# PEGAS NONWOVENS SA

# First quarter of 2013 Unaudited Consolidated Financial Results

23 May 2013

**PEGAS NONWOVENS SA announces its unaudited consolidated financial results for the first quarter of 2013 to 31 March 2013 prepared according to International Financial Reporting Standards (IFRS).**

*"Our entry into 2013 has been very good. In the first quarter of this year we achieved an EBITDA in the amount of EUR 10.1 million, which is 6.0% above last year's result. We can be particularly pleased with the situation in the area of sales, where we have not only been successful in booking all of our production but over the course of the previous quarter we also managed to significantly lower our inventory levels.*

*With patience and careful optimism we are now looking forward to the most important moment of this year - the launch of the new production line in Egypt. Over the last two years we have put a significant amount of effort and resources into this project and so we firmly believe that the technical skills and ingenuity of our people will bear fruit and that the launch of the production facility will be in line with our plans and expectations," said František Řezáč, CEO and Member of the Board of PEGAS NONWOVENS SA.*

## Overview of Financial Results

| (mil. EUR) | First quarter<br>January – March 2013 | |
|---|---|---|
| | | yoy |
| Revenues | 49.9 | 12.7% |
| Operating costs without depreciation and amortization | (39.9) | 14.6% |
| EBITDA | 10.1 | 6.0% |
| Depreciation and amortization | (2.9) | (6.4%) |
| Profit from operations (EBIT) | 7.2 | 12.0% |
| FX changes and other financial income/(expense) (net) | (3.0) | n/a |
| Interest expense (net) | (1.0) | 0.8% |
| Income tax – (expense)/income net | (0.1) | (93.0%) |
| Net profit | 3.0 | (65.8%) |
| Capital expenditure | 17.7 | 114.9% |
| Number of employees (end of period) | 546 | 27.3% |
| No. of employees during period (average) | 492 | 16.5% |
| Net Debt | 136.9 | 9.0% |
| Production output (in tonnes) | 21,405 | 1.6% |
| Average CZK/EUR exchange rate during period | 25.568 | 1.9% |
| End of period CZK/EUR exchange rate | 25.735 | 4.1% |

*Consolidated Financial Results*

## Revenues, Costs and EBITDA

In the first quarter of 2013, consolidated revenues (revenues from sales of the Company's products) reached EUR 49.9 million, up by 12.7% yoy. This year-on-year revenue growth resulted from higher sales of finished products, as well as sales of inventories accumulated in prior periods and furthermore by an increase in polymer prices.

Total consolidated operating costs without depreciation and amortization (net) went up by 14.6% yoy to EUR 39.9 million in the first quarter of 2013. The main factor impacting this increase was the increase in raw material prices and the higher consumption of polymers resulting from good sales levels.

In the first quarter of 2013, EBITDA amounted to EUR 10.1 million, up by 6.0% yoy. This result is in line with the guidance range announced at the beginning of the year, when the Company indicated a year-on-year increase in EBITDA of 5% to 15%. This growth in EBITDA has been achieved namely due to good performance in the area of sales, which saw a significant decline in the level of inventories on stock. The lower number of planned maintenance breaks also had a positive effect on the profitability of operations in this period. On the other hand, the year-on-year comparison was negatively impacted by growing staff costs resulting from a higher number employees that were required for putting the new Egyptian production line into operation, and the revaluation of the share option plan to fair value. The polymer price pass-through mechanism had a neutral effect on the year-on-year comparison.

In the first quarter of 2013, the EBITDA margin was 20.1%, which is 1.3 percentage points lower compared with the same period in 2012.

## Operating Costs

Total raw materials and consumables used in the first quarter of 2013 amounted to EUR 37.5 million, a 14.9% yoy increase. The main factors affecting the year-on-year increase were the growth in input material prices and their increased consumption in connection with the good sales levels.

