First nine months 2007 unaudited consolidated financial results

November 29th, 2007

PEGAS NONWOVENS SA (the "Company") is pleased to announce its unaudited consolidated financial results for the first nine months of 2007 to September 30th, 2007 prepared according to International Financial Reporting Standards (IFRS).

"In the third quarter and as in the first 9 months of 2007, PEGAS NONWOVENS SA maintained steady revenues while investing in new production capacity in the 8th production line and we are satisfied with the achieved results. The installation of the new production line is on time and on budget and it is expected to be at full production in January, At the same time we are preparing plans for a 9th production line.

At the end of the period we employed 376 people in Znojmo and Bucovice. PEGAS is now Europe's second largest producer of PP/PE spunmelt nonwoven textiles and current installed capacity equates to 11.4% of the European market and 16.9% of the PP/PE spunmelt nonwoven hygiene textile market. We have increased our specialty revenues from Euro 6.13 million in Q1 2007 to Euro 7.21 million in Q3 2007 and our production capacity has been increased by 3.1% in the first nine months of 2007. We have reduced our finance costs by 33.6% on a yoy basis because we repaid the most expensive debts.

Because of our ability to continuously increase production and operating efficiencies, to develop new products and also due to our geographic location we continue to be one of the best positioned companies in the industry", commented Mr. Miloš Bogdan, member of the Board of Directors of PEGAS NONWOVENS SA and managing director of PEGAS NONWOVENS s.r.o.

Overview of Financial Results in first 9M 2007

Revenues Euro 90.7 million (+0.1% yoy)

Operating costs[1] without depreciation and amortization Euro 60.5 million (+2.6% yoy)

EBITDA Euro 29.7 million (-20.5% yoy)

Adjusted EBITDA[2] Euro 30.2 million (-4.6% yoy), adjusted EBITDA margin 33.3%

Foreign Exchange changes and MtM revaluation of IRSs Euro -0.5 million

Depreciation and amortization Euro 9.1 million (-0.3% yoy)

Profit from operations (EBIT) Euro 20.6 million (-27.1% yoy)

Adjusted profit from operations (EBIT)[2] Euro 21.1 million (-6.4% yoy)

Finance costs Euro 8.3 million (-33.6% yoy)

Net Profit Euro 12.5 million (-15.4% yoy)

Adjusted Net Profit[3] before non-cash FX changes and IRS adjustments Euro 13.0 million (+37.3% yoy)

Net Debt[4] Euro 124.6 million (+9.2% since Dec 31st, 2006)

Capital Expenditure Euro 18.7 million (+336.9% yoy)

CAPEX/Revenues 20.6%

No. of employees 376 (+15.0% yoy)

Production in tonnes net of scrap 41,836 (+3.1% yoy)

Dividend pay out of Euro 7 million (Euro 0.76 per share)

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[1] Excluding realized and unrealized FX changes as of September 30th, 2007 and mark-to-market revaluation (MtM) of interest rate swaps.
[2] Adjusted EBITDA and EBIT are adjusted by the impact of FX changes and revaluation of IRS in order to show the actual operating performance of the Company.
[3] Adjusted Net profit is calculated as Net profit adjusted by the impact of FX changes and revaluation of IRS after recalculation of the income tax resulted from such adjustments in order to show the actual financial performance of the Company.
[4] Net debt includes long term financial debt, short term financial debt minus cash and cash equivalents.

Consolidated Financial Results

Revenues, Costs and EBITDA

Consolidated revenues (revenues from sales of products) reached Euro 90.7 million in the first nine months of 2007, representing a change of +0.1% yoy.

Total consolidated operating costs excluding depreciation and amortization and after exclusion of realized and unrealized FX changes and MtM revaluation of swaps, were EUR 60.5 million, an increase of 2.6% yoy. Primary factors affecting these costs were rising prices of raw materials and electricity and also increases in staff costs.

Adjusted EBITDA amounted to Euro 30.2 million, down by 4.6% yoy, which is mainly the result of rising polymer prices in 2007 and subsequent delays in the pass-through mechanism, change of product mix and increased costs for electricity and staff. The negative impact on EBITDA from the pass-through mechanism delays in the first nine months of 2007 is estimated at Euro 0.5 million and is expected to reach Euro 0.8 million for the full year. The adjusted EBITDA margin in the first nine months of 2007 was 33.3%, down by 1.7% in comparison with the same period in 2006.

