

PEGAS NONWOVENS S.A.

Consolidated Income Statement

prepared under International Financial Reporting Standards (IFRS)

For the year / period ended 31 December
(in thousands of Euro)

	<i>Note</i>	2006	from 18 November to 31 December 2005
Revenue	<i>5 a), b)</i>	120 941	4 787
Raw materials and consumables used	<i>5 c)</i>	(71 936)	(3 981)
Staff cost	<i>5 f), g)</i>	(5 111)	(209)
Depreciation and amortisation expense	<i>5 h)</i>	(12 152)	(535)
Research and development expense	<i>5 e)</i>	(1 803)	--
Other operating income (expense) – net	<i>5 d)</i>	<u>11 172</u>	<u>(460)</u>
Profit (loss) from operations		41 111	(398)
Finance costs	<i>5 i)</i>	<u>(18 805)</u>	<u>(714)</u>
Profit (loss) before income tax		22 306	(1 112)
Income tax expense	<i>5 j)</i>	<u>(1 601)</u>	<u>(255)</u>
Profit (loss) for the year / period		20 705	(1 367)
Attributable to:			
Equity holders of the Company		20 274	(1 367)
Minority interest		431	--
Net profit (loss) for the year / period		20 705	(1 367)
Earnings (loss) per share	<i>5 k)</i>		
Basic earnings (loss) per share (Euro)		24.66	(13.56)
Diluted earnings (loss) per share (Euro)		2.92	(0.15)

The Notes are an integral part of these consolidated financial statements.

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Consolidated Balance Sheet

prepared under International Financial Reporting Standards (IFRS)

As at 31 December
(in thousands of Euro)

	<i>Note</i>	2006	2005 As restated*
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	5 m)	110 522	111 113
Intangible assets	5 n)	102	24
Goodwill	5 n)	84 384	79 991
Total non-current assets		195 008	191 128
<i>Current assets</i>			
Inventories	5 o)	8 363	8 622
Trade and other receivables	5 p)	23 640	23 785
Cash and cash equivalents	5 q)	22 014	27 034
Total current assets		54 017	59 441
Total assets		249 025	250 569
Equity and Liabilities			
<i>Share Capital and reserves</i>			
Share capital	5 r),s)	11 444	125
Share premium		41 011	--
Other reserves		--	4 432
Translation reserves		725	(4)
Retained Earnings		23 770	(1 367)
Total share capital and reserves		76 950	3 186
<i>Non-current liabilities</i>			
Bank loans	5 t)	122 851	157 268
Other payables	5 u)	275	37 224
Deferred tax liabilities	5 v)	15 225	14 952
Total non-current liabilities		138 351	209 444
<i>Current liabilities</i>			
Trade and other payables	5 w)	20 212	21 670
Tax liabilities	5 x)	192	19
Bank current liabilities	5 t)	13 320	16 250
Total current liabilities		33 724	37 939
Total liabilities		172 075	247 383
Total equity and liabilities		249 025	250 569

* Refer to Note 5 n

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Consolidated Cash Flow Statement

prepared under International Financial Reporting Standards (IFRS)

For the year / period ended 31 December
(in thousands of Euro)

	<i>Note</i>	2006	from 18 November to 31 December 2005
Profit (loss) for the year / period before tax		22 306	(1 112)
<i>Adjustment for:</i>			
Amortization and depreciation		12 152	535
Foreign exchange gains		(6 894)	(4)
Interest expense		18 805	714
Fair value changes of interest rate swap		(1 869)	
<i>Cash flows from operating activities</i>			
Decrease (increase) in inventories		259	(593)
Decrease (increase) in receivables		2 013	2 703
Increase (decrease) in payables		(1 484)	1 397
Income tax paid		(1 601)	--
Net cash from operating activities		43 687	3 640
<i>Cash flows from investment activities</i>			
Purchases of property, plant and equipment		(5 265)	(77)
Acquisition of subsidiary		--	(191 405)
Net cash used in investing activities		(5 265)	(191 482)
<i>Cash flows from financing activities</i>			
Increase (decrease) in bank loans		(34 381)	173 518
Increase (decrease) in long term debt		(28 104)	37 224
Issuance of share capital		40 513	125
Issuance (repayment) of convertible debt		(1 460)	4 432
Interest paid		(18 801)	(423)
Net cash from (used in) financing activities		(42 233)	214 876
Net increase (decrease) in cash and cash equivalents		(3 811)	27 034
Cash and cash equivalents			
at the beginning of the period		27 034	--
Effect of exchange rate fluctuations on cash held		(1 209)	--
Cash and cash equivalents at 31 December	<i>5 q)</i>	22 014	27 034

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Consolidated Statement of Changes in Equity

prepared under International Financial Reporting Standards (IFRS)

For the year / period ended 31 December 2006

(in thousands of Euro)

	Share capital	Share premium	Other reserves	Translation reserves	Retained earnings	Total equity attributable to equity holders of the Company	Minority interest	Total equity
at 18 November 2005	--	--	--	--	--	--	--	--
Capital increase	125	--	--	--	--	125	--	125
Exchange differences	--	--	--	(4)	--	(4)	--	(4)
Net loss for the period	--	--	--	--	(1 367)	(1 367)	--	(1 367)
Equity element of convertible debt	--	--	2 972	--	--	2 972	--	2 972
Equity element of mezzanine loan	--	--	1 460	--	--	1 460	--	1 460
at 31 December 2005	125	--	4 432	(4)	(1 367)	3 186	--	3 186
Share issue	11 319	46 626	--	--	--	57 945	--	57 945
Equity issue expenses recognized directly in equity net of tax	--	(5 615)	--	--	--	(5 615)	--	(5 615)
Conversion of convertible debt	--	--	(2 972)	--	2 972	--	--	--
Repayment of mezzanine loan	--	--	(1 460)	--	1 460	--	--	--
Exchange differences	--	--	--	729	--	729	--	729
Net profit for the year	--	--	--	--	20 274	20 274	431	20 705
Acquisition of minority interest	--	--	--	--	431	431	(431)	--
at 31 December 2006	11 444	41 011	--	725	23 770	76 950	--	76 950

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