In the first quarter of 2013, total staff costs amounted to EUR 2.4 million, an increase of 14.0% yoy. The year-on-year comparison was significantly affected by the negative effect of the revaluation of the share option plan. Total staff costs expressed in CZK and without the revaluation of the share option plan grew by 8.2% yoy. The year-on-year increase resulted namely from the hiring of employees for the new production line in Egypt and the indexation of wages.

Other operating income (net) reached EUR 67 thousand in the first quarter of 2013 compared to an expense of EUR 25 thousand in the same period in 2012.

## Depreciation and Amortization

Consolidated depreciation and amortization reached the amount of EUR 2.9 million in the first quarter of 2013, down by 6.4% yoy. The depreciation of the CZK against the EUR contributed to this decline.

## Profit from Operations

In the first quarter of 2013, profit from operations (EBIT) amounted to EUR 7.2 million, up by 12.0% compared with 2012. It was affected by the EBITDA level and a decrease in depreciation and amortization.

## Financial Income and Costs

In the first quarter of 2013, FX changes and other financial income/(expense) (net) amounted to an expense of EUR 3.0 million compared with an income of EUR 5.2 million achieved in the same period last year. This item includes realized and unrealized FX gains/losses and other financial income and expenses. The year-on-year change resulted from the development of the CZK/EUR FX rate and from the subsequent unrealized FX changes related to the revaluation of the balance sheet items denominated in EUR (bank debt and inter-company loans).

Interest expenses (net) related to debt servicing amounted to EUR 1.0 million in the first quarter of 2013, remaining practically unchanged relative to the same period last year. A part of the interest expenses connected with the construction of the production plant in Egypt is capitalised in the acquisition price of the investment.

## Corporate Income Tax

In the first quarter of 2013, income tax expense amounted to EUR 0.1 million, down by 93.0% compared with 2012. The income tax amount was affected by the high non-cash foreign exchange losses of the Company.

## Net Profit

In the first quarter of 2013, net profit amounted to EUR 3.0 million, down by 65.8% yoy, primarily due to FX changes in the compared periods and their effect on income tax.

## CAPEX and Investments

In the first quarter of 2013, total capital expenditure amounted to EUR 17.7 million, a 114.9% yoy increase. The vast majority of this amount were capital expenditures related to the construction of the Egyptian production plant, representing EUR 17.1 million of this amount. Maintenance CAPEX constituted EUR 0.6 million.

The Company estimates that in 2013 the total capital expenditure will not exceed EUR 41 million (at the constant exchange rate of CZK/EUR 25).

## Cash and Indebtedness

The total amount of consolidated financial debt (both short- and long-term) as at 31 March 2013 was EUR 149.2 million, a 12.5% increase compared with 31 March 2012. Net debt as at 31 March 2013 was EUR 136.9 million, up by 9.0% yoy. This is equivalent to a Net Debt/EBITDA ratio of 3.5x.

### *Business Overview for the first quarter of 2013*

In the first quarter of 2013, the total production output (net of scrap) reached 21,405 tonnes, up by 1.6% compared with the same period in 2012.

In the first quarter of 2013, the share of revenues from sales of nonwoven textiles for the hygiene industry represented an 89.8% share of total revenues, thereby growing relative to the 86.4% share in the same period last year. The high share of products in this category confirms the important position the Company has in this market.

Revenues from sales of standard (commodity) textiles for hygiene products reached EUR 33.5 million in the first quarter of 2013, an increase of 9.7% yoy. In the first quarter of this year, the share of revenues from sales of standard textiles for the hygiene industry represented a 67.0% share of total revenues, a slight decrease from the 68.8% share in the same period in 2012.