Operating costs

Total raw materials and consumables used in the first nine months of 2007 amounted to Euro 57.4 million, a 3.1% increase on the same period last year due to rising polymer purchase prices and higher costs for electricity.

Total staff costs amounted to Euro 4.3 million in the first nine months of 2007, a 15.9% yoy increase. This was mainly the result of the implementation of a new remuneration scheme for Board members and management of the Company and the hiring of new employees (mainly for the 8^{th} production line).

Total staff costs, denominated in Czech korunas, went up by 14.4% yoy. At the end of September 2007, the Company employed 376 employees, representing an annual increase of 15% driven mainly by the recruitment of new employees for the 8^{th} production line.

Other net operating income amounted to Euro 667 thousand in the first nine months of 2007, mainly driven by one-off income of Euro 1.03 million from compensation in an arbitration procedure. Realized and unrealized FX changes related mainly to balance sheet recalculations of bank loans and the mark-to-market revaluation of interest rate swaps at September 30^{th}, 2007 created a loss of Euro 526 thousand for the given period. **These FX changes and MtM revaluation of swaps had no cash impact on the Company.**

Depreciation and amortization

Consolidated depreciation and amortization reached Euro 9.1 million in the first nine months of 2007, down by 0.3% yoy.

Depreciation in future periods will be influenced by the recognition of the new 8^{th} production line project in the balance sheet item tangible fixed assets. Currently the CAPEX for the 8^{th} production line project is recognized in the items tangible fixed assets under construction and advance payments for tangible fixed assets and is not depreciated (all items included in Property, plant and equipment). The buildings will start to be depreciated from December 2007 and almost all of the machinery and miscellaneous equipment is expected to be depreciated from January 2008.

Profit from Operations

Adjusted profit from operations (EBIT) amounted to Euro 21.1 million, down by 6.4% when compared with the same period in 2006.

Finance Costs

Finance costs related to debt servicing amounted Euro 8.3 million in the first nine months of 2007, a significant decrease of 33.6% when compared with the first nine months of 2006. This substantial decrease was mainly related to the repayment of the most expensive debt at the end of December 2006.

In May 2007, PEGAS refinanced its debt at more favourable conditions compared with the initial senior debt, which was related to the acquisition of PEGAS a.s. in late 2005. In Q2 2007 the Company wrote off an arrangement fee in the amount of Euro 2.6 million associated with previous senior debt facilities. This one-off cost was recognized in the Finance costs. The current debt facilities are composed of a revolving debt facility of up to Euro 130 million (at Euribor + 1.2%) and an overdraft facility of up to Euro 20 million (at Euribor +1.25%) Cash levels have been substantially reduced and free cash can be flexibly used on a daily basis to reduce interest on debt.

Income tax

In the first nine months of 2007, income tax represented a positive amount of Euro 239 thousand, of which cost of Euro 9 thousand was attributable to current income tax and income of Euro 248 thousand accounted for deferred tax.

Net Profit and Adjusted Net Profit

Reported net profit for the period of the first nine months of 2007 amounted to Euro 12.5 million, down by 15.4%. Comparisons between financial periods are influenced by changes in the Czech koruna / Euro foreign exchange rate and this impacts the P&L primarily due to recalculations of balance sheet items. These recalculations together with the MtM revaluation of IRS increased the Net Profit in Q3 2007 by Euro 5.5 million to Euro 9.8 million. These foreign exchange adjustments have no cash impact on the Company.

Adjusted net profit in the first nine months of 2007 amounted to Euro 13.0 million, an increase of 37.3% yoy. Adjusted net profit is calculated as reported net profit excluding the impact of non cash FX changes as of September 30th, 2007 and mark-to-market revaluation of interest rate swaps, including the impact on income tax expense. Adjusted net profit presents the actual financial performance of the Company.

CAPEX and Investments

In the first nine months of 2007, total consolidated capital expenditure amounted to Euro 18.7 million, a 336.9% increase on the same period in 2006. Almost all the capital expenditure is related to the payments for the eighth production line project. CAPEX to Revenues ratio was therefore 20.6% in the first nine months of 2007.

Cash and Indebtedness

As at September 30th, 2007 cash and cash equivalents were at Euro 567 thousand, down by 97.4% when compared with December 31st, 2006**.** The total amount of the consolidated financial debt (both short-term and long-term) as at September 30th, 2007 was Euro 125.2 million, an 8.1% reduction compared with December 31st, 2006. The reductions on cash and cash equivalents and consolidated financial debt were driven by new cash management procedures in connection with the refinancing. Cash levels are used for repayment of debt on a daily basis to reduce interest costs.

