**(6,568)**
Cash and cash equivalents at 30 September	**19,521**	**6,495**

Condensed Consolidated Statement of Changes in Equity in the nine months as at 30 September 2014 and as at 30 September 2013

Unaudited financial statements prepared under International Financial Reporting Standards (IFRS) and International Accounting Standards IAS 34 as adopted by the European Union
(in thousands of EUR)

	Share capital	Legal reserves	Other changes in equity	Translation reserves	Retained earnings	**Total equity attributable to equity holders of the Company**
As at 1 January 2013	**11,444**	**7,896**	**(4,060)**	**6,424**	**119,790**	**141,494**
Distribution	--	--	--	--	(9,691)	**(9,691)**
Other comprehensive income for the period	--	--	571	(1,791)	--	**(1,220)**
Net profit for the period	--	--	--	--	9,050	**9,050**
Reserves created from retained earnings	--	956	--	--	(956)	**--**
as at 30 September 2013	**11,444**	**8,852**	**(3,489)**	**4,633**	**118,193**	**139,633**
as at 1 January 2014	**11,444**	**8,733**	**(2,911)**	**(2,306)**	**110,603**	**125,563**
Distribution	--	--	--	--	(10,152)	**(10,152)**
Other comprehensive income for the period	--	--	304	2,184	--	**2,488**
Net profit for the period	--	--	--	--	19,458	**19,458**
Reserves created from retained earnings	--	405	--	--	(405)	**--**
as at 30 September 2014	**11,444**	**9,138**	**(2,607)**	**(122)**	**119,504**	**137,357**

Selected explanatory notes to the interim consolidated financial statements for the nine months ending 30 September 2014

Basis of preparation

These consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), and are in compliance with IAS 34 "Interim Financial Reporting" as adopted by the European Union. The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements. This interim report was not audited by the Company´s external auditors.

a. *Summary of Significant Accounting Policies*

The same basis of preparation, accounting policies, presentation and methods of computation have been followed in these condensed financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2013.

b. *Disclosures on seasonal and economic influences*

The business of PEGAS NONWOVENS SA is not typically subject to seasonal and economic influences other than the general economic cycle, although the hygiene market is to a large extent non-cyclical.

c. *Unusual items given their size, nature or frequency*

In the first nine months of 2014, consolidated revenues (revenues from sales of the Company's products) reached EUR 171,786 thousand, up by 17.7% yoy. The year-on-year growth in revenues was the result of higher sales of finished products (particularly in the first quarter of the year) as well as the slight increase in polymer prices.

In the first nine months of this year, EBITDA reached EUR 34,050 thousand, up by 21.9% yoy. The EBITDA increase was achieved namely due to the contribution of the new Egyptian production plant. The result was also supported by a weaker CZK/EUR exchange rate. The polymer price pass-through mechanism had a negative effect on the year-on-year comparison.

In the first nine months of 2014, FX gains and other financial income amounted to EUR 9,181 thousand and FX losses and other financial expenses amounted to EUR 4,726 thousand. This item includes realized and unrealized FX gains/losses and other financial income and expenses. The year-on-year change of this item resulted from the development of the CZK/EUR and USD/EUR FX rates which led to subsequent unrealized FX changes related to the revaluation of balance sheet items denominated in EUR (particularly bank debt and inter-company loans).

In the first nine months of 2014, total consolidated capital expenditures amounted to EUR 7,878 thousand, down by 78.3% over the previous year. The lower capital expenditures in this year are the result of the completion of the new production plant in Egypt in 2013.

d. Estimates

The preparation of interim financial statements in compliance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors. The objective of making estimates is to present a true and fair view of the financial position of the Company, namely for determining the values of assets and liabilities for which this value is not readily available from other sources. The actual results may differ from these estimates.

There were no material changes in the nature or size of the estimates since the issue of the previous financial reports.

e. Repurchases and repayments of debt and equity securities

The bank facilities used by PEGAS Group consist of a revolving credit facility of up to EUR 165 million and of an overdraft facility of up to EUR 15 million. The facilities are non-amortizing, which removes from the Company its obligations to make mandatory repayments. During the first nine months of 2014, the Company decreased its bank debt from EUR 162,386 thousand to EUR 150,370 thousand (increased from EUR 151,704 thousand to EUR 158,857 thousand in the first nine months of 2013). The Company did not conclude any new bank facilities in the first nine months of 2014.

In the first nine months of 2014, the Company did not make any repurchases or repayments of equity securities.

f. Dividend

The Annual General Meeting of the Company held on 16 June 2014 in Luxembourg, approved the proposed pay out of a dividend in the amount of EUR 10,152,340, i.e. EUR 1.1 per share.