In the first quarter of 2013, the revenues from sales of light-weight and bi-component materials for the hygiene segment reached EUR 11.4 million, a 46.5% increase compared to the same period in 2012. The proportion of this product category to the total sales in the first quarter of 2013 amounted to 22.8%, thus growing compared with the 17.6% share in 2012. Revenues from sales of non-hygiene products (for construction, agriculture and the medical industry) amounted to EUR 5.1 million in the first quarter 2013, representing a decrease of 15.4% yoy. The proportion of sales of non-hygiene products to the total sales in the first quarter of 2013 amounted to 10.2%, which represents a decline from the level of 13.6% achieved in the first quarter of 2012.

In terms of geographical distribution, the Company confirmed its steady sales focus on the broader European area. In the first quarter of 2013, revenues from sales to Western Europe amounted to EUR 20.5 million, which represented a 41.1% share of total revenues, compared with a 48.6% share in the same period in 2012. In this period revenues from sales to Central and Eastern Europe and Russia amounted to EUR 25.2 million and represented a 50.4% share of total revenues. In the first quarter of 2012, this share was 44.6%. Revenues from sales to other territories amounted to EUR 4.3 million and represented a 8.5% share of total revenues, compared with a 6.8% share in the previous year.

### *Investment in Egypt*

The construction of the new production line in Egypt is proceeding according to the planned schedule and the Company continues to expect its launch in the third quarter of this year.

### *2013 Guidance*

In the first quarter of 2013, the Company achieved financial results that are in line with its expectations and with the announced outlook for the entire year 2013.

Based on the results achieved in the first quarter of 2013 and respecting the developments in the European nonwoven textile market, including the expected development in the polymer market, the Company confirms its previously announced outlook for 2013 and expects this year's EBITDA to grow between 5 and 15% compared with the result achieved in 2012 (EUR 38.1 million).

The Company estimates that in 2013 the total capital expenditure will not exceed EUR 41 million (at the constant exchange rate of CZK/EUR 25).

# Interim Unaudited Consolidated Financial Statements of PEGAS NONWOVENS SA for the three months ended 31 March 2013

## *Condensed Consolidated Statement of Comprehensive Income for the three months ended 31 March 2013 and 31 March 2012*

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 to | | |
|---|---|---|---|
| | **31 March 2012 (unaudited)** | **31 March 2013 (unaudited)** | **% change** |
| Revenues | 44,302 | 49,942 | 12.7% |
| Raw materials and consumables used | (32,652) | (37,514) | 14.9% |
| Staff costs | (2,133) | (2,432) | 14.0% |
| Other operating income/(expense) (net) | (25) | 67 | n/a |
| **EBITDA** | **9,492** | **10,063** | **6.0%** |
| ***EBITDA margin*** | ***21.4%*** | ***20.1%*** | ***(1.3 pp)*** |
| Depreciation and amortization expense | (3,088) | (2,889) | (6.4%) |
| **Profit from operations** | **6,404** | **7,174** | **12.0%** |
| FX gains and other financial income | 8,135 | 3,052 | (62.5%) |
| FX losses and other financial expenses | (2,896) | (6,082) | 110.0% |
| Interest income | 1 | 1 | 0.0% |
| Interest expense | (1,022) | (1,030) | 0.8% |
| **Profit before tax** | **10,622** | **3,115** | **(70.7%)** |
| Income tax – (expense)/income net | (1,916) | (134) | (93.0%) |
| **Net profit after tax** | **8,706** | **2,981** | **(65.8%)** |
| **Other comprehensive income** | | | |
| Other changes in equity | (807) | 823 | n/a |
| Changes in translation reserves | 4,357 | (1,021) | n/a |
| **Total comprehensive income for the period** | **12,256** | **2,783** | **(77.3%)** |
| **Net earnings per share** | | | |
| Basic net earnings per share (EUR) | **0.94** | **0.32** | **(65.8%)** |
| Diluted net earnings per share (EUR) | **0.94** | **0.32** | **(65.8%)** |

***Condensed Consolidated Statement of Financial Position***
***as at 31 March 2013, 31 December 2012, and 31 March 2012***