Net debt as at September 30th, 2007 was Euro 124.6 million, a 9.2% yoy increase compared with December 31st, 2006. The development of indebtedness in 2007 is primarily driven by the investment in the new production line project. The company also paid out a dividend of Euro 7 million in September, 2007.

First nine months 2007

Overview of business performance

The primary business activity of PEGAS NONWOVENS SA is the manufacture of PP/PE nonwoven textiles for the European disposable hygiene products market. These textiles are then used by the Company's customers to produce baby diapers and feminine hygiene and adult incontinence products. The company also produces textiles for the industrial, agricultural, medical and other non-hygiene sectors.

The total production output (net of scrap) reached 41,836 tonnes in the first nine months of 2007, up by 3.1% when compared with the same period in 2006. The Company continued to increase production output by improving efficiency and production processes without having added new production capacity.

Revenues from sales of nonwoven textiles for the hygiene industry were Euro 78.3 million representing 86.3% of total revenues in the first nine months of 2007. This very was similar to the proportion of revenues from sales to the hygiene industry in the same period in 2006 which was 88.1%.

Revenues from sales of standard textiles for hygiene products were Euro 58.5 million remaining unchanged when compared to Euro 58.6 million in the same period in 2006. The proportion of revenues from sales of commodity textiles for the hygiene industry represented a 64.5% share of total revenues, practically unchanged from 64.6% in the same period in 2006.

Revenues from sales of specialty products were Euro 19.8 million, down by 7% compared with the first three quarters of 2006. The proportion of specialty sales within total sales mix in the first nine months of 2007 amounted to 21.8%. This development was anticipated by the Company since some of the specialty one-off orders from other territories, which contributed to the sales increase last year, were replaced, as planned, by a local producers according to the agreement with the customers.

Revenues from sales of non-hygiene products (for construction, agriculture and medicine) amounted to Euro 12.5 million in the first nine months of 2007, an increase of 15.1% over the same period in 2006.

In terms of geographical distribution, the Company confirmed its strong and growing position in its core European market. Sales to Western Europe amounted to Euro 52.8 million in the first nine months of 2007, up by 41.2% compared to the same period last year. The revenues from sales to CEE and Russia reached Euro 26.1 million, down by 2.2% yoy. The revenues from sales to other territories amounted to Euro 11.8 million, down by 55.5% yoy. These changes are the result of the one-off orders from other territories last year as described above.

With respect to the research and development projects, the Company focused on improvement of existing materials and development of new properties demanded by customers. The Company has developed spin finishes containing natural extracts and is actively working on projects focused on elastic nonwovens, nonwovens for medical application, permanent hydrophilic treatment and bicomponent nonwovens with advanced properties

New 8th production line

The Company has officially launched its 8th production line and expects to be producing at full capacity by January 2008. It is designed to manufacture ultra light weight textiles for the hygiene market and can produce specialty products for the medical market. It is of course also able to produce standard product.

New 9th production line

The Company is continuing to work on a 9th production line project with an application having been made to the Czech government for investment incentives. A more specific timeline will be communicated in the future.

Sale of Pamplona's share

On 16th July, 2007 Pamplona Capital Partners I, LP sold its 43.4% stake in the Company in the total amount of 4,001,165 of shares for a price of CZK 780 per one share. Consequently 100% of shares were traded on the Prague and Warsaw stock exchange. .

2008 Outlook

Technological Leadership

The Company will endeavor to maintain its technology leader position in Europe by investing in research and development projects which will create added value, in particular elastic and ultra light weight nonwovens, nonwovens with special properties and nonwovens for medical applications.

Market Share Growth

Having increased capacity through the installation of the new line, in 2008 the objective will be to maximize the Company's production capacity and to produce more premium product on the latest lines. The 8th line is expected to increase capacity by 12 - 15 thousand tons annually depending on the final product mix, representing a 28% annual increase in production. Currently it is in pilot production mode and already producing some saleable products. A further growth shall be obtained with the implementation of the 9th line which may enter service as early as 2010.

95% of the Company's total capacity for 2008 has been successfully contracted with customers. The remaining volume to the Company's total production volume of 70 thousand tons is subject to completion of new joint projects with our customers which are close to their commercial launch. This means that the Company's production capacity will be utilised at the highest possible level.