The source of the dividend payout is 2013 profit and retained earnings of prior years. The record date (i.e. the day at the end of which shares entitled to a dividend are registered at accounts of the entitled persons held by the settlement systems of Centrální depozitář cenných papírů, a.s, Krajowy Depozyt Papierów Wartościowych Spółka Akcyjna or by other respective settlement systems) was set to 17 October 2014 and the dividend payment date was set to 29 October 2014.

g. Segment information

The IFRS 8 standard requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to the segments and to assess their performance. In accordance with IFRS 8, the Group identified one operating segment, the production of nonwoven textiles.

h. Material events subsequent to the end of the interim period

On 14 November 2014, pursuant to Czech law the Company issued unsecured bonds in the total nominal value of two billion five hundred million Czech crowns with an issue price of 99.583%, maturing on 14 November 2018 with a fixed interest rate of 2.85% p.a. The proceeds from the bond issue will be used to pay down existing bank loans and this will not lead to an increase in the net debt level of the Company.

i. Disclosures on changes in the composition of the entity / changes in consolidation

There were no changes in this field during the reporting period ended relative to the compared period.

j. Information about the fair value of financial instruments

During the period of the first nine months of this year no changes occurred in the Company's valuation methodology for financial instruments.

Interest rate swaps

As at 30 September 2014, the Company had two interest rate swaps open, these were concluded in 2011 at a total nominal value of EUR 98,000 thousand. The fair value of these swaps as at 30 September 2014 and 31 December 2013 is presented in the following table:

Counterparty	**as at 31 December 2013**	**as at 30 September 2014**
Česká spořitelna	(1,794)	(1,658)
ING	(1,799)	(1,662)
Total	**(3,593)**	**(3,320)**

Fair value of the swaps as at 30 September 2014, represents a payable of the Company. Currently these swaps hedge 65.2% of the Company's debts (60.7% as at 31 December 2013).

Sensitivity of the fair value of interest rate swaps
A parallel increase of the yield curve by 1% would increase the fair value of the interest rate swaps by approximately EUR 1,677 thousand as at 30 September 2014 (by approximately EUR 2,168 thousand as at 31 December 2013).

An instantaneous and parallel decrease of the yield curve by 1% would lead to a reduction of the fair value of the interest rate swaps by approximately EUR 410 thousand as at 30 September 2014 (by approximately EUR 1,554 thousand as at 31 December 2013).

Currency forward contracts
As at 30 September 2014, the Company held three EUR/CZK currency forward contracts open at a total nominal value of EUR 3,000 thousand. Over the course of the first nine months of 2014, nine EUR/CZK currency forward contracts were due at a total nominal value of EUR 9,000 thousand.

The fair value of the currency forward contracts as at 30 September 2014 amounted to minus EUR 77 thousand (minus EUR 250 thousand as at 31 December 2013).

Sensitivity of the fair value of currency forward contracts
The depreciation of the CZK against the EUR by 10% would reduce the fair value of the currency forward contracts by approximately EUR 278 thousand as at 30 September 2014 (by approximately EUR 1,066 thousand as at 31 December 2013).

The appreciation of the CZK against the EUR by 10% would increase the fair value of the currency forward contracts by approximately EUR 327 thousand as at 30 September 2014 (by approximately EUR 1,303 thousand as at 31 December 2013).

Fair value of these swaps and currency forward contracts is determined by the EUR or CZK yield curve at the balance sheet date and the discounted cash flow method. The inputs used in the fair value calculation are categorised in accordance with IFRS 7 into level 2 of fair value hierarchy, i.e. inputs other than unadjusted quoted prices in active markets, however, these inputs are observable for the assets or liability, either directly (as prices) or indirectly (derived from prices).

k. Earnings per share

Earnings per Share (EPS) are calculated as the net profit for the period attributable to equity holders of the Company divided by the weighted average of the number of shares existing each day in the given period.

Diluted earnings per share are calculated based on a weighted average number of shares in circulation (determined similarly as in the case of basic earnings per share) adjusted by the effect of the expected issue of all potential diluted securities, i.e. the effect of convertible loan notes in the case of the Group. Convertible bonds are bonds with a right to convert to ordinary shares.

The basic and diluted earnings per share for all periods are equal due to the fact, that the Group does not have any agreement at the balance sheet date which will cause a potential future issue of securities. No changes to the number of shares emitted by the Company occurred during the first nine months of 2014 or in the first nine months of 2013.

Weighted average number of ordinary shares

2013

	Number of outstanding shares	Weighted average
January – September	9,229,400	9,229,400

2014

	Number of outstanding shares	Weighted average
January – September	9,229,400	9,229,400

Basic earnings per share

		Three months ended		Nine months ended	
		30/9/2013	**30/9/2014**	**30/9/2013**	**30/9/2014**
Net profit attributable to equity holders	'000 EUR	2,327	8,925	9,050	19,458
Weighted average number of ordinary shares	amount	9,229,400	9,229,400	9,229,400	9,229,400
Basic earnings per share	**EUR**	**0.25**	**0.97**	**0.98**	**2.11**

Diluted earnings per share

		Three months ended		Nine months ended	
		30/9/2013	**30/9/2014**	**30/9/2013**	**30/9/2014**
Net profit attributable to equity holders	'000 EUR	2,327	8,925	9,050	19,458
Weighted average number of ordinary shares	amount	9,229,400	9,229,400	9,229,400	9,229,400
Diluted earnings per share	**EUR**	**0.25**	**0.97**	**0.98**	**2.11**

l. Related party transactions

In the first nine months of 2014 no new transactions were concluded between the Group and executive management or the non-executive directors.

m. Approval of the interim financial statements

The interim financial statements were approved by the Company's Board of Directors on 26 November 2014.

Marek Modecki
Chairman of the Board of Directors
PEGAS NONWOVENS SA

František Řezáč
Member of the Board of Directors
PEGAS NONWOVENS SA