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)

| | 31 March 2012 (unaudited) | 31 December 2012 (audited) | 31 March 2013 (unaudited) |
|---|---|---|---|
| **Assets** | | | |
| ***Non-current assets*** | | | |
| Property, plant and equipment | 158,525 | 191,226 | 200,256 |
| Long term intangible assets | 474 | 700 | 663 |
| Goodwill | 93,818 | 92,288 | 90,155 |
| **Total non-current assets** | **252,817** | **284,214** | **291,074** |
| ***Current assets*** | | | |
| Inventories | 20,389 | 20,448 | 18,870 |
| Trade and other receivables | 40,581 | 43,803 | 46,555 |
| Cash and cash equivalents | 7,102 | 25,758 | 12,281 |
| **Total current assets** | **68,072** | **90,009** | **77,706** |
| **Total assets** | **320,889** | **374,223** | **368,780** |
| **Total equity and liabilities** | | | |
| ***Share capital and reserves*** | | | |
| Share capital | 11,444 | 11,444 | 11,444 |
| Share premium | -- | -- | -- |
| Legal reserves | 6,942 | 7,896 | 7,896 |
| Translation reserves | 8,601 | 6,424 | 5,403 |
| Other changes in equity | (2,184) | (4,060) | (3,237) |
| Retained earnings | 118,217 | 119,790 | 122,771 |
| **Total share capital and reserves** | **143,020** | **141,494** | **144,277** |
| ***Non-current liabilities*** | | | |
| Bank loans | 132,680 | 151,704 | 143,925 |
| Other payables | 36 | -- | -- |
| Deferred tax liabilities | 12,983 | 12,672 | 12,603 |
| **Total non-current liabilities** | **145,699** | **164,376** | **156,528** |
| ***Current liabilities*** | | | |
| Trade and other payables | 32,079 | 66,695 | 60,698 |
| Tax liabilities | 91 | 1,658 | 1,990 |
| Bank current liabilities | -- | -- | 5,287 |
| ***Total current liabilities*** | **32,170** | **68,353** | **67,975** |
| **Total liabilities** | **177,869** | **232,729** | **224,503** |
| **Total equity and liabilities** | **320,889** | **374,223** | **368,780** |

## *Condensed Consolidated Statement of Cash Flows for the three months ended 31 March 2013 and 31 March 2012*

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 to | |
|---|---|---|
| | **31 March 2012 (unaudited)** | **31 March 2013 (unaudited)** |
| **Profit before income tax** | **10,622** | **3,115** |
| *Adjustment for:* | | |
| Depreciation and amortization | 3,088 | 2,889 |
| Foreign exchange (gains) | 572 | 1,211 |
| Interest expense | 1,022 | 1,030 |
| Fair value changes of interest rate swaps | (807) | 823 |
| Other financial income/(expense) | (237) | 209 |
| ***Cash flows from operating activities*** | | |
| Decrease/(increase) in inventories | (1,974) | 1,118 |
| Decrease/(increase) in receivables | (2,085) | (3,767) |
| Increase/(decrease) in payables | (1,011) | (1,723) |
| Income tax paid | (967) | (524) |
| ***Net cash from operating activities*** | **8,223** | **4,381** |
| ***Cash flows from investment activities*** | | |
| Purchases of property, plant and equipment | (8,232) | (17,692) |
| ***Net cash flows from investment activities*** | **(8,232)** | **(17,692)** |
| ***Cash flows from financing activities*** | | |
| Increase/(decrease) in bank loans | 1,480 | 928 |
| Increase/(decrease) in long term payables | (19) | -- |
| Interest paid | (835) | (885) |
| Other financial income/(expense) | 237 | (209) |
| ***Net cash flows from financing activities*** | **863** | **(166)** |
| **Cash and cash equivalents at the beginning of the period** | **6,248** | **25,758** |
| **Net increase (decrease) in cash and cash equivalents** | **854** | **(13,477)** |
| **Cash and cash equivalents as at March 31** | **7,102** | **12,281** |