PEGAS is implementing a strategy of balancing its customer portfolio and gaining the position of a strategic supplier to key of European manufacturers. As substitution of premium products by the competition is difficult this is crucial in maintaining the Company's margins and strong position in the marketplace.

At the current time the strategy is for organic growth, which means installing new capacity in Znojmo where synergies, production flexibility and logistical planning are optimal. PEGAS is Europe's eastern-most positioned major manufacturer and so is in the best position to supply the eastern markets. PEGAS intends to focus on its core business where it is an industry leader, nevertheless the Company is not excluding a strategic acquisition or joint venture may and is constantly evaluation possible options based on factors such as access to new markets, access to new technologies and their compatibility with our Company strategy and vision for the future.

Appendix 1

In Euro thousands	PEGAS NONWOVENS SA	
CONSOLIDATED INCOME STATEMENT	**9M 2006**	**9M 2007**
Revenue	90,650	90,731
Raw materials & consumables	(55,651)	(57,373)
Staff costs	(3,733)	(4,326)
Of which Share price bonus	0	(107)
Other net operating income/(expense)	6,109	667
Of which FX changes and MtM revaluation of IRS	5,680	(526)
EBITDA	**37,375**	**29,699**
Adjusted EBITDA	**31,695**	**30,225**
Adjusted EBITDA margin in %	***35.0%***	***33.3%***
Depreciation	(9,133)	(9,110)
Profit from operations (EBIT)	**28,242**	**20,589**
Adjusted Profit from operations (EBIT)	**22,562**	**21,115**
Adjusted operating margin in %	***24.9%***	***23.3%***
Finance costs	(12,565)	(8,343)
Income tax expense	(568)	239
Minority interest	(359)	0
Net profit	**14,750**	**12,485**
Adjusted Net Profit	9,463	12,993

Appendix 2

In Euro thousands	PEGAS NONWOVENS SA		
CONSOLIDATED BALANCE SHEET	**Sept 30th, 2006 Unaudited**	**Dec 31st, 2006 Audited**	**Sep 30th,2007 Unaudited**
Non-Current Assets	**190,822**	**195,008**	**204,965**
Property, plant and equipment	108,808	110,522	120,735
Intangible Assets	82,014	84,486	84,230
Current Assets	**49,561**	**54,017**	**36,962**
Inventories	9,132	8,363	10,195
Trade and other receivables	23,575	23,640	26,200
Bank balances and cash	16,854	22,014	567
Total Assets	**240,383**	**249,025**	**241,927**
Equity	**18,334**	**76,950**	**82,550**
Non-Current Liabilities	**188,591**	**138,351**	**132,210**
Bank loans due after 1 year	135,518	122,851	117,225
Deferred tax	15,216	15,225	14,912
Other payables	37,857	275	73
Current Liabilities	**33,458**	**33,724**	**27,167**
Trade and other payables	19,988	20,212	19,156
Tax liabilities	150	192	45
Bank overdrafts and loans	13,320	13,320	7,966
Total Equity and Liabilities	**240,383**	**249,025**	**241,927**

Appendix 3

In Euro thousands **CONSOLIDATED CASH FLOW STATEMENT**	**PEGAS NONWOVENS SA** **9M to Sept 30th 2006**	**9M to Sept 30th 2007**
Profit before tax	15,677	12,246
Amortization/ Depreciation	9,133	9,110
Foreign Exchange	(4,513)	727
Interest expense	12,565	8,343
Fair value changes of interest rate swaps	(1,200)	(455)
Change in inventories	(510)	(1,832)
Change in receivables	1,410	(2,105)
Change in payables	(3,306)	160
Income tax paid	(1,592)	(120)
IPO related costs paid	0	(2,389)
Net Cash Flow from Operating Activities	**27,664**	**23,685**
Purchase of property, plant and equipment	(4,275)	(18,678)
Net Cash Flow from Investment Activities	**(4,275)**	**(18,678)**
Change in loans	(27,427)	(11,817)
Change in long term debt	0	(202)
Interest paid	(6,142)	(7,421)
Dividend payout	0	(7,014)
Net Cash Flow from Financing Activities	**(33,569)**	**(26,454)**
Bank balances and cash at the beginning of the year	**27,034**	**22,014**
Change in cash and cash equivalents	(10,180)	(21,447)
Bank balances and cash at the end of the period	**16,854**	**567**