## *Condensed Consolidated Statement of Changes in Equity as at 31 March 2013 and as at 31 March 2012*

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 | Cash flow hedging | Translation reserves | Retained earnings | **Total equity attributable to equity holders of the Company** | Minority Interests | **Total Equity** |
|---|---|---|---|---|---|---|---|---|
| **As at 1 January 2012** | **11,444** | **6,942** | **(1,377)** | **4,244** | **109,511** | **130,764** | **--** | **130,764** |
| Distribution | -- | -- | -- | -- | -- | **--** | -- | **--** |
| Other comprehensive income for the period | -- | -- | (807) | 4,357 | -- | **3,550** | -- | **3,550** |
| Net profit for the period | -- | -- | -- | -- | 8,706 | **8,706** | -- | **8,706** |
| Legal reserves created from retained earnings | -- | -- | -- | -- | -- | **--** | -- | **--** |
| **as at 31 March 2012** | **11,444** | **6,942** | **(2,184)** | **8,601** | **118,217** | **143,020** | **--** | **143,020** |
| **As at 1 January 2013** | **11,444** | **7,896** | **(4,060)** | **6,424** | **119,790** | **141,494** | **--** | **141,494** |
| Distribution | -- | -- | -- | -- | -- | **--** | -- | **--** |
| Other comprehensive income for the period | -- | -- | 823 | (1,021) | -- | **(198)** | -- | **(198)** |
| Net profit for the period | -- | -- | -- | -- | 2,981 | **2,981** | -- | **2,981** |
| Legal reserves created from retained earnings | -- | -- | -- | -- | -- | **--** | -- | **--** |
| **as at 31 March 2013** | **11,444** | **7,896** | **(3,237)** | **5,403** | **122,771** | **144,277** | **--** | **144,277** |

## *Selected explanatory notes to the interim consolidated financial statements for the three month period ending 31 March 2013*

prepared under International Financial Reporting Standards (IFRS) and International Accounting Standards IAS 34 as adopted by the European Union

*a. Basis of preparation*

These financial statements were prepared under International Financial Reporting Standards (IFRS) and International Accounting Standards IAS 34 for interim financial reporting as adopted by the European Union. 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.

*b. 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 2012.

*c. 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.

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

In the first quarter of 2013, consolidated revenues (revenues from sales of the Company's products) reached EUR 49,942 thousand, up by 12.7% yoy. The year-on-year growth in revenues resulted from increased sales of finished products as well as sales of inventories accumulated in prior periods, and furthermore by an increase in polymer prices.

In the first quarter of 2013, EBITDA amounted to EUR 10,063 thousand, up by 6.0% yoy. This growth in EBITDA has been achieved namely due to good performance in the area of sales, which saw a significant decline in the level of inventories on stock. The lower number of planned maintenance breaks also had a positive effect on the profitability of operations in the given period. On the other hand, the year-on-year comparison was negatively impacted by growing staff costs resulting from a higher number employees that were required for putting the new Egyptian production line into operation, and the revaluation of the share option plan to fair value. The polymer price pass-through mechanism had a neutral effect on the year-on-year comparison.

In the first three months of 2013, FX gains and other financial income amounted to EUR 3,052 thousand and FX losses and other financial expenses amounted to EUR 6,082 thousand. These items represent realized and unrealized FX gains and losses and other financial income and expenses. The year-on-year change of these items resulted from the development of the CZK/EUR FX rate and from the subsequent unrealized FX changes related to the revaluation of the balance sheet items denominated in EUR (particularly bank debt and inter-company loans).

In the first quarter of this year, total consolidated capital expenditures amounted to EUR 17,692 thousand, up by 114.9% compared with the same period last year. The vast majority of this amount were capital expenditures related to the construction of the Egyptian production plant, representing EUR 17,128 thousand of this amount. Maintenance CAPEX constituted EUR 564 thousand.

*e. 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.

*f. 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 three months of 2013, the Company decreased its bank debt from EUR 151,704 thousand to EUR 149,212 thousand (increased from EUR 125,738 thousand to EUR 132,680 thousand in the first three months of 2012). The Company did not conclude any new bank facilities in the first quarter of 2013.

In the first three months of 2013, the Company did not make any repurchases or repayments of equity securities.

*g. Dividend*

During the interim period, no dividend was paid to the shareholders.

*h. 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.

*i. Material events subsequent to the end of the interim period*

On 15 May 2013, the Company's Board of Directors took the decision to propose a dividend payment in the amount of EUR 9,690,870, i.e. EUR 1.05 per share.

The management of the Group is not aware of any events that occurred subsequent to the end of the interim period, which would have a significant effect on the consolidated financial statements as at 31 March 2013.

*j. Disclosures on changes in the composition of the entity / changes in consolidation*

Based on the decision of the Annual General Meeting held on 4 February 2013, PEGAS NONWOVENS EGYPT LLC increased its registered capital from USD 11,000 thousand to USD 15,000 thousand. The increase in registered capital was performed through a monetary deposit by PEGAS NONWOVENS International s.r.o.

*k. Information about the fair value of financial instruments*

In the period of the first three months of this year no changes occurred to the Company's open positions of financial instruments or to their valuation methodology.

As at 31 March 2013, the Company had two interest rate swaps open, these were concluded in 2011. The fair value of these swaps as at 31 March 2013 and 31 December 2012 is presented in the following table:

| **Counterparty** | **as at 31 December 2012** | **as at 31 March 2013** |
|---|---|---|
| Česká spořitelna | (2,502) | (2,205) |
| ING | (2,511) | (2,195) |
| **Total** | **(5,013)** | **(4,400)** |

Fair value of these swaps is determined by the EUR 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).

Fair value of the swaps as at 31 March 2013 represents a payable of the Company. Currently these swaps hedge 65.7% of the Company's debts (73.9% as at 31 December 2012).

*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 2,866 thousand as at 31 March 2013 (by approximately EUR 3,113 thousand as at 31 December 2012).

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 1,981 thousand as at 31 March 2013 (by approximately EUR 1,754 thousand as at 31 December 2012).

### *l. 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 occurred during either first three months of 2013 or in the first three months of 2012.

***Weighted average number of ordinary shares***

***2012***

| | Number of outstanding shares | Weighted average |
|---|---|---|
| January – March | 9,229,400 | 9,229,400 |

***2013***

| | Number of outstanding shares | Weighted average |
|---|---|---|
| January – March | 9,229,400 | 9,229,400 |

***Basic earnings per share***

| | | Three months ended | |
|---|---|---|---|
| | | **31/3/2012** | **31/3/2013** |
| Net profit attributable to equity holders | ths. EUR | 8,706 | 2,981 |
| Weighted average number of ordinary shares | number | 9,229,400 | 9,229,400 |
| **Basic earnings per share** | **EUR** | **0.94** | **0.32** |

***Diluted earnings per share***

| | | Three months ended | |
|---|---|---|---|
| | | **31/3/2012** | **31/3/2013** |
| Net profit attributable to equity holders | ths. EUR | 8,706 | 2,981 |
| Weighted average number of ordinary shares | number | 9,229,400 | 9,229,400 |
| **Diluted earnings per share** | **EUR** | **0.94** | **0.32** |

*m. Related party transactions*

Except for the information above there were no other new transactions between the Group and the executive managers or the non-executive directors concluded in the first three months of 2013.

*n. Approval of the interim financial statements*

The interim financial statements were approved by the Company's Board of Directors on 22 May 2013.

**Marek Modecki**
**Chairman of the Board of Directors**
**PEGAS NONWOVENS SA**

**František Řezáč**
**Member of the Board of Directors**
**PEGAS NONWOVENS SA**